SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A-2

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

For the quarterly period ended June 30, 2003

☐ **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 of Incorporation)	**(I.R.S. Employer Identification No.)**

13515 Ballantyne Corporate Place, Charlotte, North Carolina 28277
(Address of Principal Executive Office)

Registrant's Telephone Number including Area Code (704) 752-4400

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

x Yes o No

Common Shares outstanding September 10, 2003 76,618,302

EXPLANATORY NOTE

We are filing this Amendment No. 2 to our Quarterly Report on Form 10-Q for the period ended June 30, 2003 (the "Form 10-Q/A") because we have revised the pro forma net income and pro forma earnings per share amounts included in Note 11 of the Condensed Consolidated Financial Statements. It should be noted that this revision relates to pro forma disclosures only and does not impact any actual reported balances, results of operations or cash flows included in the Condensed Consolidated Financial Statements. We have amended and restated in its entirety each item of our Original Form 10-Q that has been affected by the aforementioned change. The filing of this Form 10-Q/A shall not be deemed an admission that the Original Form 10-Q, when filed, included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

Other than the item mentioned above, this Form 10-Q/A does not reflect events occurring after the filing of the Original Form 10-Q or modify or update disclosures on the Original Form 10-Q (including disclosures relating to risks, uncertainties and other factors that may affect our future performance and disclosures relating to known trends and uncertainties affecting our business) in any way. For a more recent description of our business and the risk factors that may affect our business, results of operations and financial condition, including the effects of current business and economic conditions in our industries and in our target markets, we urge you to carefully review and consider the various disclosures we have made in our recent reports filed with the Securities and Exchange Commission, including our Current Reports on Form 8-K, our subsequent Quarterly Reports on Form 10 Q and our other future filings with the SEC.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

SPX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited
(in millions)

	June 30, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and equivalents	$ 579.9	$ 541.3
Accounts receivable, net	1,023.8	991.8
Inventories, net	680.3	605.2
Deferred income taxes and refunds	230.3	228.7
Other current assets	169.5	91.3
Assets of discontinued operations	—	264.0
Total current assets	2,683.8	2,722.3
Property, plant and equipment	1,307.2	1,260.3
Accumulated depreciation	(547.2)	(493.3)
Net property, plant and equipment	760.0	767.0
Goodwill	2,744.2	2,596.0
Intangible assets, net	582.8	530.4
Other assets	404.3	475.8
Total assets	$ 7,175.1	$ 7,091.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 569.0	$ 500.9
Accrued expenses	785.4	790.2
Short-term debt	260.7	251.4
Current maturities of long-term debt	33.7	28.9
Liabilities of discontinued operations	—	48.7
Total current liabilities	1,648.8	1,620.1
Long-term debt	2,470.7	2,414.6
Deferred income taxes	609.7	632.2
Other long-term liabilities	745.8	720.5
Total long-term liabilities	3,826.2	3,767.3
Minority interest	1.5	11.7
Shareholders' equity:		
Common stock	871.8	868.0
Paid-in capital	873.1	863.3
Retained earnings	540.4	478.2
Unearned compensation	(43.4)	(46.1)
Accumulated other comprehensive loss	(126.5)	(197.6)
Common stock in treasury	(416.8)	(273.4)
Total shareholders' equity	1,698.6	1,692.4
Total liabilities and shareholders' equity	$ 7,175.1	$ 7,091.5

The accompanying notes are an integral part of these statements.

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

	Three months ended June 30, 2003	Three months ended June 30, 2002	Six months ended June 30, 2003	Six months ended June 30, 2002
Revenues	$ 1,270.4	$ 1,204.7	$ 2,386.6	$ 2,273.3
Costs and expenses:				
Cost of products sold	882.9	799.8	1,668.6	1,521.1
Selling, general and administrative	240.9	223.2	463.7	429.6
Intangible amortization	2.3	1.8	4.6	3.3
Special charges	24.1	39.1	33.3	45.5
Operating income	120.2	140.8	216.4	273.8
Other (expense) income, net	(1.2)	0.6	0.8	(0.2)
Equity earnings in joint ventures	7.7	8.3	17.7	18.6
Interest expense, net	(45.6)	(38.4)	(90.8)	(75.3)
Income from continuing operations before income taxes	81.1	111.3	144.1	216.9
Provision for income taxes	(30.0)	(44.7)	(53.3)	(85.6)
Income from continuing operations before change in accounting principle	51.1	66.6	90.8	131.3
Income (loss) from discontinued operations, net of tax	2.7	(8.3)	(28.6)	(7.9)
Change in accounting principle	—	—	—	(148.6)
Net income (loss)	$ 53.8	$ 58.3	$ 62.2	$ (25.2)
Basic income (loss) per share of common stock				
Income from continuing operations before change in accounting principle	$ 0.66	$ 0.81	$ 1.15	$ 1.60
Income (loss) from discontinued operations	0.03	(0.10)	(0.36)	(0.10)
Change in accounting principle	—	—	—	(1.81)
Net income (loss) per share	$ 0.69	$ 0.71	$ 0.79	$ (0.31)
Weighted average number of common shares outstanding	77.567	82.594	78.606	81.948
Diluted income (loss) per share of common stock				
Income from continuing operations before change in accounting principle	$ 0.66	$ 0.79	$ 1.15	$ 1.56
Income (loss) from discontinued operations	0.03	(0.10)	(0.36)	(0.09)
Change in accounting principle	—	—	—	(1.77)
Net income (loss) per share	$ 0.69	$ 0.69	$ 0.79	$ (0.30)
Weighted average number of common shares outstanding	77.903	84.670	78.903	84.066

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30, 2003	Six months ended June 30, 2002
Cash flows from (used in) operating activities:		
Net income (loss)	$ 62.2	$ (25.2)
Loss from discontinued operations	28.6	7.9
Change in accounting principle	—	148.6
Income from continuing operations before change in accounting principle	90.8	131.3
Adjustments to reconcile income to net cash from operating activities		
Special charges	33.3	45.5
Deferred income taxes	20.4	71.6
Depreciation	58.4	52.2
Amortization of intangibles and other assets	5.1	3.6
Amortization of discount on LYONs	10.8	11.2
Employee benefits	18.7	(6.9)
Other, net	12.6	(8.2)
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures		
Accounts receivable and other	42.0	19.8
Inventories	(32.2)	(25.1)
Accounts payable, accrued expenses and other	(48.7)	(65.6)
Changes in working capital securitizations	5.9	(14.7)
Cash spending on restructuring actions	(39.7)	(31.8)
Net cash from continuing operations	177.4	182.9
Net cash from (used in) discontinued operations	9.7	(9.6)
Net cash from operating activities	187.1	173.3
Cash flows from (used in) investing activities:		
Proceeds from asset sales and business divestiture	160.1	9.2
Business acquisitions and investments, net of cash acquired	(182.2)	(113.1)
Capital expenditures	(35.7)	(42.2)
Other, net	—	(4.1)
Net cash used in continuing operations	(57.8)	(150.2)
Net cash used in discontinued operations	(0.5)	(8.9)
Net cash used in investing activities	(58.3)	(159.1)
Cash flows from (used in) financing activities:		
Borrowings under other debt agreements	293.8	—
Payments under other debt agreements	(241.5)	(135.6)
Purchases of common stock	(143.4)	—
Common stock issued under stock incentive programs	0.9	47.1
Common stock issued under exercise of stock warrants	—	24.2
Other, net	—	(17.9)
Net cash used in continuing operations	(90.2)	(82.2)
Net cash used in discontinued operations	—	(10.7)
Net cash used in financing activities	(90.2)	(92.9)
Net increase (decrease) in cash and equivalents	38.6	(78.7)
Cash and equivalents, beginning of period	541.3	443.0
Cash and equivalents, end of period	$ 579.9	$ 364.3

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2003
Unaudited
(in millions, except per share and per LYON data)

(1) BASIS OF PRESENTATION

In our opinion, the accompanying condensed consolidated balance sheets and related condensed consolidated statements of income and cash flows include the adjustments (consisting of normal and recurring items) necessary for their fair presentation in conformity with United States generally accepted accounting principles ("GAAP") and represent our accounts after the elimination of inter-company transactions. Investments in unconsolidated companies where we exercise significant influence are accounted for using the equity method. 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. Certain prior period amounts have been reclassified to conform to current quarter presentation, including the results of discontinued operations. The capital accounts, all share data and earnings per share data give effect to the stock split on October 24, 2002, applied retroactively for all periods presented.

Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with the consolidated financial statements contained in our 2002 Annual Report on Form 10-K. On April 7, 2003, we announced the sale of our Inrange Technologies Corporation subsidiary ("Inrange") and closed the sale on May 5, 2003 (see Note 3). The results of Inrange, which was part of our Technical Products and Services segment, are reported as discontinued operations in our condensed consolidated financial statements. Therefore, unless otherwise indicated, amounts provided in these notes pertain to continuing operations.

(2) NEW ACCOUNTING PRONOUNCEMENTS

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

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." The provisions of SFAS No. 143 require that asset retirement obligations that are identifiable upon acquisition and construction, and during the operating life of a long-lived asset be recorded as a liability using the present value of the estimated cash flows. A corresponding amount would be capitalized as part of the asset's carrying amount and amortized to expense over the asset's useful life. We have adopted the provisions of SFAS No. 143 effective January 1, 2003. The adoption of this statement has not had and is not expected to have an impact on our financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued product lines, plant closings or other exit or disposal activities. Previous accounting guidance was provided by EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 replaced EITF 94-3 and is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. We frequently engage in strategic restructuring and integration initiatives that include exit and disposal activities. Accordingly, SFAS No. 146 has impacted the timing of recognition of certain restructuring costs, but has not had a material impact on our financial position or results of operations.

In November 2002, the FASB issued Financial Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that a guarantor must recognize, at the inception of a guarantee, a liability for the fair value of the obligation that it has undertaken in issuing a guarantee. FIN 45 also addresses the disclosure requirements that a guarantor must include in its financial statements for guarantees issued, including matters such as commercial product warranties. The disclosure requirements in this interpretation are effective for financial statements for periods ending after December 15, 2002. The initial recognition and measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. We adopted the recognition provisions of FIN 45 effective January 1, 2003 for guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have an impact on our financial position, results of operations or cash flows. See Note 8 for our disclosure on product warranties.

In January 2003, the FASB issued FIN 46, “Consolidation of Variable Interest Entities,” an interpretation of Accounting Research Bulletin 51, “Consolidated Financial Statements.” FIN 46 requires that unconsolidated variable interest entities be consolidated by their primary beneficiaries and applies immediately to variable interest entities created after January 31, 2003 and to existing entities in the periods beginning after June 15, 2003. Currently, we are still assessing the provisions of FIN 46; however, adoption has not had an impact on our financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” SFAS No. 149 amends SFAS 133 “Accounting for Derivative Instruments and Hedging Activities” and SFAS No. 138 “Accounting for Certain Derivative Instruments and Certain Hedging Activities” and is related to certain derivatives embedded in other contracts and for hedging activities under SFAS 133. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and is to be applied prospectively. SFAS No. 149 currently has not had an impact on our financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” SFAS No. 150 establishes standards for how companies classify and measure, in their statement of financial position, certain financial instruments with characteristics of both liabilities and equities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. SFAS No. 150 currently has not had an impact on our financial position, results of operations or cash flows.

(3) ACQUISITIONS AND DIVESTITURES

We continually review each of our businesses pursuant to our “fix, sell or grow” strategy. We use acquisitions as a part of our strategy to acquire access to new technologies, expand our geographic reach, penetrate new markets and leverage our existing product, market, manufacturing or technical expertise. We also may look to place current business assets with other companies if we determine they strategically fit better with another company. Business acquisitions and dispositions for the six months ended June 30, 2003 and 2002 are described below.

Business acquisitions have been accounted for using the purchase method of accounting and, accordingly, the condensed consolidated statements of income include the results of each acquired business since the date of acquisition. The assets acquired and liabilities assumed are recorded at preliminary estimates of fair values as determined by management based on information available. Final purchase price allocations are based on independent appraisals and management estimates. We finalize the allocation of purchase price to the fair value of the assets and liabilities assumed within one year after acquisition when we obtain information sufficient to complete the allocation.

Acquisitions—2003

During the first quarter, we completed four acquisitions in our Technical Products and Systems segment. Our security and building life-safety systems platform completed two acquisitions, IDenticard Systems, Inc. and Upper Valley Fire Protection Ltd., for an aggregate cash purchase price of $52.8. The acquired companies had combined revenues of $40.6 in the twelve months prior to the respective dates of acquisition. The broadcast and communications systems and services platform completed two acquisitions, Brookstone and Flash Technology, for an aggregate purchase price of $62.1. The acquired companies had combined revenues of $72.9 in the twelve months prior to the respective dates of acquisition.

During the first quarter, our specialty engineered products platform in the Industrial Products and Services segment completed one acquisition for a cash purchase price of $3.2. The acquired company had revenues of $15.7 in the twelve months prior to the date of acquisition.

During the first quarter, our fluid systems platform in the Flow Technology segment completed the acquisition of Hankison International (“Hankison”) for a cash purchase price of $35.5. Hankison had revenues of $64.2 in the twelve months prior to the date of acquisition.

During the second quarter, our specialty engineered products platform in the Industrial Products and Services segment completed the acquisition of GenMech (“GenMech”) Aerospace for a cash purchase price of $15.4. GenMech had revenues of $15.5 in the twelve months prior to the date of acquisition.

During the second quarter, our Service Solutions segment completed the acquisition of Kitba Consulting Services, L.P. (“Kitba”) for a cash purchase price of $5.0. Kitba had revenues of $10.0 in the twelve months prior to the date of acquisition.

Acquisitions—2002

During the first quarter, we completed three acquisitions in our Technical Products and Systems segment, for cash with an aggregate purchase price of $38.2. The acquired companies had aggregate revenues of $46.3 in the twelve months prior to the respective dates of acquisition. These transactions include the acquisition of certain assets and liabilities of Dukane Communications Systems by our security and building life-safety systems platform.

During the first quarter, we completed one acquisition in the Industrial Products and Services segment, for a purchase price of $13.4, which included the issuance of common stock valued at $11.5. The acquired company had revenues of $9.6 in the twelve months prior to the date of acquisition. The acquisition was made by our power systems platform.

During the second quarter, in the Technical Products segment, our security and building life-safety systems platform completed one acquisition for a purchase price of $3.9, which included the issuance of common stock valued at $2.9. The acquired company had revenues of $3.0 in the twelve months prior to the date of acquisition.

During the second quarter, in the Flow Technology segment, our fluid systems platform completed the acquisition of Daniel Valve Company for a cash purchase price of $72.0. Daniel Valve had revenues of $46.7 in the twelve months prior to the date of acquisition.

These acquisitions are not material individually or in the aggregate.

Discontinued Operations—2003

As part of our ongoing strategic review process, we evaluated several alternatives for our Inrange Technologies Corporation subsidiary, part of our Technical Products and Systems segment, and concluded that it was a better strategic fit with another company. Therefore, on April 7, 2003, we announced that we had signed a definitive agreement with Computer Network Technology Corporation ("CNT") to sell our ownership of the outstanding shares of Inrange. On May 5, 2003, the sale of Inrange to CNT closed and our portion of the cash proceeds was $148.5, after a $24.5 settlement of an inter-company note payable by us to Inrange.

We have accounted for Inrange as a discontinued operation, in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment and Disposal of Long-lived Assets." The results of Inrange for all periods presented are included in the condensed consolidated financial statements as discontinued operations.

For the six months ended June 30, 2003, total revenues and pre-tax loss from discontinued operations were $48.3 and $15.4, respectively. In the same period in 2002, revenues and pre-tax loss from discontinued operations were $114.7 and $13.1, respectively. The total loss from discontinued operations, net of tax, for the six months ended June 30, 2003 was $28.6, which reflects a loss on the sale of Inrange of $18.9.

The major classes of assets and liabilities of Inrange, included in the accompanying condensed consolidated balance sheet as of December 31, 2002 are shown below. The amounts below exclude inter-company balances and may differ from Inrange's publicly issued financial statements to conform to the presentation in our condensed consolidated balance sheet as of December 31, 2002.

Assets:		
Cash and equivalents	$	14.6
Accounts receivable, net		61.5
Inventories, net		27.3
Other current assets		11.4
Net property, plant and equipment		17.0
Goodwill and intangibles, net		107.1
Other assets		25.1
Assets of discontinued operations	$	264.0
Liabilities:		
Accounts payable	$	14.4
Accrued expenses and other		34.3
Liabilities of discontinued operations	$	48.7

(4) BUSINESS SEGMENT INFORMATION

We are a global provider of technical products and systems, industrial products and services, flow technology and service solutions. Our businesses are strategically organized by platform within each segment. Our products include fire detection and building life-safety products, TV and radio broadcast antennas and towers, life science products and services, power transformers, compaction equipment, high-tech die-castings, dock products and systems, cooling technologies and services, air filtration products, valves, back-flow prevention and fluid handling equipment and metering and mixing solutions. Our products and services also include specialty service tools, diagnostic systems, service equipment and technical information services. Our products are used by a broad array of customers in various industries, including chemical processing, pharmaceuticals, infrastructure, mineral processing, petrochemical, telecommunications, transportation and power generation.

Our results of operations are reported in four segments: Technical Products and Systems, Industrial Products and Services, Flow Technology and Service Solutions. We have aggregated these operating segments in accordance with the criteria defined in SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information.” The primary aggregation factors considered in determining the segments were the nature of products sold, production processes and types of customers for these products. In determining our segments, we apply the threshold criteria of SFAS No. 131 to operating income or loss of each segment before considering special charges, including those recorded in cost of products sold. This is consistent with the way our chief operating decision maker evaluates the results of each segment.

Technical Products and Systems

The Technical Products and Systems segment focuses on solving customer problems with complete technology-based systems and services. Our emphasis is on growth through investment in new technology, new product introductions, alliances and acquisitions. The products and services offered by this segment are organized into the following strategic platforms: laboratory and life science products; security and building life-safety systems; broadcast and communication systems and services; and electrical test and measurement solutions.

Industrial Products and Services

The strategy of the Industrial Products and Services segment is to provide “Productivity Solutions for Industry.” This segment emphasizes introducing new related services and products, as well as focusing on the replacement parts and service elements of the segment. The products and services offered by this segment are organized into the following strategic platforms: power systems; compaction equipment; and specialty engineered products.

Flow Technology

The Flow Technology segment designs, manufactures and markets solutions and products that are used to process or transport fluids and in heat transfer applications. The products and services offered by this segment are organized into the following strategic platforms: cooling technologies and services and fluid systems.

Service Solutions

Service Solutions designs, manufactures and markets a wide range of specialty service tools, hand-held diagnostic systems and service equipment, inspection gauging systems and technical and training information, primarily to the vehicle franchise dealer industry in North America and Europe. Major customers are franchised dealers of motor vehicle manufacturers, aftermarket vehicle service facilities and independent distributors. The products and services offered by this segment are organized into the following platform: diagnostics, specialty tools and service equipment, technical information and services.

Inter-company sales among segments are not significant. To be consistent with the reporting basis on which management internally evaluates segment performance, segment income excludes special charges, including those recorded in cost of products sold, and general corporate expenses. See Note 5 to the Condensed Consolidated Financial Statements for more detail on special charges by segment.

Financial data for our business segments is as follows:

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenues:				
Technical Products and Systems	$ 312.0	$ 266.3	$ 574.1	$ 508.4
Industrial Products and Services	379.2	430.8	719.4	815.0
Flow Technology	381.4	316.7	733.6	596.4
Service Solutions	197.8	190.9	359.5	353.5
	$ 1,270.4	$ 1,204.7	$ 2,386.6	$ 2,273.3
Segment Income:				
Technical Products and Systems	$ 49.2	$ 49.3	$ 84.3	$ 92.5
Industrial Products and Services	43.1	72.1	72.0	127.7
Flow Technology	47.1	45.2	90.4	84.5
Service Solutions	24.4	26.8	38.6	41.9
Total Segment Income	163.8	193.4	285.3	346.6
General Corporate	(19.5)	(13.5)	(35.6)	(27.3)
Special Charges	(24.1)	(39.1)	(33.3)	(45.5)
Consolidated Operating Income	$ 120.2	$ 140.8	$ 216.4	$ 273.8

(5) SPECIAL CHARGES

As part of our Value Improvement Process ®,we right size and consolidate operations to drive results. Additionally, due to our acquisition strategy, from time to time we alter our business model to better serve customer demand, fix or discontinue lower-margin product lines and rationalize and consolidate manufacturing capacity. Our restructuring and integration decisions are based on discounted cash flows to achieve our goals of increased outsourcing, reduced structural footprint, and profitability in any economic environment. As a result of our strategic review process, we recorded special charges of $33.3 and $45.5 in the first six months of 2003 and 2002. These special charges were primarily for restructuring initiatives to consolidate manufacturing and sales facilities, reduce our work force and rationalize certain product lines.

The purpose of our restructuring initiatives is to improve profitability, streamline operations, reduce costs and improve efficiency. We estimate that we will achieve operating cost reductions in 2003 and beyond through reduced employee and manufacturing costs and other facility overhead reductions.

The components of the charges have been computed based on actual cash payouts, our estimate of the realizable value of the affected tangible and intangible assets and estimated exit costs including severance and other employee benefits based on existing severance practices and local laws.

SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities” requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued product lines, plant closing or other exit or disposal activities. SFAS No. 146 replaced EITF 94-3 and was applied prospectively to all exit or disposal activities initiated after December 31, 2002. We frequently engage in strategic restructuring and integration initiatives that include exit and disposal activities. Accordingly, SFAS No. 146 has impacted the timing of recognition of certain restructuring costs, but has not had a material impact on our financial position and results of operations.

We account for non-cash asset impairments in accordance with SFAS No. 144, “Accounting for the Impairment and Disposal of Long-Lived Assets.” Typically, our non-cash asset impairments arise from business restructuring decisions that lead to the disposition of assets no longer required in the restructured business. For these situations, we recognize an impairment loss when the carrying amount of an asset exceeds the sum of the cash flows expected from the asset. Realization values for assets subject to impairment testing are primarily determined by third-party appraisals, quoted market prices or previous experience. If an impaired asset remains in service at the decision date, the remaining net book value is depreciated until the asset is no longer used in operating activities. When an impaired asset is removed from service, sale of the asset is probable, and the asset is made available for sale, depreciation of the asset is discontinued and the asset is recorded in other current assets as an asset held for sale.

Special charges for the three and six month periods ended June 30, 2003 and 2002 include the following:

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Employee Benefit Costs	$ 10.7	$ 18.4	$ 16.9	$ 21.8
Facility Consolidation Costs	1.9	6.4	2.9	7.2
Other Cash Costs	1.2	0.9	1.3	3.1
Non-Cash Asset Write-downs	10.3	13.4	12.2	13.4
Total Special Charges	$ 24.1	$ 39.1	$ 33.3	$ 45.5

Special Charges—2003

In the second quarter of 2003, we recorded special charges of $24.1. We recorded $10.7 in the Technical Products and Systems segment, $8.2 in the Industrial Products and Services segment, $4.1 in the Flow Technology segment, and $1.1 in the Service Solutions segment.

The charges recorded in the second quarter related primarily to employee benefit costs and asset impairments related to facility consolidation actions and workforce reductions at many of our businesses, including our fluid systems, specialty engineered products, and laboratory and life sciences platforms. The new restructuring initiatives announced in the second quarter of 2003 will result in the termination of approximately 413 hourly and 300 salaried employees located in the United States, Canada, France, the United Kingdom, and South Africa and the closure of eight manufacturing and administrative offices located in the United States.

Operating income for the six months ended June 30, 2003 was reduced by $33.3 of charges, primarily related to the actions described below.

In the Technical Products and Systems segment, we recorded $13.2 of special charges for the six months ended June 30, 2003 related primarily to employee benefit costs and asset impairments. In the second quarter our laboratory and life science products platform announced the closure of a manufacturing and administrative facility in Newtown, CT and the operations at this facility will either be outsourced or consolidated into the platform’s headquarters in Asheville, NC. As a result of the facility closure, we recorded impairment charges for certain machinery and equipment. We consolidated facilities and product lines at our broadcast and communication systems and services platform, which resulted in the closure of a manufacturing facility in Palmyra, MO. We also completed the closure of the Mahwah, NJ manufacturing facility at our electrical test and measurement solutions platform. In addition, we recorded charges at our security and building life safety systems platform for rightsizing actions that included a worldwide workforce reduction and the consolidation of an existing administrative facility in Falls Church, VA into a facility acquired with our Vance acquisition. These restructuring actions will result in the termination of approximately 363 hourly and 181 salaried employees located in the United States, Canada, the United Kingdom, and South Africa.

In the Industrial Products and Services segment, we recorded $10.1 of special charges for the six months ended June 30, 2003. These charges represent primarily employee benefit costs and asset impairments for initiatives taken to right size manufacturing and administrative operations and the exit of a product line at our specialty engineered products platform. In the second quarter, we formalized plans to consolidate and relocate to Mexico certain manufacturing operations of our Dock Products business by closing a manufacturing facility in Milwaukee, WI. As a result of the facility closure, we recorded impairment charges for certain plant and equipment that will not be used in the continuing operations. The closure and termination announcements to the impacted employees occurred in July 2003 and we will recognize a majority of the associated costs in the third quarter of 2003. In addition, our power systems platform implemented a strategy to exit certain of its breaker repair and service operations which resulted in workforce reductions and the closure of three field service offices located in Rochester, NY, Cincinnati, OH, and Cleveland, OH. These restructuring actions will result in the termination of approximately 106 hourly and 63 salaried domestic employees.

In the Flow Technology segment, we recorded $8.6 of special charges for the six months ended June 30, 2003. Of these charges, $3.0 relates to employee benefit and facility consolidation costs resulting from the implementation of our process equipment platform consolidation strategy. This business consolidation resulted in workforce reductions, the closure of a manufacturing facility in Reading, PA, and the closure of an administrative office in Roselle, IL. In addition, facility consolidations at our cooling technologies and services and fluid systems platforms resulted in the closure of two manufacturing facilities, located in Eloy, AZ and Ocala, FL, and three sales and administrative offices, located in Santa Rosa, CA, Atlanta, GA and Philadelphia, PA. The actions taken at our fluid systems platform were predominantly for the integration of existing air treatment operations into the recently acquired Hankison operations. The actions taken at our cooling technologies and services platform relate to consolidation of existing cooling technologies facilities. In addition, $1.9 of this charge relates to asset impairments as a result of our decision to close a manufacturing facility. In total, these restructuring and integration initiatives will result in the termination of approximately 157 hourly and 155 salaried domestic employees.

In the Service Solutions segment, we recorded $1.4 of special charges for the six months ended June 30, 2003. These charges relate primarily to as-incurred exit costs associated with the closure of our Montpelier, OH manufacturing facility. In addition, employee benefit costs were recorded for a workforce reduction at our technical information and services product line. This rightsizing action will result in the termination of approximately 10 salaried employees in the United States, France, and the United Kingdom.

Special Charges—2002

In the second quarter of 2002, we recorded special charges primarily related to new and previously announced restructuring and integration activities, which reduced operating income by $39.1. Of this amount, $1.0 was recorded in the Technical Products and Systems segment, $27.0 was recorded in the Industrial Products and Services segment, $3.2 was recorded in the Flow Technology segment, $0.2 was recorded in the Service Solutions segment, and $7.7 was recorded at Corporate.

The special charges recorded in the second quarter were primarily related to: facility closures and workforce reductions at our power systems platform, exiting certain machining operations at our specialty engineered products platform, the impairment of a corporate asset held for sale, the completion of the relocation of our corporate headquarters to Charlotte, NC, and the costs associated with previously announced restructuring and integration initiatives. The restructuring initiatives announced in the second quarter of 2002 resulted in the closure of three sales and service facilities and one manufacturing facility, and a reduction in domestic hourly and salaried headcount by approximately 566 employees.

Operating income for the six months ended June 30, 2002 was reduced by special charges of $45.5 primarily related to the actions described below.

In the Technical Products and Systems segment, $1.4 of special charges was recorded for the six months ended June 30, 2002. These charges were for employee benefit and facility consolidation costs related to previously announced rightsizing actions.

In the Industrial Products and Services segment, $28.9 of special charges was recorded for the six months ended June 30, 2002. These charges were primarily associated with employee benefit costs and asset impairments related to work force reductions and the announced closure of the Milpitas, CA manufacturing facility at our power systems platform. Additionally, our specialty engineered products platform initiated a restructuring action that resulted in the exiting of certain machining operations. These actions resulted in the elimination of approximately 374 hourly and 175 salaried domestic employees.

In the Flow Technology segment, $5.4 of special charges was recorded for the six months ended June 30, 2002. These charges primarily related to workforce reduction and business consolidation initiatives taken at our fluid systems platform. The actions taken were predominantly for the planned integration of existing fluid systems businesses into our newly acquired Daniel Valve business. These restructuring and integration initiatives resulted in the termination of approximately 112 hourly and 38 salaried domestic employees.

In the Service Solutions segment, $0.4 of special charges was recorded for the six months ended June 30, 2002. These charges related to as-incurred exit costs associated with previously announced business integration actions.

The Corporate special charges for the six months ended June 30, 2002 of $9.4 related to the impairment of a corporate asset held for sale and the final costs to complete the relocation of our corporate headquarters to Charlotte, NC.

At June 30, 2003, a total of $33.5 of restructuring liabilities remained on the Condensed Consolidated Balance Sheet as shown below. With the exception of certain multi-year operating lease obligations at closed facilities and other contractual obligations, we anticipate that the liabilities related to restructuring actions will be paid within one year from the period in which the action was initiated. The following table summarizes the restructuring accrual activity from December 31, 2002 through June 30, 2003:

	Employee Benefit Costs	Facility Consolidation Costs	Other Cash Costs	Total Cash Costs	Non-cash Asset Write-downs	Total Special Charges
Balance at December 31, 2002	$ 30.2	$ 15.8	$ 2.7	$ 48.7		
Special Charges	17.2	3.1	1.3	21.6	$ 12.2	$ 33.8
Adjustments	(0.3)	(0.2)	—	(0.5)		
Cash Payments	(27.1)	(8.6)	(0.6)	(36.3)		
Balance at June 30, 2003	$ 20.0	$ 10.1	$ 3.4	$ 33.5		

(6) INVENTORY

Inventory consists of the following amounts (reduced when necessary to estimated realizable values):

	June 30, 2003	December 31, 2002
Finished goods	$ 323.5	$ 312.1
Work in process	141.1	105.2
Raw material and purchased parts	229.1	201.0
Total FIFO cost	$ 693.7	$ 618.3
Excess of FIFO cost over LIFO inventory value	(13.4)	(13.1)
Total inventory	$ 680.3	$ 605.2

(7) GOODWILL AND OTHER INTANGIBLE ASSETS

The following tables reflect the goodwill and intangible assets as of December 31, 2002. Thereafter, activity reflects the initial allocation of purchase price for acquisitions completed in the first six months of 2003, subsequent purchase price adjustments for acquisitions completed not more than one year prior to the date of adjustment, currency translation adjustments and amortization. This information is presented first on a consolidated basis and second on a segment basis.

Consolidated:

	Unamortized		Amortized			
	Goodwill	Trademarks/ Tradenames	Patents	Licenses	Other	Total
Weighted average useful life in years			8	11	5	
December 31, 2002 gross balance	$ 2,596.0	$ 479.8	$ 48.4	$ 1.7	$ 10.8	$ 3,136.7
Acquisitions and related adjustments	148.2	49.9	2.8	0.2	4.1	205.2
June 30, 2003 gross balance	$ 2,744.2	$ 529.7	$ 51.2	$ 1.9	$ 14.9	$ 3,341.9
December 31, 2002 accumulated amortization			$ (7.8)	$ (0.6)	$ (1.9)	$ (10.3)
Amortization			(3.0)	(0.2)	(1.4)	(4.6)
June 30, 2003 accumulated amortization			$ (10.8)	$ (0.8)	$ (3.3)	$ (14.9)

Estimated amortization expense:	
For year ended 2003	$ 9.3
For year ended 2004	$ 9.0
For year ended 2005	$ 8.2
For year ended 2006	$ 6.9
For year ended 2007	$ 5.3

Segments:

	Unamortized		Amortized			
	Goodwill	Trademarks/ Tradenames	Patents	Licenses	Other	Total
Technical Products and Systems						
December 31, 2002 gross balance	$ 620.6	$ 85.3	$ 18.0	$ 1.6	$ 5.9	$ 731.4
Acquisitions and related adjustments	85.9	10.6	0.5	0.2	0.3	97.5
June 30, 2003 gross balance	$ 706.5	$ 95.9	$ 18.5	$ 1.8	$ 6.2	$ 828.9
December 31, 2002 accumulated amortization			$ (3.3)	$ (0.6)	$ (0.4)	$ (4.3)
Amortization			(1.2)	(0.2)	(0.6)	(2.0)
June 30, 2003 accumulated amortization			$ (4.5)	$ (0.8)	$ (1.0)	$ (6.3)
Industrial Products and Services						
December 31, 2002 gross balance	$ 790.1	$ 155.5	$ 13.9	$ 0.1	$ 4.1	$ 963.7
Acquisitions and related adjustments	25.8	21.9	1.6	—	3.7	53.0
June 30, 2003 gross balance	$ 815.9	$ 177.4	$ 15.5	$ 0.1	$ 7.8	$ 1,016.7
December 31, 2002 accumulated amortization			$ (2.1)	$ —	$ (1.2)	$ (3.3)
Amortization			(0.6)	—	(0.6)	(1.2)
June 30, 2003 accumulated amortization			$ (2.7)	$ —	$ (1.8)	$ (4.5)
Flow Technology						
December 31, 2002 gross balance	$ 897.8	$ 188.5	$ 15.4	$ —	$ 0.8	$ 1,102.5
Acquisitions and related adjustments	31.6	17.2	0.7	—	0.1	49.6
June 30, 2003 gross balance	$ 929.4	$ 205.7	$ 16.1	$ —	$ 0.9	$ 1,152.1
December 31, 2002 accumulated amortization			$ (1.9)	$ —	$ (0.3)	$ (2.2)
Amortization			(1.1)	—	(0.2)	(1.3)
June 30, 2003 accumulated amortization			$ (3.0)	$ —	$ (0.5)	$ (3.5)
Service Solutions						
December 31, 2002 gross balance	$ 287.5	$ 50.5	$ 1.1	$ —	$ —	$ 339.1
Acquisitions and related adjustments	4.9	0.2	—	—	—	5.1
June 30, 2003 gross balance	$ 292.4	$ 50.7	$ 1.1	$ —	$ —	$ 344.2
December 31, 2002 accumulated amortization			$ (0.5)	$ —	$ —	$ (0.5)
Amortization			(0.1)	—	—	(0.1)
June 30, 2003 accumulated amortization			$ (0.6)	$ —	$ —	$ (0.6)

In accordance with the adoption of the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets”, we were required to test all existing goodwill for impairment as of January 1, 2002 on a reporting unit basis. Step 1 involved comparing the carrying values of the reported net assets of our reporting units to their fair values. Fair value was based on discounted cash flow projections, but we also considered factors such as market capitalization and comparable industry price multiples. The net assets of our automotive filtration systems unit and hydraulic power tools unit, both in our Industrial Products and Services segment, had carrying values in excess of their fair values. For these reporting units, we performed Step 2 of the impairment testing provisions.

We engaged an independent valuation and appraisal firm to assist us with the Step 2 testing. The assets and liabilities of our automotive filtration systems unit and our hydraulic power tools unit were appraised at their current fair value to calculate implied goodwill for these reporting units. The recorded goodwill exceeded the implied goodwill by $148.6, and, accordingly, this amount was required to be written-off as a transition impairment charge and was recorded as a change in accounting principle. The impaired goodwill was not deductible for income tax purposes.

(8) WARRANTY

In the normal course of business, we issue product warranties for specific product lines and provide for the estimated future warranty cost in the period in which the sale is recorded. We provide for the estimated warranty cost based on contract terms and historical experience. Because warranty estimates are forecasts that are based on the best available information, actual warranty costs may differ from these estimates. In addition, due to the seasonal fluctuations at certain of our businesses the timing of warranty provisions and the usage of warranty accruals can vary period to period. Adjustments to initial obligations for warranties are made as changes in the obligations can be estimated. The following is an analysis of our product warranty accrual from December 31, 2002 through June 30, 2003:

Balance as of December 31, 2002	$ 73.4
Acquisitions	0.9
Provisions	14.8
Usage	(21.0)
Balance as of June 30, 2003	$ 68.1

(9) INDEBTEDNESS

	June 30, 2003	December 31, 2002
Tranche A loan	$ 225.0	$ 225.0
Tranche B loan	409.2	410.3
Tranche C loan	681.8	683.7
LYONs, net of unamortized discount of $390.3 and $551.6, respectively	632.1	858.2
7.5% senior notes	500.0	500.0
6.25% senior notes	300.0	—
Other borrowings	17.0	17.7
	$ 2,765.1	$ 2,694.9
Less: short-term debt	(260.7)	(251.4)
Less: current maturities of long-term debt	(33.7)	(28.9)
Total long-term debt	$ 2,470.7	$ 2,414.6

Under our credit facility, aggregate maturities of the term loans are $33.6 in 2004, $44.8 in 2005, $56.1 in 2006, $61.7 in 2007 and $163.6 in 2008. Although no amounts are borrowed under our revolving credit loans at June 30, 2003, any future borrowings under these loans would mature in 2008, when the facility expires, but could be repaid at any time before 2008. Other borrowings are primarily revolving lines of credit at foreign locations that are refinanced as they come due and therefore, are classified as long-term.

Credit Facility

Under our current credit facility, the term loans bear interest, at our option, at LIBOR plus the Applicable Rate or the ABR plus the Applicable Rate. During the first six months of 2003, interest on the term loans was calculated using LIBOR and we intend to select LIBOR as the borrowing rate in the future. The Applicable Rate for the revolving loans and Tranche A term loan is based upon the Consolidated Leverage Ratio as defined in the credit facility. The Applicable Rate is as follows:

	LIBOR based borrowings	ABR based borrowings
Tranche A term loans and revolving loans	Between 1.75% and 2.25%	Between 0.75% and 1.25%
Tranche B term loans	2.25%	1.25%
Tranche C term loans	2.50%	1.50%

Our $500.0 of revolving loans available under the credit facility is also subject to annual commitment fees between 0.25% and 0.5% on the unused portion of the loans. At June 30, 2003, no amounts were borrowed against the $500.0 revolving loans; however, the aggregate available borrowing capacity was reduced by $145.6 of letters of credit outstanding.

The credit facility is secured by a pledge of 100% of the stock of substantially all of our domestic subsidiaries and 66% of the stock in our foreign subsidiaries and a security interest in substantially all of our assets and all of the assets of our wholly owned domestic subsidiaries (excluding our interest in the EGS and Door joint ventures).

The credit facility contains covenants, the most restrictive of which are two financial condition covenants. The first financial condition covenant does not permit the Consolidated Leverage Ratio (as defined in the credit facility) on the last day of any period of four consecutive fiscal quarters to exceed 3.25 to 1.00. The second financial condition covenant does not permit the Consolidated Interest Coverage Ratio (as defined in the credit facility) for any period of four consecutive fiscal quarters to be less than 3.50 to 1.00. For the quarter ended June 30, 2003, our Consolidated Leverage Ratio was 2.75 to 1.00 and our Consolidated Interest Coverage Ratio was 6.23 to 1.00.

The credit facility also includes covenant provisions regarding, among other things, indebtedness, liens, investments, guarantees, acquisitions, dispositions, sales and leaseback transactions, restricted payments and transactions with affiliates. Based on available information, we do not expect these covenants to restrict our liquidity, financial condition or access to capital resources in the foreseeable future. We have not paid cash dividends in 2003 or 2002, and we have no current plans to pay cash dividends on our common stock this fiscal year. However, we have announced that we are reconsidering our policy relating to the payment of a quarterly cash dividend, which was discontinued in 1997. This reconsideration is being undertaken in light of recent changes in tax laws and related shareholder expectations. Our Board of Directors has committed to studying the dividend policy over the remainder of 2003, with a decision to be made for the first quarter of 2004. As part of the study and ultimate decision, the Board intends to consider various factors including our goal of maintaining investment grade status and sufficient financial flexibility, along with peer group practices and investor input. Under the credit facility covenants, our ability to pay cash dividends in a fiscal year is limited to the lesser of $20.0 or 25% of our consolidated net income in the immediate preceding fiscal year if our consolidated leverage ratio, pro forma for a cash dividend, is greater than 2.5 to 1.0. If this ratio is less than 2.5 to 1.0, we have the ability to pay cash dividends in a fiscal year in an amount up to 25% of our consolidated net income in the immediate preceding fiscal year.

We are permitted to prepay the Tranche A, Tranche B and the Tranche C term loans in whole or in part at any time without penalty or premium. We are not allowed to reborrow any amounts that we repay on the Tranche A, Tranche B or Tranche C term loans.

The final maturity for each loan is as follows:

	Date of Final Maturity
Revolving loans	March 31, 2008
Tranche A term loans	March 31, 2008
Tranche B term loans	September 30, 2009
Tranche C term loans	March 31, 2010

The credit facility also requires scheduled principal payments of the term loans and mandatory prepayments from net proceeds arising in connection with certain asset sales or dispositions and issuances of subordinated debt under certain circumstances.

The revolving loans may be borrowed, prepaid and reborrowed. Letters of credit and swing line loans are also available under the revolving credit facility. The facility provides for the issuance of letters of credit in U.S. Dollars, Euros, and Pounds Sterling at any time during the revolving availability period, in an aggregate amount not exceeding $250.0. Letters of credit issued under this facility reduce the aggregate amount available under the revolving loan commitment.

Liquid Yield Option Notes

On February 6, 2001, we issued Liquid Yield Option(TM) Notes (“February LYONs”) at an original price of $579.12 per $1,000 principal amount at maturity, which represents an aggregate initial issue price of $576.1 and an aggregate principal amount of $994.8 due at maturity on February 6, 2021. On May 9, 2001, we issued Liquid Yield Option (TM) Notes (“May LYONs”) at an original price of $579.12 per $1,000 principal amount at maturity, which represents an aggregate initial issue price including the over allotment exercised by the original purchaser of $240.3 and an aggregate principal amount of $415.0 due at maturity on May 9, 2021.

We may redeem all or a portion of the February LYONs for cash at any time on or after February 6, 2006 at predetermined redemption prices. February LYONs holders may require us to purchase all or a portion of their LYONs on February 6, 2004 for $628.57 per LYON, February 6, 2006 for $663.86 per LYON, or February 6, 2011 for $761.00 per LYON. We may redeem all or a portion of the May LYONs for cash at any time on or after May 9, 2005. May LYONs holders may require us to purchase all or a portion of their LYONs on May 9, 2005 for $645.97 per LYON or May 9, 2009 for $720.55 per LYON. For either the February LYONs or May LYONs, we have the option to pay the purchase price in cash, shares of common stock or a combination of cash and common stock.

On May 9, 2003, 0.387 of the May LYONs were put to us and settled in cash for $236.9, their accreted value as of May 9, 2003. The 0.028 May LYONs that remain outstanding subsequent to the put have an accreted value of $17.0 at June 30, 2003 and are classified as long-term debt. Due to the settlement, we are subject to tax recapture on the majority of the May LYONs interest deduction. This will result in an income tax payment of approximately $11.6, which we expect to pay in the third quarter of 2003.

SFAS No. 78, “Classification of Obligations That are Callable by the Creditor,” requires that obligations, that are by their terms, due upon demand within one year of the balance sheet date, should be considered short-term obligations. The February LYONs have a put option date within twelve months of June 30, 2003. Therefore, of the $615.1 total accreted value of the February LYONs at June 30, 2003, we have classified $260.7 as short-term debt. We have classified $354.4 as long-term debt as we have the ability and intent at June 30, 2003, through the availability of our revolving loans, to refinance this amount of any February LYONs that may be put to us. The next put date for the May LYONs is May 9, 2005 and therefore all May LYONs outstanding at June 30, 2003 are classified as long-term debt. In addition to using our revolving loans for the long-term portion of the LYONs, we may use cash, the trade receivable financing agreement that we entered into in April 2003, or other capital market refinancings to fund the short-term portion of these obligations if they are put to us or reach maturity.

The LYONs have a yield to maturity of 2.75% per year, computed on a semi-annual bond equivalent basis, calculated from the date of issuance. We will not pay cash interest on the LYONs prior to maturity unless contingent interest becomes payable. The LYONs are unsecured and unsubordinated obligations and are debt instruments subject to United States federal income tax contingent payment debt regulations. Even if we do not pay any cash interest on the LYONs, bondholders are required to include interest in their gross income for United States federal income tax purposes. This imputed interest, also referred to as tax original issue discount, accrues at a rate equal to 9.625% on the February LYONs and 8.75% on the May LYONs. The rate at which the tax original issue discount accrues for United States federal income tax purposes exceeds the stated yield of 2.75% for the accrued original issue discount. In the event that any of the February or May LYONs are put to the company or redeemed by the company, the respective imputed interest deduction less the original issue discount of 2.75% would be recaptured at the time of the put or redemption. As a result of the put on May 9, 2003, we are subject to $11.6 of tax recapture on the May LYONs. For the February LYONs, the amount of the total recapture calculated on the first put date would be approximately $54.8 on February 6, 2004.

The LYONs are subject to conversion to SPX common shares only if certain contingencies are met. These contingencies include:

(1) Our average stock price exceeding predetermined accretive values of SPX’s stock price each quarter (see below);

(2) During any period in which the credit rating assigned to the LYONs by either Moody’s or Standard & Poor’s is at or below a specified level;

(3) Upon the occurrence of certain corporate transactions, including a change in control.

In addition, a holder may surrender for conversion, at the accreted value, a LYON for redemption even if it is not otherwise convertible at such time.

The conversion rights based on predetermined accretive values of SPX’s stock include, but are not limited to, the following provisions:

	February LYONs	May LYONs
Initial Conversion Rate (shares of common stock per LYON)	9.6232	8.8588
Initial Stock Price	$ 50.15	$ 55.40
Initial Accretion Percentage	135%	120%
Accretion Percentage Decline Per Quarter	0.3125%	0.125%
Conversion Trigger Prices—For the Next Twelve Months:		
2003 Third Quarter	$ 84.95	$ 82.49
2003 Fourth Quarter	$ 85.33	$ 82.97
2004 First Quarter	$ 85.71	$ 83.45
2004 Second Quarter	$ 86.09	$ 83.93

Holders may surrender LYONs for conversion into shares of common stock in any calendar quarter, if, as of the last day of the preceding calendar quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding calendar quarter is more than the specified percentage beginning at 135% and declining 0.3125% per quarter thereafter for the February LYONs, beginning at 120% and declining 0.125% per quarter thereafter for the May LYONs of the accreted conversion price per share of common stock on the last trading day of such preceding calendar quarter. The accreted conversion price per share as of any day will equal the issue price of a LYON plus the accrued original issue discount to that day, divided by the number of shares of common stock issuable upon conversion of a LYON on that day.

Under GAAP, the LYONs are not included in the diluted income per share of common stock calculation unless a LYON is expected to be converted for stock or one of the three contingent conversion tests summarized above are met. If the LYONs were to be put, we expect to settle them for cash and none of the contingent conversion tests have been met, accordingly, they are not included in the diluted income per share of common stock calculation. If converted as of June 30, 2003, the February LYONs and May LYONs would be exchanged for a total of 9.8 shares of our common stock. If the LYONs had been converted as of January 1, 2003, diluted income per share of common stock from continuing operations would have been $0.63 and $1.11 for the three and six-month periods ended June 30, 2003.

Senior Notes

In June 2003, we issued $300.0 of 6.25% senior notes pursuant to our universal shelf registration statement. These notes mature on June 15, 2011. These notes are unsecured and rank equally with all of our existing and future unsecured senior indebtedness, but are effectively junior to our senior secured debt and obligations of our subsidiaries.

In December 2002, we issued $500.0 of 7.5% senior notes pursuant to our universal shelf registration statement. These notes mature on January 1, 2013. These notes are unsecured and rank equally with all of our existing and future unsecured senior indebtedness, but are effectively junior to our senior secured debt and obligations of our subsidiaries.

The indentures governing the notes contain a number of covenants that limit our ability and the ability of our subsidiaries, to incur additional debt, pay dividends and repurchase stock, make other restricted payments, including, without limitation, investments, create liens, enter into sale leaseback transactions, enter into agreements that restrict dividends from subsidiaries, sell or otherwise dispose of assets, including capital stock of subsidiaries, enter into transactions with our affiliates, and enter into mergers or consolidations. As of June 30, 2003, our capacity under the indentures to make restricted payments, which include paying cash dividends, purchasing subordinated debt prior to maturity and making restricted investments was limited to $144.6. The covenants contained in the indentures are subject to a number of qualifications and limitations. Under the indentures, none of our subsidiaries are restricted from paying dividends to us.

Other Financing Agreements

Our compaction equipment business, part of the Industrial Products and Services segment, utilizes an accounts receivable securitization facility pursuant to which the platform has an agreement to sell, on a revolving basis without recourse, certain qualified receivables, of which $37.2 had been sold under the agreement at June 30, 2003. The agreement allows for the sale of up to $37.2 of certain qualified receivables to an unaffiliated third party entity and continues on an evergreen revolving basis unless we provide a three-month notice under the agreement to discontinue the facility. We expect to utilize the agreement in the foreseeable future. If we did not renew the contract, the impact on our financial condition or cash flows would not be material.

In April 2003, we entered into a three-year trade receivables financing agreement whereby we can borrow, on a continuous basis, up to $130.0. As of July 25, 2003, we have not yet utilized this program.

(10) FINANCIAL INSTRUMENTS

We have entered into interest rate protection agreements ("swaps") to hedge interest rate risk on our variable rate debt portfolio. Our swaps are accounted for as cash flow hedges, and, as of June 30, 2003, we had outstanding swaps with maturities to November 2009 that effectively convert $1,300.0 of our variable rate debt to a fixed rate of approximately 7%.

As of June 30, 2003, the pre-tax accumulated derivative loss included in accumulated other comprehensive loss was $108.7 and a long-term liability of $108.7 has been recorded to recognize the fair value of these swaps. The ineffective portion of these swaps has been recognized in earnings as a component of interest expense and is not material. We do not enter into financial instruments for speculative or trading purposes.

(11) STOCK BASED COMPENSATION AND SHAREHOLDERS' EQUITY

(All option and share amounts are in millions)

Stock Based Compensation

We account for our stock-based compensation under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," an accordingly no stock option expense is recognized. We do not intend to change our accounting for stock options until the FASB issues final rules regarding this topic.

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We have adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123" and the following table illustrates the pro forma effect on net income and income per share for the three and six months ended June 30, 2003 and 2002 had the fair value recognition provisions of SFAS No. 123 "Accounting for Stock-Based Compensation" been applied to stock-based employee compensation. We have revised the pro forma net income and pro forma earnings per share amounts for these periods to reflect the impact of the pro forma tax benefit for non-deductible equity instruments and of actual forfeitures.

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	As Reported Three months ended June 30,		Adjustment Three months ended June 30,		Adjusted Three months ended June 30,	
	2003	2002	2003	2002	2003	2002
Net income - as reported	$ 53.8	$ 58.3	$ —	$ —	$ 53.8	$ 58.3
Add: Stock-based employee compensation expense included in reported net income, net of related tax effect	0.9	—	—	—	0.9	—
Deduct: Total stock-based expense determined under fair value based method, net of related tax effect:						
Awards granted at market value	(10.8)	(8.9)	0.9	(0.9)	(9.9)	(9.8)
Awards granted above market value	(4.7)	(3.7)	(6.8)	(6.9)	(11.5)	(10.6)
Net income - pro forma	$ 39.2	$ 45.7	$ (5.9)	$ (7.8)	$ 33.3	$ 37.9
Basic earnings per share of common stock:						
Income per share - as reported	$ 0.69	$ 0.71	$ —	$ —	$ 0.69	$ 0.71
Income per share - pro forma	0.50	0.55	(0.07)	(0.09)	0.43	0.46
Diluted earnings per share of common stock:						
Income per share - as reported	$ 0.69	$ 0.69	$	$	$ 0.69	$ 0.69
Income per share - pro forma	0.50	0.54	(0.07)	(0.09)	0.43	0.45
Basic earnings per share of common stock from continuing operations:						
Income per share - as reported	$ 0.66	$ 0.81	$ —	$ —	$ 0.66	$ 0.81
Income per share - pro forma	0.47	0.65	(0.08)	(0.09)	0.39	0.56
Diluted earnings per share of common stock from continuing operations:						
Income per share - as reported	$ 0.66	$ 0.79	$ —	$ —	$ 0.66	$ 0.79
Income per share - pro forma	0.47	0.64	(0.08)	(0.09)	0.39	0.55

	As Reported Six months ended June 30,		Adjustment Six months ended June 30,		Adjusted Six months ended June 30,	
	2003	2002	2003	2002	2003	2002
Net income - as reported	$ 62.2	$ (25.2)	$ —	$ —	$ 62.2	$(25.2)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effect	1.7	—	—	—	1.7	—
Less: Total stock-based expense determined under fair value based method, net of related tax effect:						
Awards granted at market value	(21.6)	(17.8)	0.6	(2.2)	(21.0)	(20.0)
Awards granted above market value	(9.3)	(7.4)	(13.6)	(13.8)	(22.9)	(21.2)
Net income - pro forma	$ 33.0	$ (50.4)	$ (13.0)	$ (16.0)	$ 20.0	$(66.4)
Basic earnings per share of common stock:						
Income per share - as reported	$ 0.79	$ (0.31)	$ —	$ —	$ 0.79	$(0.31)
Income per share - pro forma	0.42	(0.61)	(0.17)	(0.20)	0.25	(0.81)
Diluted earnings per share of common stock:						
Income per share - as reported	$ 0.79	$ (0.30)	$ —	$ —	$ 0.79	$(0.30)

Income per share - pro forma	0.42	(0.60)	(0.17)	(0.19)	0.25	(0.79)
Basic earnings per share of common stock from continuing operations:						
Income per share - as reported	$ 1.15	$ 1.60	$ —	$ —	$ 1.15	$ 1.60
Income per share - pro forma	0.78	1.29	(0.16)	(0.19)	0.62	1.10
Diluted earnings per share of common stock from continuing operations:						
Income per share - as reported	$ 1.15	$ 1.56	$ —	$ —	$ 1.15	$ 1.56
Income per share - pro forma	0.78	1.26	(0.16)	(0.19)	0.62	1.07

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Earnings Per Share

The following table sets forth calculations used in the computation of diluted earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Numerator:				
Net income from continuing operations before change in accounting principle	$ 51.1	$ 66.6	$ 90.8	$ 131.3
Denominator:				
Weighted-average shares outstanding	77.567	82.594	78.606	81.948
Effect of dilutive securities:				
Employee stock options and warrants	0.336	2.076	0.297	2.118
Adjusted weighted-average shares and assumed conversions	77.903	84.670	78.903	84.066

Comprehensive Income (Loss)

The components of comprehensive income (loss), were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Net income (loss)	$ 53.8	$ 58.3	$ 62.2	$ (25.2)
Foreign currency translation adjustment	59.7	23.7	87.3	(3.8)
Unrealized losses on qualifying cash flow hedges, net of tax	(16.8)	(19.6)	(16.2)	(6.2)
Comprehensive income (loss)	$ 96.7	$ 62.4	$ 133.3	$ (35.2)

The components of the balance sheet caption accumulated other comprehensive loss are as follows:

	June 30, 2003	December 31, 2002
Foreign currency translation adjustment	$ 171.2	$ 83.9
Unrealized losses on qualifying cash flow hedges, net of tax	(64.7)	(48.5)
Minimum pension liability adjustment, net of tax	(233.0)	(233.0)
Accumulated other comprehensive loss	$ (126.5)	$ (197.6)

Treasury Stock

In the first six months of 2003, we repurchased 3.9 shares of our common stock on the open market, for cash of $143.4. Under our board approved repurchase program, $106.6 was available for additional repurchases as of June 30, 2003. In addition to the available capacity under the board approved program, our senior note indenture and credit agreement place restrictions on our available capacity; however, that capacity exceeded $106.6 as of June 30, 2003.

(12) OTHER MATTERS

Certain other matters including contingencies are discussed in this Form 10-Q in the “Environmental and Legal Exposure,” “Pending Litigation” and “Current Liquidity and Concentration of Credit Risk” portions of the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

2.1	—	Merger Agreement, dated March 10, 2001 between SPX Corporation and United Dominion Industries Limited, incorporated herein by reference from our Current Report on Form 8-K filed on March 15, 2001 (file no. 1-6948).
3.1	—	Restated Certificate of Incorporation, as amended, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (file no. 1-6948).
3.2	—	Amended and Restated By-Laws, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (file no. 1-6948).
4.1	—	Indenture between SPX Corporation and The Chase Manhattan Bank, dated as of February 6, 2001, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.2	—	Form of Liquid Yield Option (TM) Note due 2021 (Zero Coupon-Senior), incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.3	—	Registration Rights Agreement dated as of February 6, 2001, by and between SPX Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.4	—	Rights Agreement, dated as of June 25, 1996 between SPX Corporation and The Bank of New York, as Rights Agent, relating to Rights to purchase preferred stock under certain circumstances, incorporated herein by reference from our Registration Statement on Form 8-A filed on June 26, 1996 (file no. 1-6948).
4.5	—	Amendment No. 1 to Rights Agreement, effective October 22, 1997, between SPX Corporation and The Bank of New York, incorporated herein by reference from our Registration Statement on Form 8-A filed on January 9, 1998 (file no. 1-6948).
4.6	—	Indenture between SPX Corporation and The Chase Manhattan Bank, dated as of May 9, 2001, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.7	—	Form of Liquid Yield Option(TM) Note due 2021 (Zero Coupon-Senior), incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.8	—	Registration Rights Agreement dated as of May 9, 2001, by and between SPX Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.9	—	Form of Senior Indenture, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.
4.10	—	Form of Subordinated Indenture, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.

4.11	—	Form of Debt Security, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.
4.12	—	Registration Agreement, dated as of April 23, 1987, among GCA Corporation, the banks and insurance companies set forth therein and Carl Zeiss, Inc., incorporated herein by reference from our Form S-3 Registration Statement (No. 333-76978) filed on January 18, 2002.
4.13	—	Registration Agreement, dated as of September 1, 1987, between GCA Corporation and Carl Zeiss, Inc., incorporated herein by reference from our Form S-3 Registration Statement (No. 333-76978) filed on January 18, 2002.
4.14	—	Amendment No. 2 to Rights Agreement dated as of June 26, 2002, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (file no. 1-6948).
4.15	—	Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of December 27, 2002, incorporated herein by reference from our Current Report on Form 8-K filed on January 3, 2003 (file no. 1-6948).
4.16	—	First Supplemental Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of December 27, 2002, incorporated herein by reference from our Current Report on Form 8-K filed on January 3, 2003 (file no. 1-6948).
4.17	—	Second Supplemental Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of June 16, 2003, incorporated herein by reference from our Current Report on Form 8-K filed on June 18, 2003 (file no. 1-6948).
4.18	—	Copies of the instruments with respect to our other long-term debt are available to the Securities and Exchange Commission upon request.

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31.1	—	Rule 13a-14(a) Certifications
32.1	—	Section 1350 Certifications

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(b) Reports on Form 8-K

On April 22, 2003, we filed a Form 8-K containing our press release dated April 22, 2003. This press release contained our first quarter 2003 earnings information.

On June 4, 2003, we filed a Form 8-K containing a press release announcing that updated versions of “Investor Presentation” and “Frequently Asked Questions” are currently available on our Internet homepage.

On June 10, 2003, we filed a Form 8-K containing an underwriting agreement dated as of June 5, 2003 with J.P. Morgan Securities Inc. as representative of the underwriters named therein for the sale of $300.0 of our 6.25% senior notes due June 15, 2011.

On June 18, 2003, we filed a Form 8-K containing the indenture governing our 6.25% senior notes due June 15, 2011 that were issued pursuant to our registration statement on Form S-3.

SIGNATURES

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

	SPX CORPORATION (Registrant)	
Date: September 15, 2003	By	/s/ JOHN B. BLYSTONE
		John B. Blystone **Chairman, President and Chief Executive Officer**
Date: September 15, 2003	By	/s/ PATRICK J. O'LEARY
		Patrick J. O'Leary **Vice President Finance,** **Treasurer and Chief Financial Officer**
Date: September 15, 2003	By	/s/ RONALD L. WINOWIECKI
		Ronald L. Winowiecki **Corporate Controller and Chief Accounting Officer**

INDEX TO EXHIBITS

Item No.	Description
<R>	
31.1	— Rule 13a - 14(a) Certifications
32.1	— Section 1350 Certifications
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For exhibits not filed herewith, see Item 6 for exhibits incorporated by reference.

EXHIBIT 31.1

Certification

I, John B. Blystone, certify that:

1. I have reviewed this Amendment No. 2 to the 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)) for the registrant and we 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. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions 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

   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter 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: September 15, 2003

/s/ JOHN B. BLYSTONE

Chairman, President and
Chief Executive Officer

Certification

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

1. I have reviewed this Amendment No. 2 to the 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)) for the registrant and we 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. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions 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

   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter 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: September 15, 2003

/s/ PATRICK J. O'LEARY

Vice President Finance, Treasurer
and Chief Financial Officer

EXHIBIT 32.1

The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1349), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
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. 1349), each of the undersigned hereby certifies that:

(i) this Amendment No. 2 to the Quarterly Report on Form 10-Q, for the period ended June 30, 2003 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 amended report fairly presents, in all material respects, the financial condition and results of operations of SPX Corporation.

Dated as of this 15th day of September 2003.

/s/ JOHN B. BLYSTONE	/s/ PATRICK J. O'LEARY
John B. Blystone **Chairman, President and Chief Executive Officer**	**Patrick J. O'Leary** **Vice President, Finance, Treasurer and Chief Financial Officer**

A signed original of this written statement required by Section 906 has been provided to SPX Corporation and will be retained by SPX Corporation and furnished to the Securities and Exchange Commission or its staff upon request.