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 September 27, 2014

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.)

13320 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. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x 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 October 24, 2014 41,072,263

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		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenues	$ 1,158.1	$ 1,145.8	$ 3,407.2	$ 3,398.2
Costs and expenses:				

Cost of products sold	816.0	809.0	2,426.3	2,438.2
Selling, general and administrative	226.9	224.8	734.7	710.6
Intangible amortization	7.6	8.2	24.2	24.4
Impairment of intangible assets	—	—	—	2.0
Special charges, net	4.1	6.9	18.3	25.1
Operating income	103.5	96.9	203.7	197.9
Other income (expense), net	1.1	(4.1)	490.5	(4.2)
Interest expense	(16.6)	(27.1)	(52.2)	(83.4)
Interest income	2.5	2.6	7.0	6.2
Loss on early extinguishment of debt	—	—	(32.5)	—
Equity earnings in joint ventures	0.3	11.4	0.8	30.6
Income from continuing operations before income taxes	90.8	79.7	617.3	147.1
Income tax provision	(26.0)	(16.6)	(202.6)	(30.2)
Income from continuing operations	64.8	63.1	414.7	116.9
Income from discontinued operations, net of tax	1.9	5.2	4.9	11.1
Gain (loss) on disposition of discontinued operations, net of tax	(2.9)	0.2	12.0	(2.3)
Income (loss) from discontinued operations, net of tax	(1.0)	5.4	16.9	8.8
Net income	63.8	68.5	431.6	125.7
Net income (loss) attributable to noncontrolling interests	0.3	(0.8)	(1.3)	2.5
Net income attributable to SPX Corporation common shareholders	$ 63.5	$ 69.3	$ 432.9	$ 123.2
Amounts attributable to SPX Corporation common shareholders:				
Income from continuing operations, net of tax	$ 64.5	$ 63.9	$ 416.0	$ 114.6
Income (loss) from discontinued operations, net of tax	(1.0)	5.4	16.9	8.6
Net income	$ 63.5	$ 69.3	$ 432.9	$ 123.2
Basic income per share of common stock:				
Income from continuing operations attributable to SPX Corporation common shareholders	$ 1.54	$ 1.43	$ 9.67	$ 2.51
Income (loss) from discontinued operations attributable to SPX Corporation common shareholders	(0.02)	0.12	0.39	0.19
Net income per share attributable to SPX Corporation common shareholders	$ 1.52	$ 1.55	$ 10.06	$ 2.70
Weighted-average number of common shares outstanding — basic	41.796	44.709	43.024	45.592
Diluted income per share of common stock:				
Income from continuing operations attributable to SPX Corporation common shareholders	$ 1.52	$ 1.42	$ 9.50	$ 2.48
Income (loss) from discontinued operations attributable to SPX Corporation common shareholders	(0.02)	0.12	0.39	0.19
Net income per share attributable to SPX Corporation common shareholders	$ 1.50	$ 1.54	$ 9.89	$ 2.67
Weighted-average number of common shares outstanding — diluted	42.364	45.037	43.772	46.140
Comprehensive income (loss)	$ (52.1)	$ 140.6	$ 313.5	$ 120.7

The accompanying notes are an integral part of these statements.

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

	September 27, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and equivalents	$ 501.9	$ 691.8
Accounts receivable, net	1,152.0	1,206.7
Inventories, net	563.6	502.2
Other current assets	103.0	104.3
Deferred income taxes	121.9	119.6
Assets of discontinued operations	50.0	148.3

Total current assets	2,492.4	2,772.9
Property, plant and equipment:		
Land	53.8	45.4
Buildings and leasehold improvements	377.2	384.4
Machinery and equipment	821.5	789.7
	1,252.5	1,219.5
Accumulated depreciation	(581.1)	(527.2)
Property, plant and equipment, net	671.4	692.3
Goodwill	1,471.0	1,517.0
Intangibles, net	880.9	924.7
Other assets	820.1	949.3
TOTAL ASSETS	$ 6,335.8	$ 6,856.2
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 488.4	$ 494.6
Accrued expenses	898.2	989.2
Income taxes payable	83.2	73.1
Short-term debt	264.2	26.9
Current maturities of long-term debt	16.5	558.7
Liabilities of discontinued operations	6.8	31.9
Total current liabilities	1,757.3	2,174.4
Long-term debt	1,173.0	1,090.0
Deferred and other income taxes	370.9	427.2
Other long-term liabilities	979.4	992.6
Total long-term liabilities	2,523.3	2,509.8
Commitments and contingent liabilities (Note 13)		
Equity:		
SPX Corporation shareholders' equity:		
Common stock (100,018,256 and 41,632,293 issued and outstanding at September 27, 2014, respectively, 99,801,498 and 45,281,329 issued and outstanding at December 31, 2013, respectively)	1,007.8	1,004.5
Paid-in capital	1,596.0	1,571.5
Retained earnings	2,687.7	2,303.1
Accumulated other comprehensive income	169.0	287.5
Common stock in treasury (58,385,963 and 54,520,169 shares at September 27, 2014 and December 31, 2013, respectively)	(3,417.2)	(3,008.6)
Total SPX Corporation shareholders' equity	2,043.3	2,158.0
Noncontrolling interests	11.9	14.0
Total equity	2,055.2	2,172.0
TOTAL LIABILITIES AND EQUITY	$ 6,335.8	$ 6,856.2

The accompanying notes are an integral part of these statements.

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

	Nine months ended	
	September 27, 2014	September 28, 2013
Cash flows used in operating activities:		
Net income	$ 431.6	$ 125.7
Less: Income from discontinued operations, net of tax	16.9	8.8
Income from continuing operations	414.7	116.9
Adjustments to reconcile income from continuing operations to net cash used in operating activities:		
Special charges, net	18.3	25.1
Impairment of intangible assets	—	2.0
Gain on asset sales	(491.1)	—
Loss on early extinguishment of debt	32.5	—
Deferred and other income taxes	(44.3)	102.3
Depreciation and amortization	81.9	84.5
Pension and other employee benefits	39.0	0.9
Stock-based compensation	33.9	29.3
Other, net	0.7	4.2
Changes in operating assets and liabilities, net of effects from divestitures:		
Accounts receivable and other assets	19.6	78.1
Inventories	(72.8)	(58.5)
Accounts payable, accrued expenses and other	(77.2)	(263.8)
Discretionary pension contribution	—	(250.0)

Cash spending on restructuring actions	(21.4)	(21.1)
Net cash used in continuing operations	(66.2)	(150.1)
Net cash from (used in) discontinued operations	3.2	(7.4)
Net cash used in operating activities	(63.0)	(157.5)
Cash flows from (used in) investing activities:		
Proceeds from asset sales and other, net	581.4	9.8
Increase in restricted cash	(0.6)	(0.1)
Capital expenditures	(41.4)	(42.5)
Net cash from (used in) continuing operations	539.4	(32.8)
Net cash from discontinued operations	107.5	1.5
Net cash from (used in) investing activities	646.9	(31.3)
Cash flows used in financing activities:		
Repurchase of senior notes (includes premiums paid of $30.6)	(530.6)	—
Borrowings under senior credit facilities	467.0	287.0
Repayments under senior credit facilities	(207.0)	(287.0)
Borrowings under trade receivables agreement	80.0	35.0
Repayments under trade receivables agreement	(11.0)	(35.0)
Net repayments under other financing arrangements	(55.0)	(9.7)
Purchases of common stock	(414.3)	(249.0)
Minimum withholdings paid on behalf of employees for net share settlements, net of proceeds from the exercise of employee stock options and other	(12.9)	(16.5)
Financing fees paid	(0.4)	—
Change in noncontrolling interest in subsidiary	(0.8)	1.9
Dividends paid	(44.7)	(23.5)
Net cash used in continuing operations	(729.7)	(296.8)
Net cash from discontinued operations	—	—
Net cash used in financing activities	(729.7)	(296.8)
Change in cash and equivalents due to changes in foreign currency exchange rates	(44.1)	(7.8)
Net change in cash and equivalents	(189.9)	(493.4)
Consolidated cash and equivalents, beginning of period	691.8	984.1
Consolidated cash and equivalents, end of period	$ 501.9	$ 490.7

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 normally required by accounting principles generally accepted in the United States (“GAAP”) can be condensed or omitted. The financial statements represent our accounts after the elimination of intercompany transactions and, in our opinion, include the adjustments (consisting only of normal and recurring items) necessary for their fair presentation.

In the fourth quarter of 2013, we elected to change our accounting methods for recognizing changes in fair value of plan assets and actuarial gains and losses associated with all our pension and postretirement plans. Under our new accounting methods, we recognize changes in fair value of plan assets and actuarial gains and losses during the fourth quarter of each year, unless earlier remeasurement is required, as a component of net periodic benefit expense. In connection with these accounting changes, we have revised previously reported amounts to conform to the current methods of accounting. Refer to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K for additional information regarding these changes in accounting methods.

We account for investments in unconsolidated companies where we exercise significant influence but do not have control using the equity method. In determining whether we are the primary beneficiary of a variable interest entity (“VIE”), we perform a qualitative analysis that considers the design of the VIE, the nature of our involvement and the variable interests held by other parties to determine which party has the power to direct the activities of the VIE that most significantly impact the entity’s economic performance, and which party has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. We have interests in VIEs, primarily joint ventures, in which we are the primary beneficiary and others in which we are not. Our VIEs are considered immaterial, individually and in aggregate, to our condensed consolidated financial statements.

On January 7, 2014, we completed the sale of our 44.5% interest in the EGS Electrical Group, LLC and Subsidiaries (“EGS”) joint venture to Emerson Electric Co. for cash proceeds of $574.1. As a result of the sale, we recorded a gain of $491.2 to “Other income (expense), net” during the first quarter of 2014. Prior to the sale, we accounted for our investment in EGS on a three-month lag. As a result of the sale, we recorded no equity earnings related to this investment during the three and nine months ended September 27, 2014, while equity earnings related to this investment totaled $11.4 and $30.5 during the three and nine months ended September 28, 2013, respectively. Summarized financial results for EGS for the three and nine months ended June 30, 2013 were as follows:

	Three months ended June 30, 2013	Nine months ended June 30, 2013
Revenues	$ 129.1	$ 380.2
Gross profit	57.0	164.7
Income from continuing operations	25.7	68.5

Net income	25.7	68.5

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 2013 Annual Report on Form 10-K. Interim results are not necessarily indicative of full year results. We have reclassified certain prior year amounts to conform to the current year presentation. Unless otherwise indicated, amounts provided in these Notes pertain to continuing operations. See Note 3 for information on discontinued operations.

We 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 first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2014 were March 29, June 28 and September 27, compared to the respective March 30, June 29 and September 28, 2013 dates. We had one less day in the first quarter of 2014 and will have one more day in the fourth quarter of 2014 than in the respective 2013 periods.

(2) NEW ACCOUNTING PRONOUNCEMENTS

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

In March 2013, the Financial Accounting Standards Board ("FASB") issued an amendment to guidance to resolve the diversity in practice relating to a parent entity's accounting for the cumulative translation adjustment ("CTA") upon derecognition of foreign subsidiaries or groups of assets. The amendment requires that any CTA related to the parent entity's investment in a foreign entity be released into earnings when a sale or transfer of the foreign subsidiary or group of assets results in the complete or substantially complete liquidation of the foreign entity. This amendment is effective for interim and annual reporting periods beginning after December 15, 2013, and shall be applied prospectively. We adopted this guidance on January 1, 2014, with no material impact on our condensed consolidated financial statements.

In July 2013, the FASB issued an amendment to guidance to resolve the diversity in practice in the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward (collectively, a "carryforward") exists. An unrecognized tax benefit, or portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for the carryforward, except to the extent (i) the carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. In these cases, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This amendment applies to all entities that have unrecognized tax benefits when a carryforward exists at the reporting date. This amendment is effective for interim and annual reporting periods beginning after December 15, 2013 and must be applied prospectively to all unrecognized tax benefits that exist at the effective date, with retrospective application permitted. We adopted this guidance on January 1, 2014, with no material impact on our condensed consolidated financial statements.

In April 2014, the FASB issued an amendment to guidance to change the criteria for determining which disposals of components of an entity can be presented as discontinued operations and to modify related disclosure requirements. Under the amended guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The amendment states that a "strategic shift" could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity. The standard no longer precludes presentation as a discontinued operation if there are operations and cash flows of the component that have not been eliminated from the reporting entity's ongoing operations, or there is significant continuing involvement with a component after its disposal. This amendment is effective for interim and annual reporting periods beginning after December 15, 2014 and shall be applied prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. The impact of the adoption of this amendment on our consolidated financial statements will be based on our future disposal activity.

In May 2014, the FASB issued a new standard on revenue recognition that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new standard contains a five-step approach that entities will apply to determine the measurement of revenue and timing of when it is recognized, including (i) identifying the contract(s) with a customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to separate performance obligations, and (v) recognizing revenue when (or as) each performance obligation is satisfied. The new standard requires a number of disclosures intended to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue, and the related cash flows. The disclosures include qualitative and quantitative information about contracts with customers, significant judgments made in applying the revenue guidance, and assets recognized from the costs to obtain or fulfill a contract. The new standard is effective for interim and annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. We are currently evaluating the impact that this new standard will have on our consolidated financial statements.

(3) DISCONTINUED OPERATIONS

As part of our operating strategy, we regularly review and negotiate potential divestitures, some of which are or may be material.

We report businesses or asset groups as discontinued operations when, among other things, we terminate the operations of the business or asset group, commit to a plan to divest the business or asset group or we actively begin marketing the business or asset group, and the sale of the business or asset group is deemed probable within the next twelve months.

The following businesses, which have been sold or for which operations have been terminated, met these requirements and therefore have been reported as discontinued operations for all periods presented:

Business	Quarter Discontinued	Quarter of Sale or Termination of Operations
Fenn LLC ("Fenn")	Q3 2013	Q3 2014
SPX Precision Components ("Precision Components")	Q3 2013	Q2 2014
Thermal Product Solutions ("TPS")	Q3 2013	Q1 2014
Broadcast Antenna System business ("Dielectric")	Q2 2013	Q2 2013
Crystal Growing business ("Kayex")	Q1 2013	Q1 2013

Fenn — Sold for cash consideration of $3.5 during the third quarter of 2014, resulting in a loss, net of taxes, of $0.4.

Precision Components — Sold for cash consideration of $63.0 during the second quarter of 2014, resulting in a loss, net of taxes, of $7.3. During the third quarter of 2014, we reduced the net loss by $0.4, primarily as a result of revisions to certain liabilities related to the sale, and paid $0.4 associated with the working capital settlement.

TPS — Sold for cash consideration of $38.5 and a promissory note of $4.0 during the first quarter of 2014, resulting in a gain, net of taxes, of $21.5. During the third quarter of 2014, the amount due under the promissory note was collected in full, and we reduced the net gain on the sale of the business by $0.3 related to revisions of certain retained liabilities associated with the sale.

Dielectric — We sold assets of the business during the second quarter of 2013 for cash consideration of $4.7, resulting in a gain of less than $0.1.

Kayex — We closed the business during the first quarter of 2013. In connection with the closure, we recorded a loss, net of taxes, of $2.1 during the first quarter of 2013, with such loss related primarily to severance costs and asset impairment charges. During the third quarter of 2013, we recorded a gain, net of taxes, of $3.6 associated primarily with the sale of a perpetual license related to certain of the business's intangible assets. Proceeds from the sale of the perpetual license totaled $6.9.

In addition to the businesses discussed above, we recognized net losses of $2.6 and $1.9 during the three and nine months ended September 27, 2014, respectively, and net losses of $3.4 and $3.8 during the three and nine months ended September 28, 2013, respectively, resulting from adjustments to gains/losses on dispositions of previously discontinued businesses. Refer to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K for the disclosure of all businesses discontinued during 2011, 2012 and 2013.

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 or other dispute-resolution 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 three and nine months ended September 27, 2014 and September 28, 2013, income from discontinued operations and the related income taxes are shown below:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Income from discontinued operations	$ 3.3	$ 9.0	$ 36.9	$ 13.3
Income tax provision	(4.3)	(3.6)	(20.0)	(4.5)
Income (loss) from discontinued operations, net	$ (1.0)	$ 5.4	$ 16.9	$ 8.8

For the three and nine months ended September 27, 2014 and September 28, 2013, results of operations for discontinued operations were as follows:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenues	$ 13.4	$ 50.7	$ 63.1	$ 154.2
Pre-tax income	3.4	8.6	8.0	15.9

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 as follows:

	September 27, 2014	December 31, 2013
Assets:		
Accounts receivable, net	$ 6.6	$ 22.8
Inventories, net	3.6	37.6
Other current assets	0.1	1.2
Property, plant and equipment, net	4.0	16.3
Goodwill and intangibles, net	35.7	70.4
Assets of discontinued operations	$ 50.0	148.3
Liabilities:		
Accounts payable	$ 4.4	$ 13.3
Accrued expenses	2.4	18.6
Liabilities of discontinued operations	$ 6.8	$ 31.9

(4) INFORMATION ON REPORTABLE SEGMENTS AND OTHER OPERATING SEGMENTS

We are a global supplier of highly specialized, engineered solutions with operations in over 35 countries and sales in over 150 countries around the world. Many of our products and innovative solutions play a role in helping to meet rising global demand for power and energy and processed foods and beverages, particularly in emerging markets. Our key products include processing systems and equipment for the food and beverage industry, reciprocating pumps used in oil and gas processing, power transformers used by utility companies, and cooling systems for power plants.

We aggregate certain of our operating segments into our two reportable segments, Flow Technology and Thermal Equipment and Services, while our remaining operating segments, which do not meet the quantitative threshold criteria of the Segment Reporting Topic of the Codification, have been combined within our "All Other" category, which we refer to as Industrial Products and Services and Other. The operating segments in this "All Other" category generally serve industrial end-markets. Industrial Products and Services and Other is not considered a reportable segment.

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 the Segment Reporting Topic of the Codification to operating income or loss of each segment before considering impairment and special charges, pension and postretirement expense/income, stock-based compensation and other indirect corporate expenses. This is consistent with the way our chief operating decision maker evaluates the results of each segment.

Flow Technology Reportable Segment

Our Flow Technology reportable segment engineers, designs, manufactures and markets products and solutions used to process, blend, filter, dry, meter and transport fluids with a focus on original equipment installation, including turnkey systems, skidded systems and components, as well as comprehensive aftermarket components and support services. Primary component offerings include engineered pumps, valves, mixers, plate heat exchangers, and dehydration and filtration technologies. The segment primarily serves customers in food and beverage, power and energy and industrial end markets. The segment continues to focus on innovation and new product development, optimizing its global footprint while taking advantage of cross-product integration opportunities and increasing its competitive position in global end markets. Flow Technology's solutions focus on key business drivers, such as product flexibility, process optimization, sustainability and safety.

Thermal Equipment and Services Reportable Segment

Our Thermal Equipment and Services reportable segment engineers, designs, manufactures, installs and services thermal heat transfer products. Primary offerings include dry, evaporative and hybrid cooling systems, rotating and stationary heat exchangers and pollution control systems for the power generation, HVAC and industrial markets, as well as boilers and heating and ventilation products for the residential and commercial markets.

Industrial Products and Services and Other

Industrial Products and Services and Other comprises operating segments that design, manufacture and market power transformers, industrial tools and hydraulic units, communications and signal monitoring systems, fare collection systems, and portable cable and pipe locators.

Corporate Expense

Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters and our Asia Pacific center in Shanghai, China.

Financial data for our reportable segments and other operating segments were as follows:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenues: (1)				
Flow Technology reportable segment	$ 638.5	$ 651.6	$ 1,916.6	$ 1,918.0
Thermal Equipment and Services reportable segment	338.8	324.1	945.7	979.5
Industrial Products and Services and Other	180.8	170.1	544.9	500.7
Total revenues	$ 1,158.1	$ 1,145.8	$ 3,407.2	$ 3,398.2
Income:				
Flow Technology reportable segment	$ 97.5	$ 83.1	$ 252.0	$ 205.1
Thermal Equipment and Services reportable segment	23.2	21.7	41.9	49.6
Industrial Products and Services and Other	19.0	24.7	66.6	69.1
Total income for reportable and other operating segments	139.7	129.5	360.5	323.8
Corporate expense	(24.7)	(26.2)	(79.0)	(82.2)
Pension and postretirement (expense) income	(2.8)	4.2	(25.6)	12.7
Stock-based compensation expense	(4.6)	(3.7)	(33.9)	(29.3)
Impairment of intangible assets	—	—	—	(2.0)
Special charges, net	(4.1)	(6.9)	(18.3)	(25.1)
Consolidated operating income	$ 103.5	$ 96.9	$ 203.7	$ 197.9

(1) Under the percentage of completion method, we recognized revenues of $310.7 and $317.2 in the three months ended September 27, 2014 and September 28, 2013, respectively. For the nine months ended September 27, 2014 and September 28, 2013, revenues under the percentage of completion method were $880.7 and $1,012.9, respectively. Costs and estimated earnings in excess of billings on uncompleted contracts accounted for under the percentage of completion method were $288.4 and $285.3 as of September 27, 2014 and December 31, 2013, respectively, and are reported 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 $184.9 and $218.4 as of September 27, 2014 and December 31, 2013, respectively, and are reported as a component of "Accrued expenses" in the condensed consolidated balance sheets.

(5) SPECIAL CHARGES, NET

Special charges, net, for the three and nine months ended September 27, 2014 and September 28, 2013 are described in more detail below:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Flow Technology reportable segment	$ 2.8	$ 6.4	$ 12.9	$ 11.4
Thermal Equipment and Services reportable segment	1.5	0.4	3.0	12.0
Industrial Products and Services and Other	—	0.1	1.7	1.2
Corporate	(0.2)	—	0.7	0.5
Total	$ 4.1	$ 6.9	$ 18.3	$ 25.1

Flow Technology Reportable Segment — Charges for the three and nine months ended September 27, 2014 related primarily to severance and other costs associated with restructuring initiatives at various locations in Europe and the U.S. These actions were taken primarily to reduce the cost base of Clyde Union, as we continue to integrate the business into our Flow Technology reportable segment, and to reorganize the food and beverage commercial organization in Europe. Charges for the three and nine months ended September 28, 2013 related primarily to severance costs associated with (i) restructuring initiatives at Clyde Union locations in the U.K. and the U.S. and (ii) the operational realignment of the segment's reporting structure.

Thermal Equipment and Services Reportable Segment — Charges for the three and nine months ended September 27, 2014 related primarily to severance and other costs associated with (i) the restructuring of a regional sales organization within the boiler products business, (ii) the closure of a facility in China and (iii) various restructuring initiatives in Germany. Charges for the three and nine months ended September 28, 2013 related primarily to severance and other costs associated with restructuring actions at our Balcke Duerr business in Germany.

Industrial Products and Services and Other — Charges for the nine months ended September 27, 2014 and the three and nine months ended September 28, 2013 related primarily to costs associated with restructuring initiatives at various locations in the U.S.

Corporate — The credit for the three months ended September 27, 2014 and charges for the nine months ended September 27, 2014 related primarily to costs (or reversals of previously accrued costs) associated with our efforts to better align our corporate overhead structure with the new operational alignment we implemented in the second half of 2013. Charges for the nine months ended September 28, 2013 related to costs associated with the early termination of two building leases and an asset impairment charge of $0.3.

Expected charges still to be incurred under actions approved as of September 27, 2014 are approximately $1.0.

The following is an analysis of our restructuring liabilities for the nine months ended September 27, 2014 and September 28, 2013:

	Nine months ended	
	September 27, 2014	September 28, 2013
Balance at beginning of period	$ 19.0	$ 16.4
Special charges (1)	17.6	27.5
Utilization — cash (2)	(22.0)	(23.8)
Currency translation adjustment and other	0.1	0.5
Balance at end of period	$ 14.7	$ 20.6

(1) The nine months ended September 27, 2014 and September 28, 2013 included $0.0 and $4.4, respectively, of charges that related to discontinued operations for which we have retained the related liabilities, and excluded $0.7 and $2.0, respectively, of non-cash charges that did not impact the restructuring liabilities.

(2) The nine months ended September 27, 2014 and September 28, 2013 included $0.6 and $2.7, respectively, of cash utilized to settle retained liabilities of discontinued operations.

(6) INVENTORIES, NET

Inventories, net, were as follows:

	September 27, 2014	December 31, 2013

Finished goods	$ 152.5	$ 147.5
Work in process	187.9	165.0
Raw materials and purchased parts	243.6	210.6
Total FIFO cost	584.0	523.1
Excess of FIFO cost over LIFO inventory value	(20.4)	(20.9)
Total inventories, net	$ 563.6	$ 502.2

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated net realizable values. Certain domestic inventories are valued using the last-in, first-out ("LIFO") method. These inventories were approximately 20% and 19% of total inventory at September 27, 2014 and December 31, 2013, respectively. Other inventories are valued using the first-in, first-out ("FIFO") method.

(7) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill, by reportable segment and other operating segments, were as follows:

	December 31, 2013	Goodwill Resulting from Business Combinations	Impairments	Foreign Currency Translation and Other	September 27, 2014
Flow Technology reportable segment					
Gross goodwill	$ 1,120.2	$ —	$ —	$ (41.0)	$ 1,079.2
Accumulated impairments	—	—	—	—	—
Goodwill	1,120.2	—	—	(41.0)	1,079.2
Thermal Equipment and Services reportable segment					
Gross goodwill	570.0	—	—	(12.1)	557.9
Accumulated impairments	(399.5)	—	—	7.0	(392.5)
Goodwill	170.5	—	—	(5.1)	165.4
Industrial Products and Services and Other					
Gross goodwill	366.8	—	—	0.1	366.9
Accumulated impairments	(140.5)	—	—	—	(140.5)
Goodwill	226.3	—	—	0.1	226.4
Total					
Gross goodwill	2,057.0	—	—	(53.0)	2,004.0
Accumulated impairments	(540.0)	—	—	7.0	(533.0)
Goodwill	$ 1,517.0	$ —	$ —	$ (46.0)	$ 1,471.0

Other Intangibles

Identifiable intangible assets comprised the following:

	September 27, 2014			December 31, 2013		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with determinable lives:						
Patent	$ 11.5	$ (8.7)	$ 2.8	$ 11.5	$ (8.3)	$ 3.2
Technology	189.8	(58.8)	131.0	196.3	(52.4)	143.9
Customer relationships	401.4	(89.3)	312.1	412.0	(78.6)	333.4
Other	29.5	(18.6)	10.9	31.0	(18.6)	12.4
	632.2	(175.4)	456.8	650.8	(157.9)	492.9
Trademarks with indefinite lives	424.1	—	424.1	431.8	—	431.8
Total	$ 1,056.3	$ (175.4)	$ 880.9	$ 1,082.6	$ (157.9)	$ 924.7

At September 27, 2014, the net carrying value of intangible assets with determinable lives consisted of $406.2 in the Flow Technology reportable segment, $43.3 in the Thermal Equipment and Services reportable segment and $7.3 in Industrial Products and Services and Other. At September 27, 2014, trademarks with indefinite lives consisted of $280.2 in the Flow Technology reportable segment, $125.7 in the Thermal Equipment and Services reportable segment and $18.2 in Industrial Products and Services and Other.

We perform our annual goodwill impairment testing during the fourth quarter in conjunction with our annual financial planning process, with such testing based primarily on events and circumstances existing as of the end of the third quarter. In addition, we test goodwill for impairment on a more frequent basis if there are indications of potential impairment. A significant amount of judgment is involved in determining if an indication of impairment has occurred between annual testing dates. Such indications may include: a significant decline in expected future cash flows; a significant adverse change in legal factors or the business climate; unanticipated competition; and a more likely than not expectation of selling or disposing all, or a portion, of a reporting unit.

We perform our annual trademarks impairment testing during the fourth quarter or on a more frequent basis if there are indications of potential impairment. The fair values of our trademarks are determined by applying estimated royalty rates to projected revenues, with the resulting cash flows discounted at a rate of return that reflects current market conditions.

No impairment charges were recorded in the first nine months of 2014. In the first quarter of 2013, we recorded an impairment charge of $2.0 related to the trademarks of Clyde Union. Other changes in the gross carrying value of trademarks and other identifiable intangible assets relate primarily to foreign currency translation.

(8) WARRANTY

The following is an analysis of our product warranty accrual for the periods presented:

	Nine months ended	
	September 27, 2014	September 28, 2013
Balance at beginning of period	$ 54.8	$ 59.7
Provisions	20.9	15.1
Usage	(23.5)	(22.4)
Balance at end of period	52.2	52.4
Less: Current portion of warranty	40.0	42.6
Non-current portion of warranty	$ 12.2	$ 9.8

(9) EMPLOYEE BENEFIT PLANS

During a designated election period in the first quarter of 2014, we offered approximately 7,100 eligible former employees under the SPX U.S. Pension Plan (the "Plan") a voluntary lump-sum payment option in lieu of a future pension benefit under the Plan. Approximately 38%, or $165.2, of the projected benefit obligation of the Plan was settled as a result of lump-sum payments made to those who accepted the offer. These payments were made during March 2014 and resulted in a settlement charge of $4.6 being reflected in net periodic pension benefit expense for the first quarter of 2014. In addition, in connection with this lump-sum payment action, we remeasured the assets and liabilities of the Plan as of March 29, 2014, which resulted in a charge to net periodic pension benefit expense of $14.8 for the three months then ended.

Net periodic benefit expense (income) for our pension and postretirement plans included the following components:

Domestic Pension Plans

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Service cost	$ 1.8	$ 1.9	$ 5.4	$ 5.6
Interest cost	4.5	12.0	15.7	36.0
Expected return on plan assets	(4.7)	(18.8)	(14.9)	(56.3)
Settlement charges (credits), net (1)	(0.1)	—	0.4	—
Recognized net actuarial loss (2)	—	—	14.8	—
Total net periodic pension benefit expense (income)	$ 1.5	$ (4.9)	$ 21.4	$ (14.7)

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(1) For the nine months ended September 27, 2014, includes the settlement charge of $4.6 associated with the lump-sum payment action that took place during the first quarter of 2014 (see above), net of a $4.2 reduction to the estimated settlement charge that was recorded during the fourth quarter of 2013 in connection with the transfer of the pension obligation for the retirees of the Plan to Massachusetts Mutual Life Insurance Company.

(2) For the nine months ended September 27, 2014, includes the actuarial loss resulting from the remeasurement of the assets and obligations of the Plan in the first quarter of 2014, which was required in connection with the lump-sum payment action noted above.

Foreign Pension Plans

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Service cost	$ 0.7	$ 0.6	$ 2.1	$ 2.0
Interest cost	3.5	3.4	10.5	10.0
Expected return on plan assets	(4.3)	(4.4)	(12.8)	(13.1)
Total net periodic pension benefit income	(0.1)	(0.4)	(0.2)	(1.1)
Less: Net periodic pension benefit income of discontinued operations	(0.1)	(0.2)	(0.3)	(0.2)
Net periodic pension benefit expense (income) of continuing operations	$ —	$ (0.2)	$ 0.1	$ (0.9)

Postretirement Plans

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Service cost	$ 0.1	$ 0.1	$ 0.4	$ 0.3

Interest cost	1.3	1.2	3.9	3.6
Amortization of unrecognized prior service credits	(0.1)	(0.4)	(0.2)	(1.0)
Net periodic postretirement benefit expense	$ 1.3	$ 0.9	$ 4.1	$ 2.9

Employer Contributions

During the first nine months of 2014, we made contributions to our domestic and foreign pension plans of approximately $9.7, of which $2.0 related to businesses that have been disposed of and had been classified as discontinued operations.

(10) INDEBTEDNESS

The following summarizes our debt activity (both current and non-current) for the nine months ended September 27, 2014:

	December 31, 2013	Borrowings	Repayments	Other (5)	September 27, 2014
Domestic revolving loan facility	$ —	$ 367.0	$ (207.0)	$ —	$ 160.0
Term loan (1)	475.0	100.0	—	—	575.0
6.875% senior notes, due in August 2017	600.0	—	—	—	600.0
7.625% senior notes (2)	500.0	—	(500.0)	—	—
Trade receivables financing arrangement (3)	—	80.0	(11.0)	—	69.0
Other indebtedness (4)	100.6	9.2	(64.2)	4.1	49.7
Total debt	1,675.6	$ 556.2	$ (782.2)	$ 4.1	1,453.7
Less: short-term debt	26.9				264.2
Less: current maturities of long-term debt	558.7				16.5
Total long-term debt	$ 1,090.0				$ 1,173.0

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(1) The term loan of $575.0 (which includes $100.0 drawn under the facility in the second quarter of 2014) is repayable in quarterly installments of 5.0% annually, beginning with our second fiscal quarter of 2015, with the remaining balance repayable in full on December 23, 2018.

(2) During the first quarter of 2014, we completed the redemption of all our 7.625% senior notes due in December 2014 for a total redemption price of $530.6. As a result of the redemption, we recorded a charge of $32.5 to “Loss on early extinguishment of debt” during the first quarter of 2014, which related to premiums paid to redeem the senior notes of $30.6, the write-off of unamortized deferred financing fees of $1.0, and other costs associated with the extinguishment of the senior notes of $0.9.

(3) Under this arrangement, we can borrow, on a continuous basis, up to $80.0, as available. At September 27, 2014, we had $0.9 of available borrowing capacity under this facility after giving effect to outstanding borrowings of $69.0.

(4) Primarily included capital lease obligations of $14.5 and $73.0 and balances under purchase card programs of $29.3 and $25.4 at September 27, 2014 and December 31, 2013, respectively. During the first quarter of 2014, we purchased our corporate headquarters facility for cash consideration of $60.8, resulting in the extinguishment of the related capital lease obligation.

(5) “Other” primarily includes debt assumed and foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar.

Senior Credit Facilities

A detailed description of our senior credit facilities is included in our 2013 Annual Report on Form 10-K.

At September 27, 2014, we had $54.2 and $693.8, respectively, of outstanding letters of credit issued under our revolving credit and our foreign credit instrument facilities of our senior credit agreement. In addition, we had $5.9 of letters of credit outstanding under separate arrangements in China and India.

The weighted-average interest rate of outstanding borrowings under our senior credit facilities was approximately 1.6% at September 27, 2014.

At September 27, 2014, we were in compliance with all covenants of our senior credit facilities and our senior notes. Restrictions on our ability to repurchase shares or pay dividends are described in our 2013 Annual Report on Form 10-K.

(11) DERIVATIVE FINANCIAL INSTRUMENTS

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 and to minimize the impact of changes as a result of currency fluctuations. Our principal currency exposures relate to the Euro, South African Rand, Chinese Yuan and Great Britain Pound.

From time to time, we enter into forward contracts to manage the exposure on contracts with forecasted transactions denominated in non-functional 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 (“FX forward contracts”). In addition, some of our contracts contain currency forward embedded derivatives (“FX embedded derivatives”), because the currency of exchange is not “clearly and closely” related to the functional currency of either party to the transaction. Certain of our FX forward contracts are designated as cash flow hedges. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings, but are included in accumulated other comprehensive income ("AOCI"). These changes in fair value are reclassified into earnings as a component of revenues or cost of products sold, as applicable, when the forecasted transaction impacts earnings. In addition, if the forecasted transaction is no longer probable, the cumulative change in the derivatives' fair value is recorded as a component of "Other income (expense), net" in the period in which the transaction is no longer considered probable of occurring. To the extent a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded in earnings in the period in which it occurs.

We had FX forward contracts with an aggregate notional amount of $200.9 and $191.3 outstanding as of September 27, 2014 and December 31, 2013, respectively, with all such contracts scheduled to mature within the next 12 months. We also had FX embedded derivatives with an aggregate notional amount of $150.1 and $145.8 at September 27, 2014 and December 31, 2013, respectively. The unrealized losses, net of taxes, recorded in AOCI related to FX forward contracts were $0.8 and $1.0 as of September 27, 2014 and December 31, 2013, respectively. We anticipate reclassifying the unrealized loss as of September 27, 2014 to income within 12 months.

Commodity Contracts

From time to time, we enter into commodity contracts to manage the exposure on forecasted purchases of commodity raw materials. At September 27, 2014 and December 31, 2013, the outstanding notional amount of commodity contracts was 6.4 and 3.4 pounds of copper, respectively. We designate and account for these contracts as cash flow hedges and, to the extent these commodity contracts are effective in offsetting the variability of the forecasted purchases, the change in fair value is included in AOCI. We reclassify AOCI associated with our commodity contracts to cost of products sold when the forecasted transaction impacts earnings. As of September 27, 2014 and December 31, 2013, the fair value of these contracts was $0.7 (current liabilities) and $0.4 (current assets), respectively. The unrealized gain (loss), net of taxes, recorded in AOCI was $(0.4) and $0.2 as of September 27, 2014 and December 31, 2013, respectively. We anticipate reclassifying the unrealized loss as of September 27, 2014 to income within 12 months.

The following summarizes the gross and net fair values of our FX forward and commodity contracts by counterparty at September 27, 2014 and December 31, 2013, respectively:

	September 27, 2014			December 31, 2013		
	Gross Assets	Gross Liabilities	Net Assets / Liabilities	Gross Assets	Gross Liabilities	Net Assets / Liabilities
FX forward contracts:						
Counterparty A	$ 0.2	$ (0.1)	$ 0.1	$ 0.7	$ (0.1)	$ 0.6
Counterparty B	0.1	(1.8)	(1.7)	0.1	(0.4)	(0.3)
Aggregate of other counterparties	0.1	(0.8)	(0.7)	0.3	—	0.3
Totals (1)	$ 0.4	$ (2.7)	$ (2.3)	$ 1.1	$ (0.5)	$ 0.6
Commodity contracts:						
Counterparty A (2)	$ —	$ (0.7)	$ (0.7)	$ 0.4	$ —	$ 0.4

(1) We enter into arrangements designed to provide the right of setoff in the event of counterparty default or insolvency, and have elected to offset the fair values of our qualifying financial instruments in our condensed consolidated balance sheets. Amounts presented in our condensed consolidated balance sheets are as follows:

	September 27, 2014	December 31, 2013
Designated as hedging instruments:		
Other current assets	$ 0.1	$ 0.3
Not designated as hedging instruments:		
Other current assets	—	0.6
Accrued expenses	(2.4)	(0.3)
	(2.4)	0.3
Net fair value of FX forward contracts	$ (2.3)	$ 0.6

(2) Related contracts are designated as hedging instruments. Net amounts at September 27, 2014 and December 31, 2013 are recorded in "Accrued expenses" and "Other current assets," respectively.

The following summarizes the fair value of our FX embedded derivative instruments, which are not designated as hedging instruments, and the related balance sheet classification as of September 27, 2014 and December 31, 2013:

Balance Sheet Classification	September 27, 2014	December 31, 2013
Other current assets	$ 1.7	$ 0.7
Other assets	0.9	—
Accrued expenses	(5.0)	(6.5)
Other long-term liabilities	(1.2)	(2.1)
	$ (3.6)	$ (7.9)

The following summarizes the pre-tax gain (loss) recognized in AOCI resulting from derivative financial instruments designated as cash flow hedging relationships for the three and nine months ended September 27, 2014 and September 28, 2013:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
FX forward contracts	$ 0.1	$ (0.2)	$ 0.6	$ (4.2)
Commodity contracts	(0.8)	0.8	(1.5)	(1.5)
	$ (0.7)	$ 0.6	$ (0.9)	$ (5.7)

The following summarizes the pre-tax loss related to derivative financial instruments designated as cash flow hedging relationships reclassified from AOCI to income through ‘‘Revenues’’ for FX forward contracts and ‘‘Cost of products sold’’ for commodity contracts for the three and nine months ended September 27, 2014 and September 28, 2013:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
FX forward contracts	$ —	$ (2.1)	$ —	$ (3.0)
Commodity contracts	(0.3)	(0.6)	(0.5)	(0.5)
	$ (0.3)	$ (2.7)	$ (0.5)	$ (3.5)

During the nine months ended September 28, 2013, losses of $0.2 were recognized in ‘‘Other income (expense), net’’ relating to derivative ineffectiveness and amounts excluded from effectiveness testing.

The following summarizes the gain (loss) recognized in ‘‘Other income (expense), net’’ for the three and nine months ended September 27, 2014 and September 28, 2013 related to derivative financial instruments not designated as cash flow hedging relationships:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
FX forward contracts	$ (4.6)	$ 0.9	$ (2.8)	$ (1.0)
FX embedded derivatives	3.1	(0.8)	1.0	4.9
	$ (1.5)	$ 0.1	$ (1.8)	$ 3.9

(12) EQUITY AND STOCK-BASED COMPENSATION

Income 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		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Weighted-average number of common shares used in basic income per share	41.796	44.709	43.024	45.592
Dilutive securities — Employee stock options, restricted stock shares and restricted stock units	0.568	0.328	0.748	0.548
Weighted-average number of common shares and dilutive securities used in diluted income per share	42.364	45.037	43.772	46.140

There were no stock options outstanding during the nine months ended September 27, 2014. All stock options outstanding were included in the computation of diluted income per share during the three and nine months ended September 28, 2013.

For the three and nine months ended September 27, 2014, 0.173 and 0.058 of unvested restricted stock shares and restricted stock units, respectively, were not included in the computation of diluted income per share because required market thresholds for vesting (as discussed in our 2013 Annual Report on Form 10-K) were not met, compared to 0.857 and 0.758 for the three and nine months ended September 28, 2013, respectively.

Stock-based Compensation

Stock-based compensation awards may be granted to certain eligible employees or non-employee directors under the 2002 Stock Compensation Plan, or to non-employee directors under the 2006 Non-Employee Director’s Stock Incentive Plan. A detailed description of the awards granted under these plans is included in our 2013 Annual Report on Form 10-K.

Compensation expense within income from continuing operations related to restricted stock shares and restricted stock units totaled $4.6 and $3.7 for the three months ended September 27, 2014 and September 28, 2013, respectively, and $33.9 and $29.3 for the nine months ended September 27, 2014 and September 28, 2013, respectively. The related tax benefit was $1.8 and $1.4 for the three months ended September 27, 2014 and September 28, 2013, respectively, and $12.4 and $10.7 for the nine months ended September 27, 2014 and September 28, 2013, respectively.

Accumulated Other Comprehensive Income

The changes in the components of accumulated other comprehensive income, net of tax, for the three months ended September 27, 2014 were as follows:

	Foreign Currency	Net Unrealized Losses on	Pension and Postretirement	Total

	Translation Adjustment	Qualifying Cash Flow Hedges (1)	Liability Adjustment and Other (2)	
Balance at beginning of period	$ 285.3	$ (0.9)	$ 0.3	$ 284.7
Other comprehensive loss before reclassifications	(115.3)	(0.5)	—	(115.8)
Amounts reclassified from accumulated other comprehensive income	—	0.2	(0.1)	0.1
Current-period other comprehensive loss	(115.3)	(0.3)	(0.1)	(115.7)
Balance at end of period	$ 170.0	$ (1.2)	$ 0.2	$ 169.0

(1) Net of tax benefit of $1.0 and $0.9 as of September 27, 2014 and June 28, 2014, respectively.

(2) Net of tax provision of $(0.1) as of September 27, 2014 and June 28, 2014.

The changes in the components of accumulated other comprehensive income, net of tax, for the nine months ended September 27, 2014 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges (1)	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Pension and Postretirement Liability Adjustment and Other (2)	Total
Balance at beginning of period	$ 296.8	$ (0.8)	$ (3.7)	$ (4.8)	$ 287.5
Other comprehensive income (loss) before reclassifications	(126.8)	(0.8)	3.6	0.2	(123.8)
Amounts reclassified from accumulated other comprehensive income	—	0.4	0.1	4.8	5.3
Current-period other comprehensive income (loss)	(126.8)	(0.4)	3.7	5.0	(118.5)
Balance at end of period	$ 170.0	$ (1.2)	$ —	$ 0.2	$ 169.0

(1) Net of tax benefit of $1.0 as of September 27, 2014 and December 31, 2013.

(2) Net of tax (provision) benefit of $(0.1) and $2.2 as of September 27, 2014 and December 31, 2013, respectively. The balance as of December 31, 2013 primarily includes $(5.0), net of tax, related to our share of the pension liability adjustment for EGS as of December 31, 2013. In connection with the sale of our interest in EGS during the first quarter of 2014, as described in Note 1, we recognized our share of the pension liability adjustment for EGS as a component of the gain on sale of our investment interest.

The changes in the components of accumulated other comprehensive income, net of tax, for the three months ended September 28, 2013 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Gains (Losses) on Qualifying Cash Flow Hedges (1)	Net Unrealized Losses on Available-for-Sale Securities	Pension and Postretirement Liability Adjustment and Other (2)	Total
Balance at beginning of period	$ 221.5	$ (4.4)	$ (3.8)	$ (4.3)	$ 209.0
Other comprehensive income (loss) before reclassifications	70.1	0.5	(0.8)	—	69.8
Amounts reclassified from accumulated other comprehensive income	—	1.8	—	(0.2)	1.6
Current-period other comprehensive income (loss)	70.1	2.3	(0.8)	(0.2)	71.4
Balance at end of period	$ 291.6	$ (2.1)	$ (4.6)	$ (4.5)	$ 280.4

(1) Net of tax benefit of $1.9 and $2.9 as of September 28, 2013 and June 29, 2013, respectively.

(2) Net of tax benefit of $2.0 and $1.9 as of September 28, 2013 and June 29, 2013, respectively. Includes $(5.0) related to our share of the pension liability adjustment for EGS as of September 28, 2013 and June 29, 2013.

The changes in the components of accumulated other comprehensive income, net of tax, for the nine months ended September 28, 2013 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges (1)	Net Unrealized Losses on Available-for-Sale Securities	Pension and Postretirement Liability Adjustment and Other (2)	Total
Balance at beginning of period	$ 293.8	$ (3.3)	$ (3.1)	$ (2.6)	$ 284.8

Other comprehensive loss before reclassifications	(2.2)	(1.1)	(1.5)	(1.2)	(6.0)
Amounts reclassified from accumulated other comprehensive income	—	2.3	—	(0.7)	1.6
Current-period other comprehensive income (loss)	(2.2)	1.2	(1.5)	(1.9)	(4.4)
Balance at end of period	$ 291.6	$ (2.1)	$ (4.6)	$ (4.5)	$ 280.4

(1) Net of tax benefit of $1.9 and $2.5 as of September 28, 2013 and December 31, 2012, respectively.

(2) Net of tax benefit of $2.0 and $1.2 as of September 28, 2013 and December 31, 2012, respectively. Includes $(5.0) and $(3.8) related to our share of the pension liability adjustment for EGS as of September 28, 2013 and December 31, 2012, respectively.

The following summarizes amounts reclassified from each component of accumulated other comprehensive income for the three months ended September 27, 2014 and September 28, 2013:

	Amount Reclassified from AOCI Three months ended		
	September 27, 2014	September 28, 2013	Affected Line Items in the Condensed Consolidated Statements of Operations
Losses on qualifying cash flow hedges:			
Commodity contracts	$ 0.3	$ 0.6	Cost of products sold
FX forward contracts	—	2.2	Revenues
Pre-tax	0.3	2.8	
Income taxes	(0.1)	(1.0)	
	$ 0.2	$ 1.8	
Pension and postretirement items:			
Amortization of unrecognized prior service credits	$ (0.1)	$ (0.4)	Selling, general and administrative
Pre-tax	(0.1)	(0.4)	
Income taxes	—	0.2	
	$ (0.1)	$ (0.2)	

The following summarizes amounts reclassified from each component of accumulated other comprehensive income for the nine months ended September 27, 2014 and September 28, 2013:

	Amount Reclassified from AOCI Nine months ended		
	September 27, 2014	September 28, 2013	Affected Line Items in the Condensed Consolidated Statement of Operations
Losses on qualifying cash flow hedges:			
Commodity contracts	$ 0.5	$ 0.5	Cost of products sold
FX forward contracts	—	3.0	Revenues
Pre-tax	0.5	3.5	
Income taxes	(0.1)	(1.2)	
	$ 0.4	$ 2.3	
Loss on available-for-sale securities	$ 0.1	$ —	Other income (expense), net
(Gains) losses on pension and postretirement items:			
Recognition of our share of the pension liability adjustment for EGS	$ 7.4	$ —	Other income (expense), net
Amortization of unrecognized prior service credits	(0.2)	(1.0)	Selling, general and administrative
Pre-tax	7.2	(1.0)	
Income taxes	(2.4)	0.3	
	$ 4.8	$ (0.7)	

Common Stock in Treasury

On December 18, 2013, we entered into a written trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of up to $500.0 of shares of our common stock on or before December 31, 2014, in accordance with a share repurchase program authorized by our Board of Directors. We repurchased 0.115 shares of our common stock for $11.2 under this trading plan during December 2013. During the first nine months of 2014, we repurchased 4.029 shares of our common stock for $414.3 under this trading plan.

During the first quarter of 2013, we repurchased 1.514 shares of our common stock for $104.4, which completed the repurchases under a trading plan that we entered into during 2012. In addition, we repurchased 1.864 shares of our common stock on the open market for $144.6 during the first nine months of 2013.

During the nine months ended September 27, 2014, “Common stock in treasury” was decreased by the settlement of restricted stock units issued from treasury stock of $13.6 and increased by $7.9 for common stock that was surrendered by recipients of restricted stock as a means of funding the related minimum income tax withholding requirements.

During the nine months ended September 28, 2013, "Common stock in treasury" was decreased by the settlement of restricted stock units issued from treasury stock of $14.1 and increased by $11.0 for common stock that was surrendered by recipients of restricted stock as a means of funding the related minimum income tax withholding requirements.

Dividends

On February 10, 2014, we implemented a dividend increase effective with the first quarterly dividend payment of 2014. Our annual dividend is now $1.50 per share (previously $1.00 per share), payable quarterly. The dividends declared totaled $16.3, $16.1 and $15.9 during the first, second and third quarters of 2014, respectively, and $11.4, $11.5 and $11.4 during the first, second and third quarters of 2013, respectively. Third quarter dividends were paid on October 2, 2014 and October 2, 2013, respectively.

Changes in Equity

A summary of the changes in equity for the three months ended September 27, 2014 and September 28, 2013 is provided below:

	September 27, 2014			September 28, 2013		
	SPX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity	SPX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Equity, beginning of period	$ 2,243.8	$ 12.6	$ 2,256.4	$ 1,950.1	$ 12.9	$ 1,963.0
Net income (loss)	63.5	0.3	63.8	69.3	(0.8)	68.5
Net unrealized gains (losses) on qualifying cash flow hedges, net of tax (provision) benefit of $0.1 and $(1.0) for the three months ended September 27, 2014 and September 28, 2013, respectively	(0.3)	—	(0.3)	2.3	—	2.3
Net unrealized losses on available-for-sale securities	—	—	—	(0.8)	—	(0.8)
Pension liability adjustment, net of tax benefit of $0.0 and $0.1 for the three months ended September 27, 2014 and September 28, 2013, respectively	(0.1)	—	(0.1)	(0.2)	—	(0.2)
Foreign currency translation adjustments	(115.3)	(0.2)	(115.5)	70.1	0.7	70.8
Total comprehensive income (loss), net	(52.2)	0.1	(52.1)	140.7	(0.1)	140.6
Dividends declared	(15.9)	—	(15.9)	(11.4)	—	(11.4)
Exercise of stock options and other incentive plan activity, including related tax benefit of $0.3 and $0.0 for the three months ended September 27, 2014 and September 28, 2013, respectively	3.8	—	3.8	3.7	—	3.7
Stock-based compensation expense, including $0.1 and $0.0 related to discontinued operations, for the three months ended September 27, 2014 and September 28, 2013, respectively	4.7	—	4.7	3.7	—	3.7
Restricted stock and restricted stock unit vesting, net of tax withholdings	(1.0)	—	(1.0)	(2.0)	—	(2.0)
Common stock repurchases	(139.9)	—	(139.9)	—	—	—
Other changes in noncontrolling interests	—	(0.8)	(0.8)	(3.0)	1.3	(1.7)
Equity, end of period	$ 2,043.3	$ 11.9	$ 2,055.2	$ 2,081.8	$ 14.1	$ 2,095.9

A summary of the changes in equity for the nine months ended September 27, 2014 and September 28, 2013 is provided below:

	September 27, 2014			September 28, 2013		
	SPX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity	SPX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Equity, beginning of period	$ 2,158.0	$ 14.0	$ 2,172.0	$ 2,224.2	$ 11.3	$ 2,235.5
Net income (loss)	432.9	(1.3)	431.6	123.2	2.5	125.7
Net unrealized gains (losses) on qualifying cash flow hedges, net of tax (provision) benefit of $0.0 and $(0.6) for the nine months ended September 27, 2014 and September 28, 2013, respectively	(0.4)	—	(0.4)	1.2	—	1.2
Net unrealized gains (losses) on available-for-sale securities	3.7	—	3.7	(1.5)	—	(1.5)
Pension liability adjustment, net of tax (provision) benefit of $(2.3) and $0.8	5.0	—	5.0	(1.9)	—	(1.9)

for the nine months ended September 27, 2014 and September 28, 2013, respectively						
Foreign currency translation adjustments	(126.8)	0.4	(126.4)	(2.2)	(0.6)	(2.8)
Total comprehensive income (loss), net	314.4	(0.9)	313.5	118.8	1.9	120.7
Dividends declared	(48.3)	—	(48.3)	(34.3)	—	(34.3)
Exercise of stock options and other incentive plan activity, including related tax benefit of $9.5 and $5.8 for the nine months ended September 27, 2014 and September 28, 2013, respectively	21.9	—	21.9	18.1	—	18.1
Stock-based compensation expense, including $0.1 and $0.0 related to discontinued operations, for the nine months ended September 27, 2014 and September 28, 2013, respectively	34.0	—	34.0	29.3	—	29.3
Restricted stock and restricted stock unit vesting, net of tax withholdings	(22.4)	—	(22.4)	(22.3)	—	(22.3)
Common stock repurchases	(414.3)	—	(414.3)	(249.0)	—	(249.0)
Other changes in noncontrolling interests	—	(1.2)	(1.2)	(3.0)	0.9	(2.1)
Equity, end of period	$ 2,043.3	$ 11.9	$ 2,055.2	$ 2,081.8	$ 14.1	$ 2,095.9

(13) CONTINGENT LIABILITIES AND OTHER MATTERS

General

Numerous claims, complaints and proceedings arising in the ordinary course of business, including those relating to litigation matters (e.g., class actions, derivative lawsuits and contracts, intellectual property and competitive claims), environmental matters, and risk management matters (e.g., product and general liability, automobile, and workers’ compensation claims), 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 us 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, environmental, and directors’ and officers’ liability insurance and have acquired rights under similar policies in connection with acquisitions that we believe cover a portion of these claims, this insurance may be insufficient or unavailable (e.g., because of insurer insolvency) to protect us against potential loss exposures. Also, 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. We believe, however, 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 effect, individually or in the aggregate, on our financial position, results of operations and cash flows. These accruals, which are determined in accordance with the Contingencies Topic of the Codification, totaled $608.3 (including $564.4 for risk management matters) and $610.1 (including $565.0 for risk management matters) at September 27, 2014 and December 31, 2013, respectively. Of these amounts, $558.8 and $561.8 are included in “Other long-term liabilities” within our condensed consolidated balance sheets at September 27, 2014 and December 31, 2013, respectively, with the remainder included in “Accrued expenses.” It is reasonably possible that our ultimate liability for these items could exceed the amount of the recorded accruals; however, we believe the estimated amount of any potential additional liability would not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

We had insurance recovery assets related to risk management matters of $496.7 at September 27, 2014 and December 31, 2013 included in “Other assets” within our condensed consolidated balance sheets.

Litigation Matters

We are subject to litigation matters that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, 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 violations that could have a material effect, individually or in the aggregate, on our business, financial condition, and results of operations or cash flows. As of September 27, 2014, we had liabilities for site investigation and/or remediation at 91 sites (94 sites at December 31, 2013) 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, we cannot provide assurance that new matters, developments, 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 revise an estimate once it becomes probable and the amount of change can be reasonably estimated. We generally do not discount our environmental accruals and do not reduce them by anticipated insurance recoveries. We 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, as of September 27, 2014, we have been notified that we are potentially responsible and have received other notices of potential liability pursuant to various environmental laws at 27 sites (23 sites at December 31, 2013) at which the liability has not been settled, of which 8 sites (6 sites at December 31, 2013) 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 that our aggregate liability, if any, related to these sites is not material to our condensed consolidated financial statements. 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 matter is identified, we estimate the cost and either establish a liability, 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 record a liability when it is both probable and the amount can be reasonably estimated.

In our opinion, after considering accruals established for such purposes, the cost of remedial actions for compliance with the present laws and regulations governing the protection of the environment is not expected to have a material impact, individually or in the aggregate, on our financial position, results of operations or cash flows.

Risk Management Matters

We are self-insured for certain of our workers’ compensation, automobile, product and general liability, disability and health costs, and we believe that we maintain adequate accruals to cover our retained liability. Our accruals for risk management matters are determined by us, are based on claims filed and estimates of claims incurred but not yet reported, and generally are not discounted. We consider 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 (e.g., because of insurer insolvency) to protect us against loss exposure.

Collaborative Arrangements

Collaborative arrangements are defined 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. Costs incurred and revenues generated from transactions with third parties are required to be reported by the collaborators on the appropriate line item in their respective statements of operations.

We enter into consortium arrangements for certain projects within our Thermal Equipment and Services reportable 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 revenues for these discrete items of work are defined in the contract with the project owner and each consortium member bearing the profitability risk associated with its own work. Our consortium arrangements typically provide that each consortium member assumes responsibility for its share of any damages or losses associated with the project; however, the use of a consortium arrangement typically results in joint and several liability for the consortium members. If responsibility cannot be determined or a consortium member defaults, then the consortium members are responsible according to their share of the contract value. Within our consolidated financial statements, we account for our share of the revenues and profits under the consortium arrangements. As of September 27, 2014, our share of the aggregate contract value on open consortium arrangements was $130.7 (of which approximately 94% had been recognized as revenue), and the aggregate contract value on open consortium arrangements was $409.3. As of December 31, 2013, our share of the aggregate contract value on open consortium arrangements was $139.3 (of which approximately 87% had been recognized as revenue), and the aggregate contract value on open consortium arrangements was $433.8. At September 27, 2014 and December 31, 2013, we recorded liabilities of $0.7 and $1.7, 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

Uncertain Tax Benefits

As of September 27, 2014, we had gross unrecognized tax benefits of $82.7 (net unrecognized tax benefits of $44.0), of which $43.4, 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 September 27, 2014, gross accrued interest totaled $9.3 (net accrued interest of $7.0) and penalties totaled $7.1.

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 $20.0 to $30.0. The previously unrecognized tax benefits relate to a variety of tax issues, including tax matters relating to deemed income inclusions, transfer pricing, and various state matters.

Other Tax Matters

For the three months ended September 27, 2014, we recorded an income tax provision of $26.0 on $90.8 of pre-tax income from continuing operations, resulting in an effective rate of 28.6%. This compares to an income tax provision for the three months ended September 28, 2013 of $16.6 on $79.7 of pre-tax income from continuing operations, resulting in an effective rate of 20.8%. The effective tax rate for the third quarter of 2014 was impacted unfavorably by income tax charges of (i) $4.0 related to incremental state income taxes provided in connection with the gain recorded during the first quarter on the sale of our interest in EGS and (ii) $1.4 related to valuation allowances recorded against certain foreign deferred income tax assets, partially offset by

$0.4 of tax benefits recorded in connection with various audit settlements and statute expirations. The effective tax rate for the third quarter of 2013 was impacted favorably by income tax benefits of (i) $6.4 associated with net reductions to valuation allowances recorded against certain foreign deferred income tax assets and (ii) $2.3 recorded in connection with various audit settlements and statute expirations during the period.

For the nine months ended September 27, 2014, we recorded an income tax provision of $202.6 on $617.3 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 nine months ended September 28, 2013 of $30.2 on $147.1 of pre-tax income from continuing operations, resulting in an effective tax rate of 20.5%. The most significant items impacting the effective tax rate for the first nine months of 2014 were the U.S. income taxes provided in connection with the $491.2 gain recorded during the first quarter on the sale of our interest in EGS, and the favorable impacts of (i) $10.3 of tax benefits related to various audit settlements and statute expirations and (ii) $6.7 of tax benefits related to a loss on an investment in a foreign subsidiary, partially offset by tax charges of $12.2 resulting from net increases in valuation allowances recorded against certain foreign deferred income tax assets. The effective tax rate for the first nine months of 2013 was impacted favorably by the $8.7 of tax benefits noted above that were realized during the third quarter of 2013, as well as tax benefits realized during the first half of 2013 of $4.1 related to the Research and Experimentation Credit generated in 2012, $2.0 related to various foreign tax credits, and $1.8 for statute expirations.

We perform reviews of our income tax positions on a continuous basis and accrue for potential uncertain positions when we determine that an uncertain position meets the criteria of the Income Taxes Topic of the Codification. Accruals for these uncertain tax positions 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 matters will be resolved. As events change and resolutions occur, these accruals are adjusted, such as in the case of audit settlements with taxing authorities.

Our federal income tax returns for the 2008 through 2013 tax years are subject to examination. The IRS is currently auditing the 2008 to 2012 tax return years. With regard to all open tax years, we believe 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 the respective tax returns. 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 appeal or litigation. We believe any uncertain tax positions related to these examinations have been adequately provided for.

We have various foreign income tax returns under examination. The most significant of these are in Denmark for the 2006, 2007, 2009, and 2010 tax years and South Africa for the 2005 to 2010 tax years. We believe that any uncertain tax positions related to these examinations have been adequately provided for.

An unfavorable resolution of 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, the timing of the ultimate resolution and any payments that may be required for the above matters cannot be determined at this time.

(15) FAIR VALUE

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. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 — Significant inputs to the valuation model are unobservable.

There were no changes during the periods presented to the valuation techniques we use to measure asset and liability fair values on a recurring basis. There were no transfers between the three levels of the fair value hierarchy for the nine months ended September 27, 2014 and September 28, 2013.

The following section describes the valuation methodologies we use to measure different financial instruments at fair value on a recurring basis.

Derivative Financial Instruments

Our financial derivative assets and liabilities include FX forward contracts, FX embedded derivatives and commodity contracts, valued using valuation models based on observable market inputs such as forward rates, interest rates, our own credit risk and the credit risk of our counterparties, which comprise investment-grade financial institutions. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. We have not made any adjustments to the inputs obtained from the independent sources. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active. We primarily use the income approach, which uses valuation techniques to convert future amounts to a single present amount.

As of September 27, 2014, there has been no significant impact to the fair value of our derivative liabilities due to our own credit risk, as the related instruments are collateralized under our senior credit facilities. Similarly, there has been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

Investments in Equity Securities

During the first half of 2014, we sold all our previously owned available-for-sale securities, which included equity investments traded in active international markets. These securities were measured at fair value using closing stock prices from active markets and were classified within Level 1 of the valuation hierarchy. These assets had a fair market value of $3.0 at December 31, 2013.

Certain of our investments in equity securities that are not readily marketable are accounted for under the fair value option and are classified as Level 3 assets in the fair value hierarchy, with such values determined by multidimensional pricing models. These models consider market activity based on modeling of securities with similar credit quality, duration, yield and structure. A variety of inputs are used, including benchmark yields, reported trades, non-binding broker/dealer quotes, issuer spread and reference data including market research publications. Market indicators, industry and economic events are also considered. We have not made any adjustments to the inputs obtained from the independent sources. At September 27, 2014 and December 31, 2013, these assets had a fair value of $5.4 and $1.4, respectively, which are estimated using various valuation models, including the Monte Carlo simulation model.

Assets and liabilities measured at fair value on a recurring basis include the following as of September 27, 2014:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Other current assets — FX embedded derivatives and FX forward contracts	$ —	$ 1.8	$ —
Other assets — FX embedded derivatives and investment in equity securities	—	0.9	5.4
Accrued expenses — FX forward contracts, FX embedded derivatives and commodity contracts	—	8.1	—
Other long-term liabilities — FX embedded derivatives	—	1.2	—

Assets and liabilities measured at fair value on a recurring basis include the following as of December 31, 2013:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Other current assets — FX embedded derivatives, FX forward contracts and commodity contracts	$ —	$ 2.0	$ —
Other assets — Investments in equity securities	3.0	—	1.4
Accrued expenses — FX forward contracts and FX embedded derivatives	—	6.8	—
Other long-term liabilities — FX embedded derivatives	—	2.1	—

The table below presents a reconciliation of our investment in equity securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 27, 2014 and September 28, 2013, including net unrealized gains (losses) recorded to "Other income (expense), net":

	Nine months ended	
	September 27, 2014	September 28, 2013
Balance at beginning of period	$ 1.4	$ 7.5
Cash consideration received	—	(5.2)
Unrealized gains (losses) recorded to earnings	4.0	(0.6)
Balance at end of period	$ 5.4	$ 1.7

Indebtedness and Other

The estimated fair values of other financial liabilities (excluding capital leases) not measured at fair value on a recurring basis as of September 27, 2014 and December 31, 2013 were as follows:

	September 27, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior notes	$ 600.0	$ 657.0	$ 1,100.0	$ 1,214.3
Term loan	575.0	575.0	475.0	475.0
Other indebtedness	264.2	264.2	27.6	27.6

The following methods and assumptions were used in estimating the fair value of these financial instruments:

- The fair values of the senior notes and term loan were determined using Level 2 inputs within the fair value hierarchy and were based on quoted market prices for the same or similar instruments or on current rates offered to us for debt with similar maturities, subordination and credit default expectations.

- The fair value of our other indebtedness approximates carrying value due primarily to the short-term nature of these instruments.

Certain of our non-financial assets and liabilities are subject to impairment analysis, including long-lived assets, indefinite-lived intangible assets and goodwill. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the instrument be recorded at its fair value. As of September 27, 2014 and December 31, 2013, we did not have any significant non-financial assets or liabilities that are required to be measured at fair value on a recurring or non-recurring basis.

The carrying amount of cash and equivalents and receivables reported in our condensed consolidated balance sheets approximates fair value due to the short maturity of those instruments.

(16) PROPOSED SPIN-OFF TRANSACTION

On October 29, 2014, we announced that our Board of Directors had unanimously approved a plan for a tax-free spin-off of our Flow Technology reportable segment and our Hydraulic Technologies business, a business currently reported within Industrial Products and Services and Other. The spin-off would create a new stand-alone, publicly-traded company with projected annual revenues of approximately $3,000.0, focused on providing highly engineered technologies and services to customers in the global power and energy, food and beverage, and industrial markets. One-time costs, net of income taxes, associated with the planned transaction are expected to be in the range of $60.0 to $80.0, inclusive of income taxes on the potential repatriation of foreign earnings. We currently expect the transaction to be completed within the next 12 months. The completion of the spin-off is subject to certain customary conditions, including effectiveness of appropriate filings with the SEC and final approval by our Board of Directors. There are no assurances as to when the planned spin-off will be completed, if at all, or if the spin-off will be completed in the form or within the one-time cost range currently contemplated.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(in millions)

EXECUTIVE OVERVIEW

Revenues for the three and nine months ended September 27, 2014 generally were comparable to the respective periods in 2013, with the most significant fluctuations related to an increase in sales of power transformers, cooling equipment, heating and ventilation products and decreases in sales associated with our large power projects in South Africa, power and energy pumps and fare collection systems. Income associated with our reportable and other operating segments totaled $139.7 and $360.5 for the three and nine months ended September 27, 2014, respectively, and $129.5 and $323.8 for the three and nine months ended September 28, 2013, respectively. The year-over-year increase in income associated with our reportable and other operating segments was primarily the result of improved operational execution and favorable sales mix within the Flow Technology reportable segment, as well as cost reductions associated with restructuring actions during 2013 and the first quarter of 2014 within the Flow Technology and Thermal Equipment and Services reportable segments.

Cash flows used in continuing operations totaled $66.2 during the first nine months of 2014, compared to $150.1 during the first nine months of 2013. Cash flows for the first nine months of 2014 included approximately $167.0 of income tax payments associated with the sales of our (i) interest in EGS Electrical Group, LLC and Subsidiaries ("EGS") joint venture, (ii) Thermal Products Solutions ("TPS") business, and (iii) SPX Precision Components ("Precision Components") business (see below for additional details). Cash flows for the nine months ended September 28, 2013 included a discretionary pension contribution of $250.0 to the SPX U.S. Pension Plan.

Other items that impacted our financial performance during the first nine months of 2014 included:

- Sale of joint venture interest — On January 7, 2014, we completed the sale of our 44.5% interest in the EGS joint venture to Emerson Electric Co. for cash proceeds of $574.1. As a result of the sale, we recorded a gain of $491.2 to "Other income (expense), net" during the first quarter of 2014.

- Redemption of senior notes — On February 11, 2014, we completed the redemption of all our 7.625% senior notes due in December 2014 for a total redemption price of $530.6. As a result of the redemption, we recorded a charge of $32.5 to "Loss on early extinguishment of debt" during the first quarter of 2014, which consisted of the premiums paid of $30.6, the write-off of unamortized deferred financing fees of $1.0, and other costs incurred to redeem the notes of $0.9.

- Pension plan actions — During a designated election period in the first quarter of 2014, we offered approximately 7,100 eligible former employees under the SPX U.S. Pension Plan (the "Plan") a voluntary lump-sum payment option in lieu of a future pension benefit under the Plan. Approximately 38%, or $165.2, of the projected benefit obligation of the Plan was settled as a result of lump-sum payments made to those who accepted the offer. These payments were made during March 2014 and resulted in a settlement charge of $4.6 being reflected in net periodic pension benefit expense for the first quarter of 2014. In addition, and in connection with the lump-sum payment action, we remeasured the assets and liabilities of the Plan as of March 29, 2014, which resulted in a charge to net periodic pension benefit expense of $14.8 for the three months then ended. Lastly, we reduced net periodic pension benefit expense by $4.2 during the first three quarters of 2014 as a result of a reduction to the estimated settlement charge that was recorded during the fourth quarter of 2013 in connection with the transfer of the pension obligation for the retirees of the Plan to Massachusetts Mutual Life Insurance Company.

- Share repurchases — During the first nine months of 2014, we repurchased 4.029 shares of our common stock under a Rule 10b5-1 trading plan, which was entered into on December 18, 2013 to facilitate the repurchase of up to $500.0 of shares of our common stock on or before December 31, 2014, for $414.3. Through September 27, 2014, total repurchases under the trading plan were $425.5.

- Discontinued operations:

  - Completed the sale of TPS in the first quarter of 2014 for cash proceeds of $38.5 and a promissory note of $4.0. In connection with the sale, we recorded a gain, net of taxes, of $21.2. The promissory note was collected in full during the third quarter of 2014.
  - Completed the sale of Precision Components in the second quarter of 2014 for cash proceeds of $63.0. In connection with the sale, we recorded a loss, net of taxes, of $7.3. During the third quarter of 2014, we reduced the net loss by $0.4, associated primarily with revisions to certain liabilities related to the sale, and paid $0.4 associated with the working capital settlement.
  - Completed the sale of Fenn LLC in the third quarter of 2014 for cash proceeds of $3.5. In connection with the sale, we recorded a loss, net of taxes, of $0.4.

- Income taxes — The most significant items impacting the effective tax rate for the first nine months of 2014 were the U.S. income taxes provided in connection with the $491.2 gain recorded during the first quarter on the sale of our interest in EGS, and the favorable impacts of (i) $10.3 of tax benefits related to various audit settlements and statute expirations and (ii) $6.7 of tax benefits related to a loss on an investment in a foreign subsidiary, partially offset by tax charges of $12.2 resulting from net increases in valuation allowances recorded against certain foreign deferred income tax assets.

- Special charges — During the nine months ended September 27, 2014, we recorded $18.3 to "Special charges, net," related primarily to restructuring actions in our Flow Technology reportable segment.

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 2013 Annual Report on Form 10-K. Interim results are not necessarily indicative of results for a full year. We 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 first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2014 were March 29, June 28 and September 27, compared to the respective March 30, June 29 and September 28, 2013 dates. We had one less day in the first quarter of 2014 and will have one more day in the fourth quarter of 2014 than in the respective 2013 periods.

Seasonality and Competition — Many of our businesses closely follow changes in the industries and end markets they serve. In addition, certain businesses have seasonal fluctuations. Demand in the oil and gas aftermarket is typically stronger in the second half of the year. 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, food and beverage systems and related services is highly correlated to timing on large construction contracts, which may cause significant fluctuations in our financial performance from period to period. 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 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 service, product performance, technical innovation and price. These methods vary with the type of product sold. We believe we compete effectively on the basis of each of these factors.

Non-GAAP Measures — Organic revenue growth (decline) presented herein is defined as revenue growth (decline) excluding the effects of foreign currency fluctuations and acquisitions. We believe 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"), 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 three and nine months ended September 27, 2014 and September 28, 2013, respectively, including the reconciliation of organic revenue growth (decline) to net revenue growth:

	Three months ended			Nine months ended		
	September 27, 2014	September 28, 2013	% Change	September 27, 2014	September 28, 2013	% Change
Revenues	$ 1,158.1	$ 1,145.8	1.1	$ 3,407.2	$ 3,398.2	0.3
Gross profit	342.1	336.8	1.6	980.9	960.0	2.2
% of revenues	29.5%	29.4%		28.8%	28.3%	
Selling, general and administrative expense	226.9	224.8	0.9	734.7	710.6	3.4
% of revenues	19.6%	19.6%		21.6%	20.9%	
Intangible amortization	7.6	8.2	(7.3)	24.2	24.4	(0.8)
Impairment of intangible assets	—	—	—	—	2.0	*
Special charges, net	4.1	6.9	(40.6)	18.3	25.1	(27.1)
Other income (expense), net	1.1	(4.1)	(126.8)	490.5	(4.2)	*
Interest expense, net	(14.1)	(24.5)	(42.4)	(45.2)	(77.2)	(41.5)
Loss on early extinguishment of debt	—	—	—	(32.5)	—	*
Equity earnings in joint ventures	0.3	11.4	(97.4)	0.8	30.6	(97.4)
Income from continuing operations before income taxes	90.8	79.7	13.9	617.3	147.1	*
Income tax provision	(26.0)	(16.6)	56.6	(202.6)	(30.2)	*
Income from continuing operations	64.8	63.1	2.7	414.7	116.9	*
Components of consolidated revenue growth:						
Organic growth (decline)			1.5			(0.1)
Foreign currency			(0.4)			0.4
Net revenue growth			1.1			0.3

* Not meaningful for comparison purposes.

Revenues — For the three months ended September 27, 2014, the increase in revenues, compared to the respective 2013 period, was due to organic revenue growth partially offset by the impact of currency rate fluctuations. The increase in organic revenue was due to increased shipments of power transformers and increased sales of cooling equipment and heating and ventilation products in the U.S. These increases in organic revenue were offset partially by lower sales of power and energy pumps, lower sales of fare collection systems, and the expected decline in revenues from our large power projects in South Africa (see “Results of Reportable Segments and Other Operating Segments” for additional details).

For the nine months ended September 27, 2014, the increase in revenues, compared to the respective 2013 period, was due to currency rate fluctuations partially offset by a slight decline in organic revenue. The slight decline in organic revenue was the result of the expected decrease in revenues associated with our large power projects in South Africa, and lower sales of power and energy pumps and fare collection systems. These declines in organic revenue generally were offset by increased shipments of power transformers, increased sales of cooling equipment in the U.S. and Asia Pacific, and increased sales of heating and ventilation products in the U.S. (see “Results of Reportable Segments and Other Operating Segments” for additional details).

Gross Profit — The increase in gross profit and gross profit as a percentage of revenue for the three months ended September 27, 2014, compared to the respective 2013 period, was the result of improved operational execution and favorable sales mix within the Flow Technology reportable segment, cost reductions associated with restructuring initiatives, and the organic revenue growth discussed above. These increases were offset partially by unfavorable sales mix within the group of businesses included in Industrial Products and Services and Other (see “Results of Reportable and Other Operating Segments” for additional details).

The increase in gross profit and gross profit as a percentage of revenue for the nine months ended September 27, 2014, compared to the respective 2013 period, was the result of the improved operational execution and favorable sales mix within the Flow Technology reportable segment and the cost reductions associated with restructuring initiatives noted above, partially offset by $8.3 of charges recorded in the second quarter of 2014 related to increased cost estimates on the large power projects in South Africa and the unfavorable sales mix within the group of businesses included in Industrial Products and Services and Other (see “Results of Reportable and Other Operating Segments” for additional details).

Selling, General and Administrative (“SG&A”) Expenses — For the three months ended September 27, 2014, the increase in SG&A expense, when compared to the respective 2013 period, was due primarily to an increase in pension and postretirement expense of $6.5 (overall increase in pension and postretirement expense of $7.0, with $0.5 of the increase reflected in cost of goods sold), and a $3.9 increase in incentive compensation expense resulting from a projected increase in earnings in 2014. These increases were largely offset by cost reductions from restructuring actions completed in 2013 and the first quarter of 2014 within our Flow Technology and Thermal Equipment and Services reportable segments.

For the nine months ended September 27, 2014, the increase in SG&A expense, when compared to the respective 2013 period, was due primarily to an increase in pension and postretirement expense of $35.7 (overall increase in pension and postretirement expense of $38.3, with $2.6 of the increase reflected in cost of goods sold), and a $15.4 increase in incentive compensation expense. These increases were partially offset by cost reductions from the restructuring actions noted above.

Intangible Amortization — For the three and nine months ended September 27, 2014, the decrease in intangible amortization was due primarily to the impact of foreign currency translation.

Impairment of Intangible Assets — No impairment charges were recorded in the first nine months of 2014. In the first quarter of 2013, we recorded an impairment charge of $2.0 related to the trademarks of Clyde Union.

Special Charges, net — Special charges, net, related primarily to restructuring initiatives to consolidate manufacturing, distribution, sales and administrative facilities, reduce workforce and rationalize certain product lines. See Note 5 to our condensed consolidated financial statements for the details of actions taken in 2014 and 2013.

Other Income (Expense), net — Other income, net, for the three months ended September 27, 2014 was composed primarily of gains on currency forward embedded derivatives (“FX embedded derivatives”) of $3.1, net gains on investments of $1.9 and foreign currency transaction gains of $0.6, partially offset by losses on foreign currency forward contracts (“FX forward contracts”) of $4.6.

Other expense, net, for the three months ended September 28, 2013 was composed primarily of foreign currency transaction losses of $5.6 and losses on FX embedded derivatives of $0.8, partially offset by net gains on investments of $1.4 and gains on FX forward contracts of $0.9.

Other income, net, for the nine months ended September 27, 2014 was composed primarily of the gain on sale of our interest in EGS of $491.2 and, to a much lesser extent, net gains on investments of $5.3 and gains on FX embedded derivatives of $1.0, partially offset by foreign currency transaction losses of $3.9 and losses on FX forward contracts of $2.8.

Other expense, net, for the nine months ended September 28, 2013 was composed primarily of foreign currency transaction losses of $13.3 and losses on FX forward contracts of $1.2, partially offset by net gains on investments of $5.3 and gains on FX embedded derivatives of $4.9.

Interest Expense, net — Interest expense, net, includes both interest expense and interest income. The decrease in interest expense, net, during the three and nine months ended September 27, 2014, when compared to the same periods in 2013, was primarily a result of the redemption of all our 7.625% senior notes during the first quarter of 2014 and, to a lesser extent, lower average interest rates and fees related to our senior credit facilities during the three and nine months ended September 27, 2014, compared to the respective periods in 2013. Refer to the discussion of Liquidity and Financial Condition in our 2013 Annual Report on Form 10-K for details pertaining to our 2013 debt activity.

Loss on Early Extinguishment of Debt — As previously noted, on February 11, 2014, we completed the redemption of all our 7.625% senior notes due in December 2014 for a total redemption price of $530.6. As a result of the redemption, we recorded a charge of $32.5 during the first quarter of 2014, which consisted of the premiums paid of $30.6, the write-off of unamortized deferred financing fees of $1.0, and other costs incurred to redeem the notes of $0.9.

Equity Earnings in Joint Ventures — Prior to 2014, our equity earnings in joint ventures were attributable primarily to our investment in EGS. As previously noted, we completed the sale of our investment interest in EGS on January 7, 2014. Accordingly, we recognized no equity earnings from this joint venture during the three and nine months ended September 27, 2014. Our equity earnings from this investment totaled $11.4 and $30.5 during the three and nine months ended September 28, 2013. See Note 1 to our condensed consolidated financial statements for further discussion regarding the sale of our EGS interest.

Income Tax Provision — For the three months ended September 27, 2014, we recorded an income tax provision of $26.0 on $90.8 of pre-tax income from continuing operations, resulting in an effective rate of 28.6%. This compares to an income tax provision for the three months ended September 28, 2013 of $16.6 on $79.7 of pre-tax income from continuing operations, resulting in an effective rate of 20.8%. The effective tax rate for the third quarter of 2014 was impacted unfavorably by income tax charges of (i) $4.0 related to incremental state income taxes provided in connection with the gain recorded during the first quarter on the sale of our interest in EGS and (ii) $1.4 related to valuation allowances recorded against certain foreign deferred income tax assets, partially offset by $0.4 of tax benefits recorded in connection with various audit settlements and statute expirations. The effective tax rate for the third quarter of 2013 was impacted favorably by income tax benefits of (i) $6.4 associated with net reductions to valuation allowances recorded against certain foreign deferred income tax assets and (ii) $2.3 recorded in connection with various audit settlements and statute expirations during the period.

For the nine months ended September 27, 2014, we recorded an income tax provision of $202.6 on $617.3 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 nine months ended September 28, 2013 of $30.2 on $147.1 of pre-tax income from continuing operations, resulting in an effective tax rate of 20.5%. The most significant items impacting the effective tax rate for the first nine months of 2014 were the U.S. income taxes provided in connection with the $491.2 gain recorded during the first quarter on the sale of our interest in EGS, and the favorable impacts of (i) $10.3 of tax benefits related to various audit settlements and statute expirations and (ii) $6.7 of tax benefits related to a loss on an investment in a foreign subsidiary, partially offset by tax charges of $12.2 resulting from net increases in valuation allowances recorded against certain foreign deferred income tax assets. The effective tax rate for the first nine months of 2013 was impacted favorably by the $8.7 of tax benefits noted above that were realized during the third quarter of 2013, as well as tax benefits realized during the first half of 2013 of $4.1 related to the Research and Experimentation Credit generated in 2012, $2.0 related to various foreign tax credits, and $1.8 for statute expirations.

RESULTS OF DISCONTINUED OPERATIONS

As part of our operating strategy, we regularly review and negotiate potential divestitures, some of which are or may be material.

We report businesses or asset groups as discontinued operations when, among other things, we terminate the operations of the business or asset group, commit to a plan to divest the business or asset group or we actively begin marketing the business or asset group, and the sale of the business or asset group is deemed probable within the next twelve months.

The following businesses, which have been sold or for which operations have been terminated, met these requirements and therefore have been reported as discontinued operations for all periods presented:

Business	Quarter Discontinued	Quarter of Sale or Termination of Operations
Fenn LLC (“Fenn”)	Q3 2013	Q3 2014
SPX Precision Components (“Precision Components”)	Q3 2013	Q2 2014
Thermal Product Solutions (“TPS”)	Q3 2013	Q1 2014
Broadcast Antenna System business (“Dielectric”)	Q2 2013	Q2 2013
Crystal Growing business (“Kayex”)	Q1 2013	Q1 2013

Fenn — Sold for cash consideration of $3.5 during the third quarter of 2014, resulting in a loss, net of taxes, of $0.4.

Precision Components — Sold for cash consideration of $63.0 during the second quarter of 2014, resulting in a loss, net of taxes, of $7.3. During the third quarter of 2014, we reduced the net loss by $0.4, primarily as a result of revisions to certain liabilities related to the sale, and paid $0.4 associated with the working capital settlement.

TPS — Sold for cash consideration of $38.5 and a promissory note of $4.0 during the first quarter of 2014, resulting in a gain, net of taxes, of $21.5. During the third quarter of 2014, the amount due under the promissory note was collected in full, and we reduced the net gain on the sale of the business by $0.3 related to revisions of certain retained liabilities associated with the sale.

Dielectric — We sold assets of the business during the second quarter of 2013 for cash consideration of $4.7, resulting in a gain of less than $0.1.

Kayex — We closed the business during the first quarter of 2013. In connection with the closure, we recorded a loss, net of taxes, of $2.1 during the first quarter of 2013, with such loss related primarily to severance costs and asset impairment charges. During the third quarter of 2013, we recorded a gain, net of taxes, of $3.6 associated primarily with the sale of a perpetual license related to certain of the business’s intangible assets. Proceeds from the sale of the perpetual license totaled $6.9.

In addition to the businesses discussed above, we recognized net losses of $2.6 and $1.9 during the three and nine months ended September 27, 2014, respectively, and net losses of $3.4 and $3.8 during the three and nine months ended September 28, 2013, respectively, resulting from adjustments to gains/losses on dispositions of previously discontinued businesses. Refer to the consolidated financial statements contained in our 2013 Annual Report on Form 10-K for the disclosure of all businesses discontinued during 2011, 2012 and 2013.

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 or other dispute-resolution 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 three and nine months ended September 27, 2014 and September 28, 2013, income from discontinued operations and the related income taxes are shown below:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Income from discontinued operations	$ 3.3	$ 9.0	$ 36.9	$ 13.3
Income tax provision	(4.3)	(3.6)	(20.0)	(4.5)
Income (loss) from discontinued operations, net	$ (1.0)	$ 5.4	$ 16.9	$ 8.8

For the three and nine months ended September 27, 2014 and September 28, 2013, results of operations for discontinued operations were as follows:

	Three months ended		Nine months ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenues	$ 13.4	$ 50.7	$ 63.1	$ 154.2
Pre-tax income	3.4	8.6	8.0	15.9

RESULTS OF REPORTABLE SEGMENTS AND OTHER OPERATING SEGMENTS

The following information should be read in conjunction with our condensed consolidated financial statements and related notes. These 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 and other operating segments.

Non-GAAP Measures — Throughout the following discussion of reportable and other operating 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—Non-GAAP Measures.”

Flow Technology Reportable Segment

	Three months ended			Nine months ended		
	September 27, 2014	September 28, 2013	% Change	September 27, 2014	September 28, 2013	% Change
Revenues	$ 638.5	$ 651.6	(2.0)	$ 1,916.6	$ 1,918.0	(0.1)
Income	97.5	83.1	17.3	252.0	205.1	22.9
% of revenues	15.3%	12.8%		13.1%	10.7%	
Components of revenue decline:						
Organic decline			(2.0)			(1.3)
Foreign currency			—			1.2
Net revenue decline			(2.0)			(0.1)

Revenues — For the three and nine months ended September 27, 2014, the decrease in revenues, compared to the respective 2013 periods, was due to a decline in organic revenue primarily associated with lower sales of power and energy pumps, partially offset by increased sales of food and beverage systems and components. The net decline in organic revenue for the nine months ended September 27, 2014 was offset partially by the benefits associated with currency rate fluctuations.

Income — For the three and nine months ended September 27, 2014, income and margin increased, compared to the respective 2013 periods, primarily due to cost reductions associated with restructuring initiatives at various locations in Europe and the U.S. and improved operational execution and favorable sales mix associated primarily with the segment’s power and energy business.

Backlog — The segment had backlog of $1,191.1 and $1,392.0 as of September 27, 2014 and September 28, 2013, respectively. Approximately 48% of the segment’s backlog as of September 27, 2014 is expected to be recognized as revenue during the remainder of 2014.

Thermal Equipment and Services Reportable Segment

	Three months ended			Nine months ended		
	September 27, 2014	September 28, 2013	% Change	September 27, 2014	September 28, 2013	% Change
Revenues	$ 338.8	$ 324.1	4.5	$ 945.7	$ 979.5	(3.5)
Income	23.2	21.7	6.9	41.9	49.6	(15.5)
% of revenues	6.8%	6.7%		4.4%	5.1%	
Components of revenue growth (decline):						
Organic growth (decline)			6.2			(2.0)
Foreign currency			(1.7)			(1.5)
Net revenue growth (decline)			4.5			(3.5)

Revenues — For the three months ended September 27, 2014, the increase in revenues, compared to the respective 2013 period, was due to an increase in organic revenue, partially offset by the impact of a weaker South African Rand. The organic revenue growth was the result of an increase in sales of cooling equipment and heating and ventilation products in the U.S. These increases in organic revenue were offset partially by the expected decrease in revenue associated with the large power projects in South Africa.

For the nine months ended September 27, 2014, the decrease in revenues, compared to the respective 2013 period, was due to a decline in organic revenue and, to a lesser extent, the weakening of the South African Rand. The decline in organic revenue was the result of the expected decrease in revenue associated with the large power projects in South Africa, partially offset by increases in sales of cooling equipment in the U.S. and Asia Pacific, as well as heating and ventilation products in the U.S.

Income —For the three months ended September 27, 2014, income and margin increased, compared to the respective 2013 period, primarily due to the organic revenue growth noted above and the impact of cost reductions associated with restructuring initiatives. These increases in income and margin were offset partially by lower income and margin on the large power projects in South Africa during the 2014 period.

For the nine months ended September 27, 2014, income and margin decreased, compared to the respective 2013 period, primarily as a result of reduced profitability on the large power projects in South Africa due to (i) $8.3 of charges recorded in the second quarter of 2014 related to increased cost estimates and (ii) the impact of the organic revenue decline described above. These declines in income and margin were offset partially by the impact of cost reductions associated with restructuring initiatives.

Backlog — The segment had backlog of $689.5 and $672.1 as of September 27, 2014 and September 28, 2013, respectively. Approximately 33% of the segment's backlog as of September 27, 2014 is expected to be recognized as revenue during the remainder of 2014. Portions of this backlog are long-term in nature, with the related revenues expected to be recorded through 2015 and beyond. The backlog figures as of September 27, 2014 and September 28, 2013 exclude approximately $83.0 and $110.0, respectively, of estimated price increases related to cost inflation on the large power projects in South Africa.

Industrial Products and Services and Other

	Three months ended			Nine months ended		
	September 27, 2014	September 28, 2013	% Change	September 27, 2014	September 28, 2013	% Change
Revenues	$ 180.8	$ 170.1	6.3	$ 544.9	$ 500.7	8.8
Income	19.0	24.7	(23.1)	66.6	69.1	(3.6)
% of revenues	10.5%	14.5%		12.2%	13.8%	
Components of revenue growth:						
Organic growth			5.8			7.9
Foreign currency			0.5			0.9
Net revenue growth			6.3			8.8

Revenues — For the three and nine months ended September 27, 2014, the increase in revenues, compared to the respective 2013 periods, was due to organic revenue growth and, to a lesser extent, the impact of currency rate fluctuations. The increase in organic revenue was due primarily to an increase in power transformer shipments, partially offset by lower sales of fare collection systems.

Income — For the three and nine months ended September 27, 2014, income and margin decreased, compared to the respective 2013 periods, primarily due to a decline in fare collection systems sales and profit. Margins were also impacted by the increased mix of lower margin power transformer sales.

Backlog — The group backlog was $365.2 and $327.7 as of September 27, 2014 and September 28, 2013, respectively. Approximately 39% of the backlog as of September 27, 2014 is expected to be recognized as revenue during the remainder of 2014.

Corporate and Other Expenses

	Three months ended			Nine months ended		
	September 27, 2014	September 28, 2013	% Change	September 27, 2014	September 28, 2013	% Change
Total consolidated revenues	$ 1,158.1	$ 1,145.8	1.1	$ 3,407.2	$ 3,398.2	0.3
Corporate expense	24.7	26.2	(5.7)	79.0	82.2	(3.9)
% of revenues	2.1%	2.3%		2.3%	2.4%	
Stock-based compensation expense	4.6	3.7	24.3	33.9	29.3	15.7
Pension and postretirement expense (income)	2.8	(4.2)	*	25.6	(12.7)	*

* Not meaningful for comparison purposes.

Corporate Expense — Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters and our Asia Pacific center in Shanghai, China. Corporate expense for the three months ended September 27, 2014 decreased compared to the respective 2013 period due primarily to modest declines in marketing and travel-related costs.

Corporate expense for the nine months ended September 28, 2013 included costs of $4.2 associated with earnings on participant deferred compensation account balances. The impact of this decline, as well as the decrease in corporate expense for the three months ended September 27, 2014, as described above, were partially offset by an increase in incentive compensation expense during the nine months ended September 27, 2014 resulting from a projected increase in earnings in 2014.

Stock-based Compensation Expense — Stock-based compensation expense represents our consolidated expense, which we do not allocate for segment reporting purposes. The increases in stock-based compensation expense for the three and nine months ended September 27, 2014, compared to the respective periods in 2013, were primarily the result of an increase in the fair value of the 2014 restricted stock share and restricted stock unit awards, as the weighted-average fair value of the 2014 awards was approximately 44% higher than the 2013 awards.

Pension and Postretirement Expense (Income) — Pension and postretirement expense (income) represents our consolidated expense (income), which we do not allocate for segment reporting purposes. The net periodic benefit expense for the three months ended September 27, 2014, when compared to the net periodic benefit income for the respective 2013 period, resulted from a combination of (i) an increase in the discount rate used to recognize interest cost of the SPX U.S. Pension Plan (the "Plan") and (ii) a reduction of the expected rate of return on assets of the Plan, primarily reflecting a change in allocation of the Plan's assets in connection with the lump-sum payment action that took place in March 2014.

The net periodic benefit expense for the nine months ended September 27, 2014 included the effects of the above as well as a settlement charge of $4.6 related to the premium paid to settle approximately 38%, or $165.2, of the projected benefit obligation of the Plan during March 2014 and a net actuarial loss of $14.8 resulting from the remeasurement of the Plan's assets and obligations as of March 29, 2014, partially offset by a $4.2 reduction in the first three quarters of 2014 to the estimated settlement charge that was recorded during the fourth quarter of 2013 in connection with the transfer of the pension obligation for the retirees of the Plan to Massachusetts Mutual Life Insurance Company.

See Note 9 to our condensed consolidated financial statements for additional details on this lump-sum settlement action as well as the components of our pension and postretirement expense (income) for the three and nine months ended September 27, 2014 and September 28, 2013.

LIQUIDITY AND FINANCIAL CONDITION

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 nine months ended September 27, 2014 and September 28, 2013.

Cash Flow

	Nine months ended	
	September 27, 2014	September 28, 2013
Continuing operations:		
Cash flows used in operating activities	$ (66.2)	$ (150.1)
Cash flows from (used in) investing activities	539.4	(32.8)
Cash flows used in financing activities	(729.7)	(296.8)
Cash flows from (used in) discontinued operations	110.7	(5.9)
Change in cash and equivalents due to changes in foreign currency exchange rates	(44.1)	(7.8)
Net change in cash and equivalents	$ (189.9)	$ (493.4)

Operating Activities — The decrease in cash flows used in operating activities during the nine months ended September 27, 2014, as compared to the same period in 2013, was due primarily to approximately $7.7 of contributions to our domestic and foreign pension plans during the first nine months of 2014, compared to approximately $291.2 of contributions to those plans during the first nine months of 2013. This reduction in cash outflows was partially offset by income taxes paid in 2014 of approximately $167.0 in connection with the sales of our interest in EGS and the TPS and Precision Components businesses.

Investing Activities — Cash flows from investing activities during the nine months ended September 27, 2014 related primarily to proceeds from the sale of our interest in EGS of $574.1 (as discussed in Note 1 to the condensed consolidated financial statements) and, to a much lesser extent, proceeds from the sale of certain previously owned available-for-sale securities of $6.7. These proceeds were partially offset by $41.4 of capital expenditures related to upgrades of manufacturing facilities and replacement of equipment. Cash flows used in investing activities during the nine months ended September 28, 2013 related primarily to capital expenditures of $42.5, partially offset by $9.8 of net cash proceeds associated with asset sales and other investment activities.

Financing Activities — The increase in cash used in financing activities during the nine months ended September 27, 2014, as compared to the same period in 2013, was due primarily to the redemption of all our 7.625% senior notes due in December 2014 for $530.6, as discussed in Note 10. The increase in cash used also resulted from an increase in share repurchases of $165.3 and an increase in dividends paid of $21.2, as dividends declared during the fourth quarter of 2013 were paid during the first quarter of 2014 while dividends declared in the fourth quarter of 2012 were paid during that quarter. These increases were partially offset by net borrowings of other debt of $274.0 in the first nine months of 2014 compared to net repayments of $9.7 in the same period in 2013.

Discontinued Operations — Cash flows from discontinued operations for the nine months ended September 27, 2014 included $42.5, $62.6 and $3.5 of cash proceeds related to the sales of TPS (including collection in full of a $4.0 promissory note), Precision Components (including the effect of a $0.4 working capital settlement payment) and Fenn LLC, respectively, as well as operating and other investing cash flows related primarily to these businesses as well as another nonstrategic business that we have committed to divest, while cash flows used in discontinued operations for the nine months ended September 28, 2013 related primarily to the previously mentioned businesses as well as Kayex and Dielectric.

Change in Cash and Equivalents due to Changes in Foreign Currency Exchange Rates — The decrease in cash and equivalents due to foreign currency exchange rates for the nine months ended September 27, 2014 reflects primarily a reduction in U.S. dollar equivalent balances of our Euro-denominated cash and equivalents as a result of the strengthening of the U.S. dollar against the Euro during the period, while the related decrease for the nine months ended September 28, 2013 reflects primarily a reduction in U.S. dollar equivalent balances of our South African Rand-denominated cash and equivalents as a result of the strengthening of the U.S. dollar against the South African Rand during the period.

Borrowings and Availability

Borrowings —The following summarizes our debt activity (both current and non-current) for the nine months ended September 27, 2014. See Note 10 to the condensed consolidated financial statements for additional details regarding our indebtedness.

	December 31, 2013	Borrowings	Repayments	Other (5)	September 27, 2014
Domestic revolving loan facility	$ —	$ 367.0	$ (207.0)	$ —	$ 160.0
Term loan (1)	475.0	100.0	—	—	575.0
6.875% senior notes, due in August 2017	600.0	—	—	—	600.0
7.625% senior notes (2)	500.0	—	(500.0)	—	—
Trade receivables financing arrangement (3)	—	80.0	(11.0)	—	69.0
Other indebtedness (4)	100.6	9.2	(64.2)	4.1	49.7
Total debt	1,675.6	$ 556.2	$ (782.2)	$ 4.1	1,453.7
Less: short-term debt	26.9				264.2
Less: current maturities of long-term debt	558.7				16.5
Total long-term debt	$ 1,090.0				$ 1,173.0

(1) The term loan of $575.0 (which includes $100.0 drawn under the facility in the second quarter of 2014) is repayable in quarterly installments of 5.0% annually, beginning with our second fiscal quarter of 2015, with the remaining balance repayable in full on December 23, 2018.

(2) During the first quarter of 2014, we completed the redemption of all our 7.625% senior notes due in December 2014 for a total redemption price of $530.6. As a result of the redemption, we recorded a charge of $32.5 to “Loss on early extinguishment of debt” within the condensed consolidated financial statements during the first quarter of 2014, which related to premiums paid to redeem the senior notes of $30.6, the write-off of unamortized deferred financing fees of $1.0, and other costs associated with the extinguishment of the senior notes of $0.9.

(3) Under this arrangement, we can borrow, on a continuous basis, up to $80.0, as available. At September 27, 2014, we had $0.9 of available borrowing capacity under this facility after giving effect to outstanding borrowings of $69.0.

(4) Primarily included capital lease obligations of $14.5 and $73.0 and balances under purchase card programs of $29.3 and $25.4 at September 27, 2014 and December 31, 2013, respectively. During the first quarter of 2014, we purchased our corporate headquarters facility for cash consideration of $60.8, resulting in the extinguishment of the related capital lease obligation.

(5) “Other” primarily includes debt assumed and foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar.

Certain of our businesses purchase goods and services under purchase card programs allowing payment beyond their normal payment terms. 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.

At September 27, 2014, we were in compliance with all covenant provisions of our senior credit facilities and senior notes.

Availability — At September 27, 2014, we had $285.8 of available borrowing capacity under our revolving credit facilities after giving effect to $160.0 of borrowings and $54.2 reserved for outstanding letters of credit, and $0.9 of available borrowing capacity under our trade receivables financing arrangement after giving effect to $69.0 of outstanding borrowings under the arrangement. In addition, at September 27, 2014, we had $306.2 of available issuance capacity under our foreign trade facilities after giving effect to $693.8 reserved for outstanding letters of credit.

We have a shelf registration statement for 8.3 shares of common stock that may be issued for acquisitions. 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.

Derivative Financial Instruments

We measure our financial assets and liabilities on a recurring basis, and nonfinancial assets and liabilities on a non-recurring basis, at fair value. 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).

Our financial derivative assets and liabilities include FX forward contracts, FX embedded derivatives and forward contracts that manage the exposure on forecasted purchases of commodity raw materials (“commodity contracts”) measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties’ credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active.

As of September 27, 2014, there has been no significant impact to the fair value of our derivative liabilities due to our own credit risk as the related instruments are collateralized under our senior credit facilities. Similarly, there was no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties’ credit risks.

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 are further discussed below.

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 and to minimize the impact of changes as a result of currency fluctuations. Our principal currency exposures relate to the Euro, South African Rand, Chinese Yuan, and Great Britain Pound.

From time to time, we enter into FX forward contracts to manage the exposure on contracts with forecasted transactions denominated in non-functional 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. In addition, some of our contracts contain FX embedded derivatives, because the currency of exchange is not "clearly and closely" related to the functional currency of either party to the transaction. Certain of our FX forward contracts are designated as cash flow hedges. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings, but are included in accumulated other comprehensive income ("AOCI"). These changes in fair value are reclassified into earnings as a component of revenues or cost of products sold, as applicable, when the forecasted transaction impacts earnings. In addition, if the forecasted transaction is no longer probable, the cumulative change in the derivatives' fair value is recorded as a component of "Other income (expense), net" in the period in which the transaction is no longer considered probable of occurring. To the extent a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded in earnings in the period in which it occurs.

We had FX forward contracts with an aggregate notional amount of $200.9 and $191.3 outstanding as of September 27, 2014 and December 31, 2013, respectively, with all such contracts scheduled to mature within the next 12 months. We also had FX embedded derivatives with an aggregate notional amount of $150.1 and $145.8 at September 27, 2014 and December 31, 2013, respectively. The unrealized losses, net of taxes, recorded in AOCI related to FX forward contracts were $0.8 and $1.0 as of September 27, 2014 and December 31, 2013, respectively. We anticipate reclassifying the unrealized loss as of September 27, 2014 to income within 12 months.

The fair values of our FX forward contracts and embedded derivatives were as follows:

	September 27, 2014				December 31, 2013			
	Current Assets	Noncurrent Assets	Current Liabilities	Long-Term Liabilities	Current Assets	Noncurrent Assets	Current Liabilities	Long-Term Liabilities
FX forward contracts	$ 0.1	$ —	$ (2.4)	$ —	$ 0.9	$ —	$ (0.3)	$ —
FX embedded derivatives	1.7	0.9	(5.0)	(1.2)	0.7	—	(6.5)	(2.1)

Commodity Contracts

From time to time, we enter into commodity contracts to manage the exposure on forecasted purchases of commodity raw materials. At September 27, 2014 and December 31, 2013, the outstanding notional amount of commodity contracts was 6.4 and 3.4 pounds of copper, respectively. We designate and account for these contracts as cash flow hedges and, to the extent these commodity contracts are effective in offsetting the variability of the forecasted purchases, the change in fair value is included in AOCI. We reclassify AOCI associated with our commodity contracts to cost of products sold when the forecasted transaction impacts earnings. As of September 27, 2014 and December 31, 2013, the fair value of these contracts was $0.7 (current liabilities) and $0.4 (current assets), respectively. The unrealized gain (loss), net of taxes, recorded in AOCI was $(0.4) and $0.2 as of September 27, 2014 and December 31, 2013, respectively. We anticipate reclassifying the unrealized loss as of September 27, 2014 to income within 12 months.

Other Fair Value Financial Assets and Liabilities

The carrying amounts of cash and equivalents and receivables reported in the condensed consolidated balance sheets approximate fair value because of the short maturity of those instruments.

The fair value of our debt instruments (excluding capital leases), based on borrowing rates available to us at September 27, 2014 for similar debt, was $1,496.2, compared to our carrying value of $1,439.2.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and equivalents, trade accounts receivable, and foreign currency forward and 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 maintain cash levels in bank accounts that, at times, may exceed federally-insured limits. We have not experienced, and believe we are not exposed to significant risk of, loss in these accounts.

We have credit loss exposure 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 customers in a particular industry. Credit risks are mitigated by performing ongoing credit evaluations of our customers' financial conditions and obtaining collateral, advance payments, or other security when appropriate. No one customer, or group of customers that to our knowledge are under common control, accounted for more than 10% of our revenues for any period presented.

Other Matters

Contractual Obligations — There have been no material changes in the amounts of our contractual obligations from those disclosed in our 2013 Annual Report on Form 10-K. Our total net liabilities for unrecognized tax benefits including interest were $51.0 as of September 27, 2014. Of that amount, we believe that within the next 12 months it is reasonably possible that we could pay $30.0 to $40.0 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 those relating to litigation matters (e.g., class actions, derivative lawsuits and contracts, intellectual property and competitive claims), environmental matters, and risk management matters (e.g., product and general liability, automobile, and workers' compensation claims), 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 resolutions occur, these accruals may be adjusted and could differ materially from amounts originally estimated. See Note 13 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" and "Risk Factors" in our 2013 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.

Critical Accounting Policies and Use of Estimates

General — The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operations, and that require our most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties are discussed in our 2013 Annual Report on Form 10-K. We have affected no material change in either our critical accounting policies or use of estimates since the filing of our 2013 Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

Some of the statements in this document and any documents incorporated by reference, including any statements as to operational and financial projections, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 may address our plans, our strategies, our 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" ("MD&A") or in other sections of this document. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "target," "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 internal 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, and forward-looking statements should not be relied upon as a prediction of actual results. In addition, management's estimates of future operating results are based on our current complement of businesses, which is subject to change as management selects strategic markets.

All the forward-looking statements are qualified in their entirety by reference to the factors discussed under the heading "Risk Factors" in our 2013 Annual Report on Form 10-K, in any subsequent filing with the SEC, as well as in 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. We undertake no obligation to update or publicly revise any forward-looking statements to reflect events or circumstances that arise after the date of this document.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Management does not believe our exposure to market risk has significantly changed since December 31, 2013 and does not believe that such risks will result in significant adverse impacts to our financial condition, results of operations or cash flows.

ITEM 4. Controls and Procedures

SPX management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b), as of September 27, 2014. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 27, 2014.

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 September 27, 2014 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 2013 Annual Report on Form 10-K, 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 September 27, 2014:

Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of a publicly announced plan or program (1)	Maximum dollar value of shares that may yet be purchased under the plan or program (1)
6/29/14 - 7/31/14	460,994(2)	$ 107.53	460,748	
8/1/14 - 8/31/14	475,947(2)	101.59	468,455	
9/1/14 - 9/27/14	418,232(2)	102.75	416,000	
Total	1,355,173		1,345,203	

(1) On December 18, 2013, we entered into a written trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of up to $500.0 million of shares of our common stock on or before December 31, 2014, in accordance with a share repurchase program authorized by our Board of Directors. During July, August and September of 2014, we purchased 460,748, 468,455 and 416,000 shares under the trading plan, respectively. As of September 27, 2014, the maximum dollar value of shares that may yet be purchased under the trading plan is $74.5 million.

(2) Includes the surrender to us of 246, 7,492 and 2,232 shares of common stock in July, August and September of 2014, respectively, to satisfy tax withholding obligations in connection with the vesting of restricted stock shares and restricted stock units.

ITEM 4. Mine Safety Disclosures

None.

ITEM 6. Exhibits

11.1	Statement regarding computation of earnings per share. See condensed consolidated statements of operations on page 2 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.
101.1	SPX Corporation financial information from its Form 10-Q for the quarterly period ended September 27, 2014, formatted in XBRL, including: (i) Condensed Consolidated Statements of Operations for the three and nine months ended September 27, 2014 and September 28, 2013; (ii) Condensed Consolidated Balance Sheets at September 27, 2014 and December 31, 2013; (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended September 27, 2014 and September 28, 2013; and (iv) Notes to Condensed Consolidated Financial Statements.

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: October 29, 2014 By **/s/ Christopher J. Kearney**
President and Chief Executive Officer

Date: October 29, 2014 By **/s/ Jeremy W. Smeltser**
Vice President and Chief Financial Officer

INDEX TO EXHIBITS

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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: October 29, 2014

/s/ CHRISTOPHER J. KEARNEY

President and Chief Executive Officer

EXHIBIT 31.2

Certification

I, Jeremy W. Smeltser, 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: October 29, 2014

/s/ JEREMY W. SMELTSER

Vice President and Chief Financial Officer

EXHIBIT 32.1

The following statement is being made to the U.S. 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.

U.S. Securities and Exchange Commission
100 F. Street N.E.
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 September 27, 2014, 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 29th day of October, 2014.

/s/ CHRISTOPHER J. KEARNEY	/s/ JEREMY W. SMELTSER
Christopher J. Kearney President and Chief Executive Officer	Jeremy W. Smeltser Vice President and Chief Financial Officer