

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended June 30, 1997

( ) 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  
(State of Incorporation)38-1016240  
(I.R.S. Employer Identification No.)700 Terrace Point Drive, Muskegon, Michigan 49443-3301  
(Address of Principal Executive Office)

Registrant's Telephone Number including Area Code (616) 724-5000

Indicate by check mark whether the registrant (1) has filed all reports required  
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during  
the preceding 12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such filing  
requirements for the past 90 days.

Yes X No

Common shares outstanding July 28, 1997 - 15,077,719

PART I - FINANCIAL INFORMATION  
Item 1. Financial StatementsSPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(in thousands)

	(Unaudited)	
	June 30 1997	December 31 1996
	-----	-----
ASSETS		
Current assets:		
Cash and temporary investments	\$ 15,833	\$ 12,312
Receivables	146,951	96,495
Inventories	128,806	109,258
Deferred income tax asset and refunds	39,708	42,208
Net assets under agreement for sale	-	133,795
Prepaid and other current assets	18,086	14,073
	-----	-----
Total current assets	\$ 349,384	\$ 408,141

Investments	\$ -	\$ 3,464
Property, plant and equipment, at cost	261,999	251,310
Accumulated depreciation	(138,865)	(127,445)
Net property, plant and equipment	123,134	123,865
Goodwill	61,400	58,665
Other assets	17,622	21,908
	-----	-----
Total assets	\$ 551,540	\$ 616,043
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 3,878	\$ 1,430
Accounts payable	74,949	53,011
Accrued liabilities	108,730	115,016
Income taxes payable	38,041	4,973
	-----	-----
Total current liabilities	\$ 225,598	\$ 174,430
Long-term liabilities	91,391	92,618
Deferred income taxes	15,067	15,219
Minority interest	1,501	-
Long-term debt	193,564	227,859
Shareholders' equity:		
Common stock	166,698	163,969
Paid in capital	65,206	60,756
Retained deficit	(13,772)	(48,688)
Common stock held in treasury	(170,207)	(50,000)
Unearned compensation	(20,254)	(20,797)
Cumulative translation adjustments	(3,252)	677
	-----	-----
Total shareholders' equity	\$ 24,419	\$ 105,917
	-----	-----
Total liabilities and shareholders' equity	\$ 551,540	\$ 616,043
	=====	=====

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
(in thousands, except per share amounts)

	(Unaudited)			
	Three months ended June 30		Six months ended June 30	
	1997	1996	1997	1996
Revenues	\$230,263	\$310,623	\$466,925	\$602,931
Costs and expenses:				
Cost of products sold	166,079	235,715	340,246	464,148
Selling, general and administrative	41,841	49,934	87,230	96,876
Goodwill/Intangible amortization	818	1,788	1,780	3,665
Minority and equity interests	67	(1,690)	97	(2,583)
Restructuring charge	-	10,255	-	12,679
Operating income	\$ 21,458	\$ 14,621	\$ 37,572	\$ 28,146
Other expense (income), net	(458)	640	(66,194)	745
Interest expense, net	2,924	8,292	7,252	17,106
Income before income taxes	\$ 18,992	\$ 5,689	\$ 96,514	\$ 10,295
Provision for income taxes	7,027	2,162	49,844	4,004
Income before extraordinary item	\$ 11,965	\$ 3,527	\$ 46,670	\$ 6,291
Extraordinary item, net of tax	-	(379)	(10,330)	(379)
Net income	<u>\$ 11,965</u>	<u>\$ 3,148</u>	<u>\$ 36,340</u>	<u>\$ 5,912</u>
Income (loss) per share:				
Before extraordinary item	\$ 0.88	\$ 0.26	\$ 3.33	\$ 0.46
Extraordinary item, net of tax	-	(0.03)	(0.74)	(0.03)
Net income	<u>\$ 0.88</u>	<u>\$ 0.23</u>	<u>\$ 2.59</u>	<u>\$ 0.43</u>
Dividends per share	\$ -	\$ 0.10	\$ 0.10	\$ 0.20
Weighted average number of common shares outstanding	13,670	13,829	14,040	13,686

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(in thousands)

	(Unaudited)	
	Six Months Ended	
	June 30	
	1997	1996
	-----	-----
Cash flows from operating activities:		
Net income from operating activities	\$ 36,340	\$ 5,912
Adjustments to reconcile net income to net cash from operating activities -		
Extraordinary loss	10,330	379
Depreciation and amortization	13,325	21,469
Minority and equity interests	97	(2,583)
Restructuring charge	-	12,679
Gain on sale of business, net of taxes	(31,160)	-
Compensation recognized under employee stock plan	2,033	2,256
Deferred taxes	8,078	3,152
Change in operating assets and liabilities (net of effect of acquired businesses):		
Receivables	(41,120)	(38,134)
Inventories	(12,904)	12,505
Prepaid and other assets	(5,060)	2,238
Accounts payable and accrued liabilities	(7,714)	24,537
Income taxes payable	(7,326)	1,112
Long-term liabilities	292	(564)
Other, net	1,165	(3,709)
	-----	-----
Net cash provided by (used by) operating activities	\$ (33,624)	\$ 41,249
Cash flows from investing activities:		
Proceeds from sale of business	\$ 223,000	\$ -
Investments in businesses	(5,109)	-
Capital expenditures	(10,575)	(7,845)
	-----	-----
Net cash provided by (used by) investing activities	\$ 207,316	\$ (7,845)
Cash flows from financing activities:		
Net payments under debt agreements	\$ (36,358)	\$(20,373)
Payment of costs related to debt extinguishment	(16,397)	(611)
Shares purchased in tender offer	(120,207)	-
Net shares sold under stock option plan	3,728	3,871
Dividends paid	(1,424)	(2,799)
	-----	-----
Net cash used by financing activities	\$(170,658)	\$(19,912)
Effect of exchange rate changes on cash	487	-
	-----	-----
Net increase in cash and temporary investments	\$ 3,521	\$ 13,492
Cash and temporary investments, beg. of period	12,312	17,069
	-----	-----
Cash and temporary investments, end of period	\$ 15,833	\$ 30,561
	=====	=====

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1997 (Unaudited)

1. The interim financial statements reflect the adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of the interim periods. Adjustments are of a normal recurring nature.

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

2. Information regarding the company's segments was as follows:

	Three months ended June 30		Six months ended June 30	
	1997	1996	1997	1996
	-----	-----	-----	-----
	(in millions)			
<b>Revenues:</b>				
Service Solutions	\$ 162.1	\$ 174.1	\$ 305.9	\$ 330.7
Original Equipment Components	68.1	136.5	161.0	272.2
	-----	-----	-----	-----
Total	\$ 230.2	\$ 310.6	\$ 466.9	\$ 602.9
	=====	=====	=====	=====
<b>Operating income (loss):</b>				
Service Solutions	\$ 17.6	\$ 11.0	\$ 27.7	\$ 18.0
Original Equipment Components	9.6	9.3	21.2	20.8
General Corporate	(5.7)	(5.7)	(11.3)	(10.7)
	-----	-----	-----	-----
Total	\$ 21.5	\$ 14.6	\$ 37.6	\$ 28.1
	=====	=====	=====	=====
<b>Capital expenditures:</b>				
Service Solutions	\$ 1.4	\$ 0.9	\$ 2.9	\$ 1.4
Original Equipment Components	4.2	2.3	7.4	6.1
General Corporate	0.1	0.1	0.3	0.3
	-----	-----	-----	-----
Total	\$ 5.7	\$ 3.3	\$ 10.6	\$ 7.8
	=====	=====	=====	=====
<b>Depreciation and amortization:</b>				
Service Solutions	\$ 2.8	\$ 3.4	\$ 5.5	\$ 6.9
Original Equipment Components	3.2	6.8	7.3	13.7
General Corporate	0.1	0.5	0.5	0.9
	-----	-----	-----	-----
Total	\$ 6.1	\$ 10.7	\$ 13.3	\$ 21.5
	=====	=====	=====	=====
	June 30	December 31		
	1997	1996		
	-----	-----		
<b>Identifiable Assets:</b>				
Service Solutions	\$ 334.5	\$ 291.5		
Original Equipment Components	145.9	271.5		
General Corporate	71.1	53.0		
	-----	-----		
Total	\$ 551.5	\$ 616.0		
	=====	=====		

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1997 (Unaudited)

3. On February 7, 1997, the company completed the sale of substantially all of the assets and rights used in the manufacture and distribution of piston rings and cylinder liners, known as the Sealed Power Division ("SPD"). The sale to Dana Corporation was for \$223 million gross cash proceeds. SPD included the accounts of Sealed Power, a U.S. division, SP Europe Limited Partnership, 70% owned, Allied Ring Corporation, 50% owned, and Promec, 40% owned. In addition, the buyer assumed substantially all of the liabilities and obligations of the business, excluding liabilities relating to income and other taxes, certain liabilities arising outside the ordinary course of business, debt, and certain employee related liabilities. The transaction includes a ten-year noncompetition agreement precluding the company from competing with SPD. The company recorded a pretax gain of \$71.9 million (included in other expense (income), net), or \$31.2 million after-tax on the transaction.

The accompanying consolidated condensed financial statements include the results of SPD through February 7, 1997, and the results of the Hy-Lift division through November 1, 1996, their dates of disposition. The following unaudited proforma first six months 1997 and 1996 selected financial data reflects the disposition of these divisions as if they had occurred as beginning of the periods, respectively. The unaudited proforma selected results of operations do not purport to represent what the company's results of operations would actually have been had the dispositions in fact occurred as of January 1, 1997, or January 1, 1996, or project the results for any future date or period.

	1997	Six months ending June 30, Proforma Adj.		1997	1996
	Reported	Divested	Other	Proforma	Proforma
(in millions, except per share)					
Revenues	\$ 466.9	\$(23.5)		\$ 443.4	\$ 457.9
Cost of products sold	340.2	(19.6)		320.6	334.4
Gross margin	\$ 126.7	\$ (3.9)		\$ 122.8	\$ 123.5
SG&A	87.2	(1.0)		86.2	89.0
Goodwill/intangible amort.	1.8	(0.2)		1.6	2.8
Minority and equity	0.1	-		0.1	(0.5)
Restructuring charges	-	-		-	8.5
Operating income	\$ 37.6	\$ (2.7)		\$ 34.9	\$ 23.7
Other (income) expense	(66.2)	-	(71.9)(a)	5.7	.7
Interest expense, net	7.3	-	1.0 (b)	6.3	13.9
Income before income taxes	\$ 96.5	\$ (2.7)	\$(70.9)	\$ 22.9	\$ 9.1
Provision for income taxes	49.8	(1.0)	(40.3)(c)	8.5	3.4
Income (d)	\$ 46.7	\$ (1.7)	\$(30.6)	\$ 14.4	\$ 5.7
Income per share	\$ 3.33			\$ 1.03	\$ 0.42
Weighted average number of shares	14.0			14.0	13.7

- (a) Adjustment to exclude the gain on the sale of SPD.  
(b) Adjustment to interest expense, net, assuming the use of net proceeds to reduce revolving credit and other debt.  
(c) Adjustment to income tax expense to reflect an effective tax rate of 37% in 1997 and 38% in 1996.  
(d) Income excludes extraordinary item, net of taxes.

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1997 (Unaudited)

4. During the first quarter of 1997, the company recorded a \$6.5 million charge (\$4.1 million after-tax) in other expense (income), net. This charge reflects anticipated future legal costs associated with the ongoing litigation with Snap-on Incorporated.
5. On March 11, 1997, the company commenced a cash tender offer for all \$128,415,000 (principal amount) of its outstanding 11 3/4% Senior Subordinated Notes, due 2002 (the "Notes"), at a purchase price determined by reference to a fixed spread of 35 basis points over the yield to maturity of the United States Treasury 5 3/8% Notes due May 31, 1998, on March 25, 1997, of which an amount equal to 1% of principal amount of each Note purchased constituted a consent payment that was paid for Notes tendered on or prior to March 25, 1997.

The tender offer expired on April 9, 1997 and \$126,734,000 of the Notes were tendered. The company paid for these Notes on April 14, 1997. As a result of the company's irrevocable agreement with note holders tendering as of March 25 1997, the company recorded an extraordinary first quarter pretax charge of \$16.4 million, or \$10.3 million after-tax, for the cost to repurchase the notes.

6. On April 10, 1997, a Dutch Auction self-tender offer was announced for the purchase of up to 2.7 million common shares of the company at a price ranging from \$48 to \$56 per share. This tender offer expired on May 8, 1997 and 2.147 million shares were purchased at \$56 per share. The purchase of common stock tendered was financed with the revolving credit agreement. Had the self-tender offer and related financing been completed as of the beginning of the applicable year, six months 1997 net income would have been approximately \$34.6 million, or \$2.70 per share and six months 1996 net income would have been approximately \$3.6 million, or \$.31 per share.
7. During the first quarter of 1997, the company terminated its practice of selling undivided fractional interests in domestic trade accounts receivable. At December 31, 1996, approximately \$26 million of accounts receivable had been sold under this practice.
8. During the first quarter of 1997, the company made three strategic investments totaling \$5.1 million. Effective the beginning of 1997, the company acquired an additional 30% of JATEK which raised the company's ownership in this Japanese company to 80%. Also effective the beginning of 1997, the company purchased an additional 10% of IBS Filtran which raised the company's ownership to 60% in this German company. Effective March 1, 1997, the company acquired A.R. Brasch Marketing Inc., which provides technical service and training materials for vehicle manufacturers. A.R. Brasch has annual sales approaching \$10 million. Had these acquisitions taken place on January 1 of the respective years, consolidated revenues and income would not have been significantly different from reported results.

Item 2. Management's Discussion and Analysis of Results of Operations  
and Financial Condition

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

Results of Operations

Consolidated:

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
	(in millions)			
Revenues:				
Service Solutions	\$ 162.1	\$ 174.1	\$ 305.9	\$ 330.7
Original Equipment Components	68.1	136.5	161.0	272.2
Total	\$ 230.2	\$ 310.6	\$ 466.9	\$ 602.9
Operating income (loss):				
Service Solutions	\$ 17.6	\$ 11.0	\$ 27.7	\$ 18.0
Original Equipment Components	9.6	9.3	21.2	20.8
General corporate expense	(5.7)	(5.7)	(11.3)	(10.7)
Total	\$ 21.5	\$ 14.6	\$ 37.6	\$ 28.1
Other expense (income), net	(0.5)	0.6	(66.2)	0.7
Interest expense, net	3.0	8.3	7.3	17.1
Income before income taxes	\$ 19.0	\$ 5.7	\$ 96.5	\$ 10.3
Provision for income taxes	7.0	2.2	49.8	4.0
Income before extraordinary item	\$ 12.0	\$ 3.5	\$ 46.7	\$ 6.3
Extraordinary item, net of tax	-	(0.4)	(10.3)	(0.4)
Net income	\$ 12.0	\$ 3.1	\$ 36.4	\$ 5.9
Capital expenditures			\$ 10.6	\$ 7.8
Depreciation and amortization			13.3	21.5

	June 30, 1997	December 31, 1996
	(in millions)	
Identifiable assets	\$ 551.5	\$ 616.0

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

Second Quarter 1997 vs. Second Quarter 1996

General Corporate expense

The second quarter of 1997 expense was comparable to the second quarter of 1996.

Other expense (income), net

These expense and income items represent expenses and income not included in the determination of operating results and include gains or losses on currency exchange, translation gains or losses of financial statements in highly inflationary countries, fees incurred on the sale of accounts receivable under the company's accounts receivable securitization program (discontinued during the first quarter of 1997), gains or losses on the sale of fixed assets, and unusual non-operational gains or losses.

Interest Expense, net

Second quarter 1997 interest expense was less than the second quarter 1996 interest expense due to lower debt levels and interest rates.

Provision for Income Taxes

The effective income tax rate for the second quarter of 1997 was 37% which



represents the company's current estimated rate for the year.

Extraordinary item, net of taxes

In the second quarter of 1996, the company recorded a pretax charge of \$0.6 million, \$0.4 million after-tax, to reflect the costs to repurchase \$8.3 million of its 11 3/4% Senior Subordinated Notes.

First Six Months of 1997 vs. First Six Months of 1996

General Corporate expense

The first six months of 1997 expense was comparable to the first six months of 1996.

Other expense (income), net

In the first quarter of 1997, the company completed the sale of the Sealed Power division to Dana Corporation for \$223 million in cash. The company recorded a \$71.9 million gain on the sale (\$31.2 million after-tax). The results of operations of Sealed Power are included in the company's consolidated results through the date of divestiture, February 7, 1997.

First six months 1997 includes a \$6.5 million charge for estimated costs of pending litigation with Snap-on Incorporated. These costs reflect future legal costs to defend this litigation through its conclusion.

Interest Expense, net

First six months 1997 interest expense was less than the first six months 1996 interest expense due to lower debt levels.

Provision for Income Taxes

The overall income tax provision includes \$40.7 million provided on the sale of the Sealed Power division. Without this item, the effective income tax rate for the first six months of 1997 was 37% which represents the company's current estimated rate for the year.

Extraordinary item, net of taxes

In the first six months of 1997, the company recorded a pretax charge of \$16.4 million, \$10.3 million after-tax, to reflect the costs to repurchase \$126.7 million of its 11 3/4% Senior Subordinated Notes tendered pursuant to the company's irrevocable tender offer for these notes.

Service Solutions (formerly Specialty Service Tools):

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
	(in millions)			
Revenues.....	\$ 162.1	\$ 174.1	\$ 305.9	\$ 330.7
Gross Profit.....	50.8	54.4	96.3	99.3
% of revenues.....	31.3%	31.2%	31.5%	30.0%
Selling, general & administrative	32.6	36.4	67.5	70.7
% of revenues.....	20.1%	20.9%	22.1%	21.4%
Goodwill/intangible amortization.	0.6	1.1	1.1	2.2
Minority and equity interests....	-	(0.2)	-	(0.1)
Restructuring charge.....	-	6.1	-	8.5
Operating income.....	\$ 17.6	\$ 11.0	\$ 27.7	\$ 18.0
Capital expenditures.....			\$ 2.9	\$ 1.4
Depreciation and amortization....			5.5	6.9

	June 30, 1997	December 31, 1996
Identifiable assets.....	\$ 334.5	\$ 291.5

Second Quarter 1997 vs. Second Quarter 1996

Revenues

Second quarter 1997 revenues decreased \$12.0 million, or 6.9%, from the second quarter of 1996. The most significant reason for the lower revenues was that 1996 included approximately \$12 million in dealer equipment sales to one customer. Second quarter 1997 revenues included approximately \$12 million of sales due to the consolidation of JATEK and the purchase of A.R. Brasch. Offsetting these incremental 1997 sales, were lower sales of essential program tools and diagnostic and wheel service equipment.

Gross margin

Second quarter 1997 gross margin of 31.3% was comparable to the 31.2% gross margin in 1996. Second quarter 1997 gross margin was impacted by general revenue mix towards lower margin product sold during the quarter. Second quarter 1996 gross margin was low due to the significant dealer equipment sales which have a relatively low (less than 15%) gross margin. Also, productivity improvements and cost reductions from the 1996 restructuring increased the 1997 gross margin.

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

Second quarter 1997 SG&A expense was \$32.6 million, or 20.1% of revenues, compared to \$36.4 million, or 20.9% of revenues, in 1996. The lower SG&A spending was primarily due to lower revenues and reduced incentive compensation expense.

Goodwill/Intangible Amortization

Second quarter of 1997 expense was lower than 1996 primarily due the company's recording of an impairment of certain goodwill during the fourth quarter of 1996.

Minority and equity interests

In 1996, this line represented the equity (earnings) or losses of JATEK, previously 50% owned. Effective the beginning of 1997, the company acquired an additional 30% of JATEK and its results are now consolidated. Beginning in 1997, the 20% minority interest in JATEK's results is reflected in this line.

Restructuring Charge

During 1996, the company incurred \$6.1 million of restructuring costs to consolidate five Specialty Service Tool divisions into two divisions.

#### Operating Income

1997 second quarter operating income of \$17.6 million compares to second quarter 1996 operating income of \$17.1 million, excluding the \$6.1 million restructuring charge in 1996. The increase was primarily attributable to cost reductions and reduced goodwill amortization.

#### First Six Months of 1997 vs. First Six Months of 1996

##### Revenues

First six months 1997 revenues decreased \$24.8 million, or 7.5%, from the first six months of 1996. The most significant reason for the lower revenues was that 1996 included approximately \$32 million in dealer equipment sales to one customer. First six months 1997 revenues include approximately \$19 million of sales due to the consolidation of JATEK and the purchase of A.R. Brasch. Offsetting these incremental 1997 sales, were lower sales of essential program tools and diagnostic and wheel service equipment.

##### Gross margin

First six months 1997 gross margin of 31.5% was higher than the 30.0% gross margin in 1996. The increase in the gross margin was a direct result of the significant dealer equipment sales in 1996, which have a relatively low gross margin. Also, productivity improvements and cost reductions from the 1996 restructuring increased the 1997 gross margin.

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

First six months 1997 SG&A expense was \$67.5 million, or 22.1% of revenues, compared to \$70.7 million, or 21.4% of revenues, in 1996. The lower SG&A spending was primarily due to lower revenues and reduced incentive compensation expense. Additionally, the significant dealer equipment sales in the first six months of 1996 had relatively low SG&A costs, which lowered the 1996 SG&A percent to revenues.

##### Goodwill/Intangible Amortization

First six months of 1997 expense was lower than 1996 primarily due the company's recording of an impairment of certain goodwill during the fourth quarter of 1996.

##### Minority and equity interests

In 1996, this line represented the equity (earnings) or losses of JATEK, previously 50% owned. Effective the beginning of 1997, the company acquired an additional 30% of JATEK and its results are now consolidated. Beginning in 1997, the 20% minority interest in JATEK's results is reflected in this line.

##### Restructuring Charge

During 1996, the company incurred \$8.5 million of restructuring costs to consolidate five Specialty Service Tool divisions into two divisions.

#### Operating Income

1997 first six months operating income of \$27.7 million compares to first six months 1996 operating income of \$26.5 million, excluding the \$8.5 million restructuring charge in 1996. The increase was primarily attributable to cost reductions and reduced goodwill amortization.

#### Capital Expenditures

First six months 1997 capital expenditures were \$2.9 million compared to first six months of 1996 capital expenditures of \$1.4 million. Capital expenditures for 1997 are expected to approximate \$12 million. Starting in 1997, the company has begun implementation of a new business system designed to improve systems capabilities at its worldwide Service Solutions businesses.

## Identifiable Assets

Identifiable assets at June 30, 1997 increased approximately \$43 million from year-end 1996 and included the increase due to the purchase of A.R. Brasch and the consolidation of JATEK. The balance of the increase was predominately in receivables and inventories. The increase in receivables was a result of higher revenues in May and June of 1997 compared to November and December of 1996. The increase in inventories was a result of a buildup of inventory to support third quarter business activity.

## Original Equipment Components:

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
	(in millions)			
Revenues.....	\$ 68.1	\$ 136.5	\$ 161.0	\$ 272.2
Gross Profit.....	13.4	20.4	30.4	39.4
% of revenues.....	19.7%	14.9%	18.9%	14.5%
Selling, general & administrative	3.5	7.7	8.4	15.4
% of revenues.....	5.1%	5.6%	5.2%	5.7%
Goodwill/intangible amortization.	0.3	0.7	0.7	1.5
Minority and equity interests....	0.0	(1.5)	0.1	(2.5)
Restructuring charge .....	-	4.2	-	4.2
Operating income.....	\$ 9.6	\$ 9.3	\$ 21.2	\$ 20.8
Capital expenditures.....			\$ 7.4	\$ 6.1
Depreciation and amortization....			7.3	13.7

	June 30, 1997	December 31, 1996
Identifiable assets.....	\$ 145.9	\$ 271.5

(in millions)

## Second Quarter 1997 vs. Second Quarter 1996

### Revenues

Second quarter 1997 revenues were down \$68.4 million from the second quarter 1996 revenues due to the divestitures of the Sealed Power and Hy-Lift divisions. The second quarter of 1996 includes \$70.5 million of revenues from Sealed Power and Hy-Lift.

### Gross Profit

Second quarter 1997 gross margin of 19.7% compares favorably to the second quarter 1996 gross margin of 14.9%. The increase was due to the disposal of Hy-Lift and Sealed Power, both lower margin businesses.

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

SG&A was \$3.5 million, or 5.1% of revenues, in the second quarter of 1997 compared to \$7.7 million, or 5.6% of revenues, in 1996, reflecting continuing cost containment efforts and the effect of the divestitures.

### Goodwill/Intangible Amortization

Goodwill and intangible amortization expense was lower in 1997 due to the sale of Sealed Power.

### Minority and equity interests

In 1996, minority and equity interests reflected the equity earnings of Promec and Allied Ring Corporation (both sold as part of the Sealed Power divestiture in February 1997) and IBS Filtran, 50% owned during 1996. In 1997, this amount represents the 40% minority interest in IBS Filtran's results. The company acquired an additional 10% of IBS Filtran as of the beginning of 1997 and is now consolidating its results.

#### Operating Income

Second quarter 1997 operating income was \$9.6 million compared to \$9.3 million in the second quarter of 1996. The second quarter of 1996 included a \$4.2 million restructuring charge for an early retirement program at the Sealed Power division.

#### First Six Months of 1997 vs. First Six Months of 1996

##### Revenues

First six months 1997 revenues were down \$111.2 million from the first six months of 1996 due to the divestitures of the Sealed Power and Hy-Lift divisions. The first six months of 1997 includes \$23.5 million of revenues from Sealed Power and the first six months of 1996 includes \$145.0 million of revenues from Sealed Power and Hy-Lift.

##### Gross Profit

First six months 1997 gross margin of 18.9% compares favorably to the first six months 1996 gross margin of 14.5%. The increase was due to the disposal of Hy-Lift and Sealed Power, both lower margin businesses.

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

SG&A was \$8.4 million, or 5.2% of revenues, in the first six months of 1997 compared to \$15.4 million, or 5.7% of revenues, in 1996, reflecting continuing cost containment efforts and the effect of the divestitures.

##### Goodwill/Intangible Amortization

Goodwill and intangible amortization expense was lower in 1997 due to the sale of Sealed Power.

##### Minority and equity interests

In 1996, minority and equity interests reflected the equity earnings of Promec and Allied Ring Corporation (both sold as part of the Sealed Power divestiture in February 1997) and IBS Filtran, 50% owned during 1996. In 1997, this amount represents the 40% minority interest in IBS Filtran's results. The company acquired an additional 10% of IBS Filtran as of the beginning of 1997 and is now consolidating its results.

#### Operating Income

First six months 1997 operating income was \$21.2 million compared to \$20.8 million in the first six months of 1996.

#### Capital Expenditures

Capital expenditures in the first six months of 1997 were \$7.4 million and \$6.1 million in the first six months of 1996. Capital expenditures for 1997 are expected to approximate \$15 million and will be focused upon certain capacity expansions, cost reductions and maintenance of the operations.

#### Identifiable Assets

Identifiable assets decreased approximately \$126 million from year-end 1996 reflecting the sale of Sealed Power.

#### Liquidity and Financial Condition

The company's liquidity needs arise primarily from capital investment in equipment, working capital requirements to support business growth initiatives and to meet debt service obligations. Management believes that operations and the credit arrangements will be sufficient to supply funds needed by the company in 1997.

## Cash Flow

	Six months ended June 30,	
	1997	1996
	(in millions)	
Cash flow from:		
Operating activities.....	\$ (33.6)	\$ 41.2
Investing activities.....	207.3	(7.8)
Financing activities.....	(170.2)	(19.9)
	-----	-----
Net Cash Flow.....	\$ 3.5	\$ 13.5
	=====	=====

Cash flow from operating activities in the first six months of 1997 was an outflow of \$33.6 million. The 1997 cash outflow includes the \$26 million effect of terminating the accounts receivable securitization program during the first quarter. The 1997 outflow also includes additional increases in accounts receivable and increases in inventory totaling \$28 million. The company has accelerated its efforts to reduce current inventory levels of engine diagnostic and wheel service equipment within Service Solutions. Such inventory has a carrying value of approximately \$45 million at June 30, 1997. The success of this inventory reduction effort is dependent upon the timing of many factors, including new product technology, migration to lower priced hand-held equipment, new product introductions (including product developed with Hewlett-Packard Company), and competition for customer demand given various gas emissions programs.

Cash flow from investing activities during the first six months of 1997 includes the \$223 of cash received on the sale of Sealed Power, offset by \$5.1 million invested in A.R. Brasch, and in IBS Filtran (acquired additional 10% ownership) and capital expenditures of \$10.6 million. Capital expenditures of \$7.8 million were made in 1996. Capital expenditures for 1997 should approximate \$27 million for the year.

Cash flow from financing activities during the first six months of 1997 reflects the company's first quarter dividend payment (now discontinued), shares sold under the stock option plan, \$16.4 million of extinguishment costs paid in the second quarter to repurchase \$126.7 million of 11 3/4% senior subordinated notes, \$120.2 million to purchase 2.147 million shares in the "Dutch" auction, and a \$36.4 million reduction in borrowings.

### Total Debt

During the first six months of 1997, the company completed a new financial capital plan. This plan included:

1. A tender offer, dated March 11, 1997, to purchase all outstanding 11 3/4% Senior Subordinated Notes. This tender offer expired April 9, 1997 and \$126.7 million of the notes were purchased. The company used existing cash and cash equivalents and its revolving credit facility to fund the purchase of the notes.
2. Obtained a new \$400 million unsecured revolving credit agreement on May 7, 1997 with a syndicate of banks. The agreement provides debt capacity for business operations, acquisitions, and the repurchase of common stock.
3. Announced, on April 10, 1997, a Dutch Auction self-tender offer for up to 2.7 million common shares of the company at a price ranging from \$48 to \$56 per share. This tender offer expired on May 8, 1997 and 2.147 million shares were repurchased at \$56 per share. The purchase of the common stock tendered was financed with the new revolving credit agreement.
4. Concurrent with the announcement of the Dutch Auction, the company announced the elimination of the quarterly cash dividend. The company has authorized up to 750,000 shares of common stock to be prospectively purchased in the open market if future distributions to shareholders are deemed appropriate by management.

At June 30, 1997, the following summarizes the debt outstanding and unused credit availability:

	Total Commitment	Amount Outstanding (in millions)	Unused Credit Availability
New revolving credit.....	\$ 400.0	\$ 168.1	\$ 215.5(a)
Swingline loan facility.....	5.0	-	5.0
Senior subordinated notes...	1.7	1.7	-
Industrial revenues bonds...	15.1	15.1	-
Other.....	14.7	12.5	2.2
	-----	-----	-----
Total debt.....	\$ 436.5	\$ 197.4	\$ 222.7
	=====	=====	=====

(a) Decreased by \$16.4 million of facility letters of credit outstanding at June 30, 1997, which reduce the unused credit availability.

The company is required to maintain compliance with restrictive covenants contained in the revolving credit agreement. Under the most restrictive financial covenants, the company is required to maintain the following ratios:

- (1) Maintain a Debt - EBITDA Ratio less than 3.75 to 1.0 for fiscal quarters ending June, September and December of 1997, a ratio less than 3.5 to 1.0 for fiscal quarters ending March, June and September of 1998, and a ratio less than 3.0 to 1.0 less thereafter. At June 30, 1997, the ratio was 2.16 to 1.0.
- (2) Maintain a Fixed Charge Coverage Ratio greater than 1.5 to 1.0 for fiscal quarters ending in June and September of 1997, a ratio greater than 1.75 to 1.0 for fiscal quarters ending December 1997 and March, June, and September of 1998, and a ratio greater than 2.0 to 1.0 thereafter. At June 30, 1997, the ratio was 2.61 to 1.0.

Management believes that the unused credit availability on the revolving credit facility is sufficient to meet operational cash requirements, working capital requirements and capital expenditures for 1997. Aggregate future maturities of total debt are not material for the next five years. The revolving credit agreement will expire in 2002 and borrowings on the revolver would become due, however, management believes that the revolving credit agreement would likely be extended or that alternate financing will be available to the company.

#### Other Matters

The company continues to review and assess potential acquisition candidates. The objective to grow the company includes acquisitions within Service Solutions to expand service and product offerings, and, potentially, complementary acquisitions within Original Equipment Components. Additionally, the company could consider an acquisition not directly related to either segment. At this time, the company is not in a position to comment on the status of any specific acquisition investigation.

As of the end of 1997, the company must adopt Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This standard will require presentation of basic and diluted earnings per share information instead of the current primary and fully diluted earnings per share required by APB Opinion No. 15. The company's review indicates that the new basic earnings per share would have been insignificantly higher than the reported primary earnings per share for the first six months of 1997 and 1996. This is due to the exclusion of the effect of outstanding options in the basic earnings per share computation versus the primary earnings per share computation. The company estimates that the diluted earnings per share for the first six months of 1997 and 1996 would have been virtually the same as the reported primary earnings per share for these periods.

Beginning in 1998, the company must adopt Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" and No. 131, "Disclosures about Segments of an Enterprise and Related Information." No. 130 will require the company to report comprehensive income as part of the consolidated financial statements. The company expects that foreign currency translation adjustments will be the principal additional item to present comprehensive income. No. 131 will require the company to report certain information about operating segments in the consolidated financials statements. The company is currently evaluating the provisions of this statement to determine its impact upon current segment



disclosures.

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The foregoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward looking statements which reflect management's current views with respect to future events and financial performance. These forward looking statements are subject to certain risks and uncertainties, including but not limited to those matters discussed above. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Reference is made to the company's 1996 Annual Report on Form 10-K for additional cautionary statements and discussion of certain important factors as they relate to forward looking statements.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

On May 20, 1997, the company filed with the Securities and Exchange Commission Amendment No. 1 to its Issuer Tender Offer Statement on Schedule 13E-4 which contains information with respect to the company's completion of the self-tender offer purchasing 2.147 million common shares of the company at a price of \$56 per share.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(2) None.

(4) None.

(10) None.

(11) Statement regarding computation of earnings per share. See Consolidated Condensed Statements of Income.

(15) None.

(18) None.

(19) None.

(20) None.

(22) None.

(23) None.

(24) None.

(27) Financial data schedule.

(99) None.

(b) Reports on Form 8-K

None.

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: August 14, 1997

By /s/ John B. Blystone  
-----  
John B. Blystone  
Chairman, President and  
Chief Executive Officer

Date: August 14, 1997

By /s/ Patrick J. O'Leary  
-----  
Patrick J. O'Leary  
Vice President, Finance,  
Treasurer and Chief  
Financial and Accounting  
Officer

6-MOS

	DEC-31-1997	
	JUN-30-1997	
		15,833
		0
		156,259
		(9,308)
		128,806
	349,384	
		261,999
	(138,865)	
	551,540	
225,598		
		1,681
0		
		0
		166,698
		(142,279)
551,540		
		466,925
	466,925	
		340,246
		429,353
	(66,194)	
		0
	7,252	
	96,514	
		49,844
46,670		
		0
	(10,330)	
		0
		36,340
		3.33
		3.33