UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 3, 2021

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

For the transition period from to

Commission File Number 1-6948

SPX CORPORATION

(Exact Name of registrant as specified in its charter)

Delaware	**38-1016240**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6325 Ardrey Kell Road, Suite 400, Charlotte, North Carolina 28277
(Address of principal executive offices) (Zip Code)

(980) 474-3700
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Common Stock, par value $0.01	**SPXC**	**New York Stock Exchange**

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 ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

Common shares outstanding July 30, 2021, 45,317,320

SPX CORPORATION AND SUBSIDIARIES
FORM 10-Q INDEX

PART I—FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Revenues	$ 296.7	$ 258.0	$ 584.6	$ 514.8
Costs and expenses:				
Cost of products sold	194.7	169.7	378.6	336.8
Selling, general and administrative	79.2	67.4	158.5	138.5
Intangible amortization	6.5	2.4	10.5	5.0
Special charges, net	0.7	1.0	1.4	1.3
Other operating (income) expense	2.7	—	2.7	(0.4)
Operating income	12.9	17.5	32.9	33.6
Other income, net	7.1	5.4	14.3	5.8
Interest expense	(3.4)	(4.8)	(7.6)	(9.5)
Interest income	0.1	0.1	0.2	0.1
Income from continuing operations before income taxes	16.7	18.2	39.8	30.0
Income tax provision	(2.0)	(3.0)	(6.1)	(5.3)
Income from continuing operations	14.7	15.2	33.7	24.7
Income from discontinued operations, net of tax	42.7	13.2	51.3	26.4
Gain (loss) on disposition of discontinued operations, net of tax	4.1	(1.3)	3.3	(1.3)
Income from discontinued operations, net of tax	46.8	11.9	54.6	25.1
Net income	$ 61.5	$ 27.1	$ 88.3	$ 49.8
Basic income per share of common stock:				
Income from continuing operations	$ 0.32	$ 0.34	$ 0.75	$ 0.56
Income from discontinued operations	1.04	0.27	1.20	0.56
Net income per share	$ 1.36	$ 0.61	$ 1.95	$ 1.12
Weighted-average number of common shares outstanding — basic	45.271	44.590	45.201	44.452
Diluted income per share of common stock:				
Income from continuing operations	$ 0.32	$ 0.33	$ 0.73	$ 0.54
Income from discontinued operations	1.00	0.26	1.17	0.55
Net income per share	$ 1.32	$ 0.59	$ 1.90	$ 1.09
Weighted-average number of common shares outstanding — diluted	46.545	45.648	46.408	45.620
Comprehensive income	$ 60.9	$ 31.0	$ 90.4	$ 40.8

The accompanying notes are an integral part of these statements.

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

	July 3, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and equivalents	$ 69.1	$ 68.3
Accounts receivable, net	212.5	221.0
Contract assets	25.0	32.5
Inventories, net	157.7	143.1
Other current assets (includes income taxes receivable of $30.1 and $27.3 at July 3, 2021 and December 31, 2020, respectively)	104.2	96.1
Assets of discontinued operations	332.9	121.6
Total current assets	901.4	682.6
Property, plant and equipment:		
Land	14.0	12.9
Buildings and leasehold improvements	67.3	64.9
Machinery and equipment	227.7	215.6
	309.0	293.4
Accumulated depreciation	(196.0)	(183.4)
Property, plant and equipment, net	113.0	110.0
Goodwill	409.2	368.6
Intangibles, net	325.8	305.0
Other assets	609.4	609.8
Deferred income taxes	51.7	23.9
Assets of discontinued operations	—	219.1
TOTAL ASSETS	$ 2,410.5	$ 2,319.0
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 86.8	$ 104.6
Contract liabilities	49.5	46.3
Accrued expenses	230.5	209.4
Income taxes payable	2.3	0.4
Short-term debt	168.3	101.2
Current maturities of long-term debt	10.4	7.2
Liabilities of discontinued operations	159.8	115.8
Total current liabilities	707.6	584.9
Long-term debt	238.0	304.0
Deferred and other income taxes	19.1	23.5
Other long-term liabilities	717.6	746.7
Liabilities of discontinued operations	—	30.7
Total long-term liabilities	974.7	1,104.9
Commitments and contingent liabilities (Note 15)		
Equity:		
Common stock (52,855,255 and 45,304,445 issued and outstanding at July 3, 2021, respectively, and 52,704,973 and 45,032,325 issued and outstanding at December 31, 2020, respectively)	0.5	0.5
Paid-in capital	1,321.2	1,319.9
Retained deficit	(399.8)	(488.1)
Accumulated other comprehensive income	250.6	248.5
Common stock in treasury (7,550,810 and 7,672,648 shares at July 3, 2021 and December 31, 2020, respectively)	(444.3)	(451.6)
Total equity	728.2	629.2
TOTAL LIABILITIES AND EQUITY	$ 2,410.5	$ 2,319.0

The accompanying notes are an integral part of these statements.

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

	Three months ended July 3, 2021					
	Common Stock	Paid-In Capital	Retained Deficit	Accum. Other Comprehensive Income	Common Stock In Treasury	SPX Corporation Shareholders' Equity
Balance at April 3, 2021	$ 0.5	$ 1,315.8	$ (461.3)	$ 251.2	$ (445.4)	$ 660.8
Net income	—	—	61.5	—	—	61.5
Other comprehensive loss, net	—	—	—	(0.6)	—	(0.6)
Incentive plan activity	—	3.0	—	—	—	3.0
Long-term incentive compensation expense	—	3.6	—	—	—	3.6
Restricted stock unit vesting	—	(1.2)	—	—	1.1	(0.1)
Balance at July 3, 2021	$ 0.5	$ 1,321.2	$ (399.8)	$ 250.6	$ (444.3)	$ 728.2

	Six months ended July 3, 2021					
	Common Stock	Paid-In Capital	Retained Deficit	Accum. Other Comprehensive Income	Common Stock In Treasury	SPX Corporation Shareholders' Equity
Balance at December 31, 2020	$ 0.5	$ 1,319.9	$ (488.1)	$ 248.5	$ (451.6)	$ 629.2
Net income	—	—	88.3	—	—	88.3
Other comprehensive income, net	—	—	—	2.1	—	2.1
Incentive plan activity	—	6.8	—	—	—	6.8
Long-term incentive compensation expense	—	6.6	—	—	—	6.6
Restricted stock unit vesting	—	(12.1)	—	—	7.3	(4.8)
Balance at July 3, 2021	$ 0.5	$ 1,321.2	$ (399.8)	$ 250.6	$ (444.3)	$ 728.2

	Three months ended June 27, 2020					
	Common Stock	Paid-In Capital	Retained Deficit	Accum. Other Comprehensive Income	Common Stock In Treasury	SPX Corporation Shareholders' Equity
Balance at March 28, 2020	$ 0.5	$ 1,298.5	$ (562.6)	$ 231.4	$ (452.7)	$ 515.1
Net income	—	—	27.1	—	—	27.1
Other comprehensive income, net	—	—	—	3.9	—	3.9
Incentive plan activity	—	2.9	—	—	—	2.9
Long-term incentive compensation expense	—	3.1	—	—	—	3.1
Restricted stock unit vesting	—	(1.1)	—	—	1.1	—
Balance at June 27, 2020	$ 0.5	$ 1,303.4	$ (535.5)	$ 235.3	$ (451.6)	$ 552.1

	Six months ended June 27, 2020					
	Common Stock	Paid-In Capital	Retained Deficit	Accum. Other Comprehensive Income	Common Stock In Treasury	SPX Corporation Shareholders' Equity
Balance at December 31, 2019	$ 0.5	$ 1,302.4	$ (584.8)	$ 244.3	$ (460.0)	$ 502.4
Impact of adoption of ASU 2016-13 - See Note 2	—	—	(0.5)	—	—	(0.5)
Net income	—	—	49.8	—	—	49.8
Other comprehensive loss, net	—	—	—	(9.0)	—	(9.0)
Incentive plan activity	—	7.6	—	—	—	7.6
Long-term incentive compensation expense	—	6.1	—	—	—	6.1
Restricted stock unit vesting	—	(12.7)	—	—	8.4	(4.3)
Balance at June 27, 2020	$ 0.5	$ 1,303.4	$ (535.5)	$ 235.3	$ (451.6)	$ 552.1

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	
	July 3, 2021	June 27, 2020
Cash flows from (used in) operating activities:		
Net income	$ 88.3	$ 49.8
Less: Income from discontinued operations, net of tax	54.6	25.1
Income from continuing operations	33.7	24.7
Adjustments to reconcile income from continuing operations to net cash from (used in) operating activities:		
Special charges, net	1.4	1.3
Gain on change in fair value of equity security	(7.4)	(5.3)
Deferred and other income taxes	2.3	11.0
Depreciation and amortization	20.1	13.8
Pension and other employee benefits	3.0	3.6
Long-term incentive compensation	6.1	6.4
Other, net	3.2	1.8
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable and other assets	15.6	52.2
Inventories	(6.0)	(27.2)
Accounts payable, accrued expenses and other	(31.1)	(90.4)
Cash spending on restructuring actions	(2.0)	(1.8)
Net cash from (used in) continuing operations	38.9	(9.9)
Net cash from discontinued operations	40.0	36.2
Net cash from operating activities	78.9	26.3
Cash flows from (used in) investing activities:		
Proceeds from company-owned life insurance policies, net	3.9	1.1
Business acquisitions, net of cash acquired	(81.9)	—
Capital expenditures	(4.2)	(8.3)
Net cash used in continuing operations	(82.2)	(7.2)
Net cash used in discontinued operations	(1.2)	(1.1)
Net cash used in investing activities	(83.4)	(8.3)
Cash flows from (used in) financing activities:		
Borrowings under senior credit facilities	102.0	178.7
Repayments under senior credit facilities	(94.9)	(88.7)
Borrowings under trade receivables financing arrangement	132.0	65.0
Repayments under trade receivables financing arrangement	(134.0)	(30.0)
Net repayments under other financing arrangements	—	(1.4)
Payment of contingent consideration	—	(1.5)
Minimum withholdings paid on behalf of employees for net share settlements, net of proceeds from the exercise of employee stock options	(4.2)	(2.3)
Net cash from continuing operations	0.9	119.8
Net cash used in discontinued operations	—	—
Net cash from financing activities	0.9	119.8
Change in cash and equivalents due to changes in foreign currency exchange rates	4.4	(2.3)
Net change in cash and equivalents	0.8	135.5
Consolidated cash and equivalents, beginning of period	68.3	54.7
Consolidated cash and equivalents, end of period	$ 69.1	$ 190.2

The accompanying notes are an integral part of these statements.

(1) BASIS OF PRESENTATION

Unless otherwise indicated, “we,” “us” and “our” mean SPX Corporation and its consolidated subsidiaries (“SPX”).

We prepared the condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules and regulations, certain footnotes or other financial information normally required by accounting principles generally accepted in the United States (“GAAP”) can be condensed or omitted. The financial statements represent our accounts after the elimination of intercompany transactions and, in our opinion, include the adjustments (consisting only of normal and recurring items) necessary for their fair presentation. Unless otherwise indicated, amounts provided in these Notes pertain to continuing operations only (see Note 3 for information on discontinued operations).

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

Agreement for Sale of Transformers Solutions Business

On June 8, 2021, we entered into a definitive agreement to sell our SPX Transformer Solutions, Inc. subsidiary (“Transformer Solutions”), a business that engineers, designs, manufactures, and services transformers for the U.S. power transmission and distribution market, to GE-Prolec Transformers, Inc. and Prolec GE Internacional, S. de R.L. de C.V. for cash proceeds of $645.0. The sale is subject to normal closing conditions and a potential adjustment to the sales price based on cash, debt, and working capital at the date of closing, with the closing expected to occur in the fourth quarter of 2021. After the sale of Transformer Solutions, we will have only a limited presence in the power generation markets and will focus our efforts and investments on the HVAC and detection and measurement markets. Historically, Transformer Solutions’ operations have had a significant impact on our consolidated financial results, with revenues totaling approximately 25% of our total consolidated revenues. As we no longer will have a consequential presence in the power generation markets, and given its significance to our historical consolidated financial results, we have concluded that the sale of Transformer Solutions represents a strategic shift. Accordingly, we have classified the business as a discontinued operation in the accompanying condensed consolidated financial statements. See Note 3 for additional details.

Change in Segment Reporting Structure

As noted above, Transformer Solutions is now being reported as a discontinued operation within the accompanying condensed consolidated financial statements. In addition, the remaining operations of the Engineered Solutions reportable segment, with annual income representing less than 5% of the total annual income of our reportable segments, are being reported within our HVAC reportable segment, as these operations are now being managed, and evaluated by our Chief Operating Decision Maker, as part of our HVAC cooling business.

Wind-Down of the SPX Heat Transfer Business

As a continuation of our strategic shift away from power-generation markets, during the fourth quarter of 2020, we completed the wind-down of the SPX Heat Transfer business (“Heat Transfer”), which included providing all products and services on the business’s remaining contracts with customers. As a result, we are reporting Heat Transfer as a discontinued operation in the accompanying condensed consolidated financial statements. See Note 3 for additional details.

Acquisition of ULC

On September 2, 2020, we completed the acquisition of ULC Robotics (“ULC”), a leading developer of robotic systems, machine learning applications, and inspection technology for the energy, utility, and industrial markets, for cash proceeds of $89.2, net of cash acquired of $4.0. Under the terms of the purchase and sales agreement, the seller is eligible for additional cash consideration of up to $45.0, with payments scheduled to be made upon successful achievement of certain operational and financial performance milestones. The estimated fair value of such contingent consideration is $24.3, which is reflected as a liability in our condensed consolidated balance sheets as of July 3, 2021 and December 31, 2020. The post-acquisition operating results of ULC are reflected within our Detection and Measurement reportable segment.

Acquisition of Sensors & Software

On November 11, 2020, we completed the acquisition of Sensors & Software Inc. (“Sensors & Software”), a leading manufacturer and distributor of ground penetrating radar products used for locating underground utilities, detecting unexploded ordinances, and geotechnical and geological investigations, for cash proceeds of $15.5, net of cash acquired of $0.3. Under the terms of the purchase and sales agreement, the seller is eligible for additional cash consideration of up to $4.0, with payment scheduled to be made in 2021 upon successful achievement of a financial performance milestone during the twelve months following the date of acquisition. The estimated fair value of such contingent consideration is $0.7, which is reflected as a liability in the accompanying condensed consolidated balance sheets as of July 3, 2021 and December 31, 2020. The post-acquisition operating results of Sensors & Software are reflected within our Detection and Measurement reportable segment.

Acquisition of Sealite

On April 19, 2021, we completed the acquisition of Sealite Pty Ltd and affiliated entities, including Sealite USA, LLC (doing business as Avlite Systems) and Star2M Pty Ltd (collectively, “Sealite”). Sealite is a leader in the design and manufacture of marine and aviation Aids to Navigation products. We purchased Sealite for cash proceeds of $81.6, net of cash acquired of $2.3. The post-acquisition results of Sealite are reflected within our Detection and Measurement Reportable segment.

The assets acquired and liabilities assumed in the ULC, Sensors & Software, and Sealite transactions have been recorded at estimates of fair value as determined by management, based on information available and assumptions as to future operations and are subject to change, primarily for the final assessment and valuation of certain income tax amounts.

Impact of the Coronavirus Disease (the “COVID-19 pandemic”)

We experienced adverse impacts of the COVID-19 pandemic during the first half of 2020 with diminishing impacts in the second half of 2020 and through the first half of 2021. There have been no indications that the COVID-19 pandemic has resulted in a material decline in the carrying value of any assets, or a material change in the estimate of any contingent amounts, recorded in our condensed consolidated balance sheet as of July 3, 2021. However, there is uncertainty as to the duration and overall impact of the COVID-19 pandemic, which could result in an adverse material change in a future period to the estimates we have made for the valuation of assets and contingent amounts.

Other

Preparing financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020. Interim results are not necessarily indicative of full year results.

We establish actual interim closing dates using a fiscal calendar, which requires our businesses to close their books on the Saturday closest to the end of the first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2021 are April 3, July 3 and October 2, compared to the respective March 28, June 27 and September 26, 2020 dates. We had five more days in the first quarter of 2021 and will have six fewer days in the fourth quarter of 2021 than in the respective 2020 periods. It is not practicable to estimate the impact of the five additional days on our consolidated operating results for the six months ended July 3, 2021, when compared to the consolidated operating results for the 2020 respective period.

(2) NEW ACCOUNTING PRONOUNCEMENTS

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

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13. ASU 2016-13 changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income, based on historical experience, current conditions and reasonable and supportable forecasts. The requirements of ASU 2016-13 are to be applied on a modified retrospective basis, which entails recognizing the initial effect of adoption in retained earnings. We adopted ASU 2016-13 on January 1, 2020, which resulted in an increase of our retained deficit of $0.5.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (Topic 740). This ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for the step-up in the tax basis of goodwill. The transition requirements are primarily prospective and the effective date is for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. We adopted this guidance on January 1, 2021, with no material impact on our condensed consolidated financial statements.

The London Interbank Offered Rate ("LIBOR") is scheduled to be discontinued on June 30, 2023, with some tenors ceasing on December 31, 2021. In an effort to address the various challenges created by such discontinuance, the FASB issued two amendments to existing guidance, ASU No. 2020-04 and No. 2021-01, Reference Rate Reform. The amended guidance is designed to provide relief from the accounting analysis and impacts that may otherwise be required for modifications to agreements (e.g., loans, debt securities, derivatives, etc.) necessitated by the reference rate reform. It also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by the reference rate reform. Application of the guidance in the amendments is optional, is only available in certain situations, and is only available for companies to apply until December 31, 2022. We are currently evaluating the impacts of reference rate reform and the new guidance on our condensed consolidated financial statements.

(3) ACQUISITIONS AND DISCONTINUED OPERATIONS

As indicated in Note 1, on September 2, 2020, November 11, 2020 and April 19, 2021, we completed the acquisitions of ULC, Sensors & Software and Sealite, respectively. The pro forma effects of these acquisitions are not material to the condensed consolidated results of operations for the three and six months ended June 27, 2020.

Agreement to Sell Transformer Solutions Business

As discussed in Note 1, on June 8, 2021, we entered into a definitive agreement to sell Transformer Solutions and, in connection with such, are reporting the business as a discontinued operation in the accompanying condensed consolidated financial statements.

Major line items constituting pre-tax income and after-tax income of Transformer Solutions for the three and six months ended July 3, 2021 and June 27, 2020 are shown below:

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Revenues	$ 108.5	$ 113.9	$ 219.1	$ 224.5
Costs and expenses:				
Cost of product sold	87.3	88.5	176.7	175.1
Selling, general and administrative	8.6	8.2	18.1	16.0
Other income, net	0.2	0.4	—	0.7
Income before income tax	12.8	17.6	24.3	34.1
Income tax (provision) benefit [(1)]	29.9	(4.1)	27.0	(7.8)
Income from discontinued operations, net of tax	$ 42.7	$ 13.5	$ 51.3	$ 26.3

[(1)] During the three and six months ended July 3, 2021, we recorded tax benefits of $33.0 in "Income from discontinued operations, net of tax" including (i) $28.6 for the excess tax basis in the stock of Transformer Solutions and (ii) $4.4 for previously unrecognized state net operating losses, each as a result of the definitive agreement to sell the business.

The assets and liabilities of Transformer Solutions have been classified as assets and liabilities of discontinued operations as of July 3, 2021 and December 31, 2020. The major line items constituting Transformer Solutions assets and liabilities as of July 3, 2021 and December 31, 2020 are shown below:

	July 3, 2021	December 31, 2020
ASSETS		
Accounts receivable, net	$ 49.3	$ 50.9
Contract assets	45.1	48.6
Inventories, net	21.0	18.9
Other current assets	1.7	3.2
Property, plant and equipment:		
Land	6.4	6.5
Buildings and leasehold improvements	62.4	63.1
Machinery and equipment	141.9	141.1
	210.7	210.7
Accumulated depreciation	(134.3)	(131.0)
Property, plant and equipment, net	76.4	79.7
Goodwill	131.3	131.3
Other assets	8.1	8.1
Total assets - discontinued operations	$ 332.9	$ 340.7
LIABILITIES		
Accounts payable	$ 37.3	$ 34.1
Contract liabilities	67.3	57.2
Accrued expenses	24.2	24.5
Deferred and other income taxes	21.9	21.6
Other long-term liabilities	9.1	9.1
Total liabilities - discontinued operations	$ 159.8	$ 146.5

Wind-Down of the Heat Transfer Business

As discussed in Note 1, we completed the wind-down of Heat Transfer in the fourth quarter of 2020. As a result of completing the wind-down plan, we are reporting Heat Transfer as a discontinued operation for all prior periods presented.

Major line items constituting pre-tax income (loss) and after-tax income (loss) of Heat Transfer for the three and six months ended June 27, 2020, are shown below:

	Three months ended June 27, 2020	Six months ended June 27, 2020
Revenues	$ 1.3	$ 3.2
Cost of product sold	1.0	2.5
Selling, general and administrative	0.2	0.2
Special charges, net	0.4	0.4
Income (loss) before income tax	(0.3)	0.1
Income tax provision	—	—
Income (loss) from discontinued operations, net of tax	$ (0.3)	$ 0.1

We recognized net gains of $4.1 and $3.3 during the three and six months ended July 3, 2021 and a net loss of $1.3 during the three and six months ended June 27, 2020 within “Gain (loss) on disposition of discontinued operations, net of tax” resulting primarily from revisions to liabilities, including income tax liabilities, retained in connection with prior businesses classified as discontinued operations.

(4) REVENUES FROM CONTRACTS

Disaggregated Revenues

We disaggregate revenue from contracts with customers by major product line and based on the timing of recognition for each of our reportable segments and our other operating segment, as we believe such disaggregation best depicts how the nature, amount, timing, and uncertainty of our revenues and cash flows are affected by economic factors, with such disaggregation presented below for the three and six months ended July 3, 2021 and June 27, 2020:

	Three months ended July 3, 2021			
Reportable Segments and Other	**HVAC**	**Detection and Measurement**	**Other**	**Total**
Major product lines				
Package and process cooling equipment and services	$ 111.5	$ —	$ —	$ 111.5
Boilers, comfort heating, and ventilation	73.9	—	—	73.9
Underground locators, inspection and rehabilitation equipment, and robotic systems	—	65.9	—	65.9
Signal monitoring, obstruction lighting, and bus fare collection systems	—	45.3	—	45.3
South African projects	—	—	0.1	0.1
	$ 185.4	$ 111.2	$ 0.1	$ 296.7
Timing of Revenue Recognition				
Revenues recognized at a point in time	$ 166.3	$ 101.5	$ —	$ 267.8
Revenues recognized over time	19.1	9.7	0.1	28.9
	$ 185.4	$ 111.2	$ 0.1	$ 296.7

Reportable Segments and Other	Six months ended July 3, 2021 HVAC	Detection and Measurement	Other	Total
Major product lines				
Package and process cooling equipment and services	$ 213.2	$ —	$ 0.2	$ 213.4
Boilers, comfort heating, and ventilation	147.8	—	—	147.8
Underground locators, inspection and rehabilitation equipment, and robotic systems	—	133.3	—	133.3
Signal monitoring, obstruction lighting, and bus fare collection systems	—	89.5	—	89.5
South African projects	—	—	0.6	0.6
	$ 361.0	$ 222.8	$ 0.8	$ 584.6
Timing of Revenue Recognition				
Revenues recognized at a point in time	$ 320.7	$ 198.0	$ —	$ 518.7
Revenues recognized over time	40.3	24.8	0.8	65.9
	$ 361.0	$ 222.8	$ 0.8	$ 584.6

Reportable Segments and Other	Three months ended June 27, 2020 HVAC	Detection and Measurement	Other	Total
Major product lines				
Package and process cooling equipment and services	$ 109.5	$ —	$ 0.4	$ 109.9
Boilers, comfort heating, and ventilation	55.7	—	—	55.7
Underground locators and inspection and rehabilitation equipment	—	47.3	—	47.3
Signal monitoring, obstruction lighting, and bus fare collection systems	—	44.8	—	44.8
South African projects	—	—	0.3	0.3
	$ 165.2	$ 92.1	$ 0.7	$ 258.0
Timing of Revenue Recognition				
Revenues recognized at a point in time	$ 141.5	$ 85.7	$ —	$ 227.2
Revenues recognized over time	23.7	6.4	0.7	30.8
	$ 165.2	$ 92.1	$ 0.7	$ 258.0

Reportable Segments and Other	Six months ended June 27, 2020 HVAC	Detection and Measurement	Other	Total
Major product lines				
Package and process cooling equipment and services	$ 211.7	$ —	$ 0.4	$ 212.1
Boilers, comfort heating, and ventilation	116.3	—	—	116.3
Underground locators and inspection and rehabilitation equipment	—	96.0	—	96.0
Signal monitoring, obstruction lighting, and bus fare collection systems	—	88.0	—	88.0
South African projects	—	—	2.4	2.4
	$ 328.0	$ 184.0	$ 2.8	$ 514.8
Timing of Revenue Recognition				
Revenues recognized at a point in time	$ 269.0	$ 169.2	$ 0.2	$ 438.4
Revenues recognized over time	59.0	14.8	2.6	76.4
	$ 328.0	$ 184.0	$ 2.8	$ 514.8

Contract Balances

Our customers are invoiced for products and services at the time of delivery or based on contractual milestones, resulting in outstanding receivables with payment terms from these customers ("Contract Accounts Receivable"). In some cases, the timing of revenue recognition, particularly for revenue recognized over time, differs from when such amounts are invoiced to customers, resulting in a contract asset (revenue recognition precedes the invoicing of the related revenue amount) or a contract liability (payment from the customer precedes recognition of the related revenue amount). Contract assets and liabilities are generally classified as current. On a contract-by-contract basis, the contract assets and contract liabilities are reported net within our condensed consolidated balance sheets. Our contract balances consisted of the following as of July 3, 2021 and December 31, 2020:

Contract Balances	July 3, 2021	December 31, 2020	Change
Contract Accounts Receivable[1]	$ 204.5	$ 210.6	$ (6.1)
Contract Assets	25.0	32.5	(7.5)
Contract Liabilities - current	(49.5)	(46.3)	(3.2)
Contract Liabilities - non-current[2]	(5.6)	(3.4)	(2.2)
Net contract balance	$ 174.4	$ 193.4	$ (19.0)

[1] Included in "Accounts receivable, net" within the accompanying condensed consolidated balance sheets.

[2] Included in "Other long-term liabilities" within the accompanying condensed consolidated balance sheets.

The $19.0 decrease in our net contract balance from December 31, 2020 to July 3, 2021 was due primarily to cash payments received from customers during the period, partially offset by revenue recognized during the period.

During the three and six months ended July 3, 2021, we recognized revenues of $23.2 and $38.3, respectively, related to our contract liabilities at December 31, 2020.

Performance Obligations

As of July 3, 2021, the aggregate amount allocated to remaining performance obligations was $103.4. We expect to recognize revenue on approximately 56% and 86% of remaining performance obligations over the next 12 and 24 months, respectively, with the remaining recognized thereafter.

(5) LEASES

There have been no material changes to our operating and finance leases during the three and six months ended July 3, 2021.

(6) INFORMATION ON REPORTABLE SEGMENTS AND "OTHER" OPERATING SEGMENT

We are a global supplier of highly specialized, engineered solutions with operations in over 15 countries and sales in over 100 countries around the world.

Our DBT Technologies (PTY) LTD ("DBT") operating segment is reported within an "Other" category outside of our reportable segments. We have aggregated our other operating segments into the following two reportable segments: HVAC and Detection and Measurement. The factors considered in determining our aggregated segments are the economic similarity of the businesses, the nature of products sold or services provided, production processes, types of customers, distribution methods, and regulatory environment. In determining our reportable segments, we apply the threshold criteria of the Segment Reporting Topic of the Codification. Operating income or loss for each of our operating segments is determined before considering impairment and special charges, long-term incentive compensation, certain other operating expenses, and other indirect corporate expenses. This is consistent with the way our Chief Operating Decision Maker evaluates the results of each segment.

HVAC Reportable Segment

Our HVAC reportable segment engineers, designs, manufactures, installs and services package and process cooling equipment products for the HVAC, industrial and power generation markets, as well as boilers and comfort heating and ventilation products for the residential and commercial markets. The primary distribution channels for the segment's products are direct to customers, independent manufacturing representatives, third-party distributors, and retailers. The segment serves a customer base in North America, Europe, and Asia.

Detection and Measurement Reportable Segment

Our Detection and Measurement reportable segment engineers, designs, manufactures, services, and installs underground pipe and cable locators, inspection and rehabilitation equipment, robotic systems, bus fare collection systems, communication technologies, and obstruction lighting. The primary distribution channels for the segment's products are direct to customers and third-party distributors. The segment serves a global customer base, with a strong presence in North America, Europe, Africa and Asia.

Other

As noted above, "Other" consists of our South African operating segment, DBT. Our DBT operating segment engineers, designs, manufactures, installs, and services equipment for the industrial and power generation markets, with its efforts focused primarily on two large power projects in South Africa that are in the final stages of completion (see Note 15 for additional details).

Corporate Expense

Corporate expense generally relates to the cost of our Charlotte, North Carolina corporate headquarters.

Financial data for our reportable segments and our other operating segment for the three and six months ended July 3, 2021 and June 27, 2020 are presented below:

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Revenues:				
HVAC reportable segment	$ 185.4	$ 165.2	$ 361.0	$ 328.0
Detection and Measurement reportable segment	111.2	92.1	222.8	184.0
Other	0.1	0.7	0.8	2.8
Consolidated revenues	$ 296.7	$ 258.0	$ 584.6	$ 514.8
Income (loss):				
HVAC reportable segment	$ 25.4	$ 19.6	$ 47.7	$ 37.3
Detection and Measurement reportable segment	11.4	16.0	31.4	34.2
Other	(3.9)	(4.3)	(8.5)	(8.6)
Total income for segments	32.9	31.3	70.6	62.9
Corporate expense	(13.3)	(9.7)	(27.5)	(22.0)
Long-term incentive compensation expense	(3.3)	(3.1)	(6.1)	(6.4)
Special charges, net	(0.7)	(1.0)	(1.4)	(1.3)
Other operating income (expense)[1]	(2.7)	—	(2.7)	0.4
Consolidated operating income	$ 12.9	$ 17.5	$ 32.9	$ 33.6

[1] For the three and six months ended July 3, 2021, includes a charge of $2.7 related to revisions of recorded assets for asbestos-related claims. For the six months ended June 27, 2020, includes a gain of $0.4 related to revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business.

(7) SPECIAL CHARGES, NET

Special charges, net, for the three and six months ended July 3, 2021 and June 27, 2020 are described in more detail below:

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
HVAC reportable segment	$ 0.2	$ 0.4	$ 0.2	$ 0.5
Detection and Measurement reportable segment	0.4	0.1	0.6	0.1
Other	0.1	—	0.6	0.2
Corporate	—	0.5	—	0.5
Total	$ 0.7	$ 1.0	$ 1.4	$ 1.3

HVAC — Charges for the three and six months ended July 3, 2021 related to severance costs associated with a restructuring action at one of the segment's heating businesses. Charges for the three and six months ended June 27, 2020 related primarily to severance costs associated with restructuring actions at the segment's Patterson-Kelley and Cooling Americas businesses.

Detection and Measurement — Charges for the three and six months ended July 3, 2021 related to severance costs for restructuring actions at the segment's location and inspection businesses. Charges for the three and six months ended June 27, 2020 related to severance costs for a restructuring action at the segment's bus fare collection systems business.

Other — Charges for the three and six months ended July 3, 2021 and the six months ended June 27, 2020 related to severance costs incurred in connection with the wind-down activities at DBT, our South African subsidiary.

Corporate — Charges for the three and six months ended June 27, 2020 related to asset impairment and other charges associated with the move to a new corporate headquarters.

No significant future charges are expected to be incurred under actions approved as of July 3, 2021.

The following is an analysis of our restructuring liabilities for the six months ended July 3, 2021 and June 27, 2020:

	Six months ended	
	July 3, 2021	June 27, 2020
Balance at beginning of year	$ 1.5	$ 1.7
Special charges [1]	1.4	1.1
Utilization — cash	(2.0)	(1.8)
Currency translation adjustment and other	(0.1)	(0.2)
Balance at end of period	$ 0.8	$ 0.8

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[1] For the six months ended June 27, 2020, excludes $0.2 of non-cash charges that impacted “Special charges” but not the restructuring liabilities.

(8) INVENTORIES, NET

Inventories at July 3, 2021 and December 31, 2020 comprised the following:

	July 3, 2021	December 31, 2020
Finished goods	$ 57.3	$ 49.4
Work in process	20.6	21.3
Raw materials and purchased parts	92.2	84.3
Total FIFO cost	170.1	155.0
Excess of FIFO cost over LIFO inventory value	(12.4)	(11.9)
Total inventories, net	$ 157.7	$ 143.1

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated net realizable values. Certain inventories are valued using the last-in, first-out (“LIFO”) method. These inventories were approximately 31% and 35% of total inventory at July 3, 2021 and December 31, 2020, respectively. Other inventories are valued using the first-in, first-out (“FIFO”) method.

(9) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the six months ended July 3, 2021 were as follows:

	December 31, 2020	Goodwill Resulting from Business Combinations (1)	Impairments	Foreign Currency Translation	July 3, 2021
HVAC reportable segment					
Gross goodwill	$ 492.2	$ —	$ —	$ (3.9)	$ 488.3
Accumulated impairments	(340.6)	—	—	2.7	(337.9)
Goodwill	151.6	—	—	(1.2)	150.4
Detection and Measurement reportable segment					
Gross goodwill	351.5	42.8	—	(0.3)	394.0
Accumulated impairments	(134.5)	—	—	(0.7)	(135.2)
Goodwill	217.0	42.8	—	(1.0)	258.8
Other					
Gross goodwill	—	—	—	—	—
Accumulated impairments	—	—	—	—	—
Goodwill	—	—	—	—	—
Total					
Gross goodwill	843.7	42.8	—	(4.2)	882.3
Accumulated impairments	(475.1)	—	—	2.0	(473.1)
Goodwill	$ 368.6	$ 42.8	$ —	$ (2.2)	$ 409.2

(1) Reflects (i) goodwill acquired with the Sealite acquisition of $39.6, (ii) an increase in ULC's goodwill during 2021 of $0.8 resulting from revisions to the valuation of certain assets and liabilities, and (iii) an increase in Sensors & Software's goodwill of $2.4 resulting from revisions to the valuation of certain assets and income tax accounts. As indicated in Note 1, the acquired assets, including goodwill, and liabilities assumed in the Sealite, ULC and Sensors & Software acquisitions have been recorded at estimates of fair value and are subject to change upon completion of acquisition accounting.

Other Intangibles, Net

Identifiable intangible assets at July 3, 2021 and December 31, 2020 comprised the following:

	July 3, 2021			December 31, 2020		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with determinable lives (1):						
Customer relationships	$ 115.2	$ (21.0)	$ 94.2	$ 103.4	$ (16.2)	$ 87.2
Technology	60.7	(9.2)	51.5	54.4	(6.8)	47.6
Patents	4.5	(4.5)	—	4.5	(4.5)	—
Other	20.9	(15.8)	5.1	18.8	(12.5)	6.3
	201.3	(50.5)	150.8	181.1	(40.0)	141.1
Trademarks with indefinite lives (2)	175.0	—	175.0	163.9	—	163.9
Total	$ 376.3	$ (50.5)	$ 325.8	$ 345.0	$ (40.0)	$ 305.0

(1) The identifiable intangible assets associated with the Sealite acquisition consist of customer backlog of $1.9, customer relationships of $12.1 and technology of $6.6.

(2) Changes during the six months ended July 3, 2021 related primarily to the acquisition of Sealite trademarks of $11.6.

In connection with the acquisition of Sealite, which has definite-lived intangibles as noted above, we updated our estimated annual amortization expense related to intangible assets to approximately $20.0 for the full year 2021, and $17.0 for 2022 and each of the four years thereafter.

At July 3, 2021, the net carrying value of intangible assets with determinable lives consisted of $23.1 in the HVAC reportable segment and $127.7 in the Detection and Measurement reportable segment. At July 3, 2021, trademarks with indefinite lives consisted of $105.6 in the HVAC reportable segment and $69.4 in the Detection and Measurement reportable segment.

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

Based on our annual goodwill impairment testing during the fourth quarter of 2020, we concluded that the estimated fair value of each of our reporting units, exclusive of Cues, Inc. (“Cues”), Patterson-Kelley, LLC (“Patterson-Kelley”) and ULC, exceeded the carrying value of their respective net assets by over 75%. The estimated fair values of Cues and Patterson-Kelley exceeded the carrying value of their respective net assets by approximately 12% and 3%, while given the recent acquisition of ULC, its fair value approximated the carrying value of its net assets. The total goodwill for Cues, Patterson-Kelley and ULC was $47.9, $14.2 and $38.4, respectively, as of July 3, 2021. A change in assumptions used in valuing Cues, Patterson-Kelley, or ULC (e.g., projected revenues and profit growth rates, discount rates, industry price multiples, etc.) could result in these reporting units estimated fair value being less than the respective carrying value of their net assets. If any of these reporting units is unable to achieve its current financial forecast, we may be required to record an impairment charge in a future period related to its goodwill.

We perform our annual trademarks impairment testing during the fourth quarter, or on a more frequent basis, if there are indications of potential impairment. The fair values of our trademarks are determined by applying estimated royalty rates to projected revenues, with the resulting cash flows discounted at a rate of return that reflects current market conditions (fair value based on unobservable inputs - Level 3, as defined in Note 17). The primary basis for these projected revenues is the annual operating plan for each of the related businesses, which is prepared in the fourth quarter of each year.

As indicated in Note 1, the COVID-19 pandemic could have an adverse impact on our future operating results. As of July 3, 2021, there are no indications that the carrying value of our goodwill and other intangible assets may not be recoverable. However, a prolonged adverse impact of the COVID-19 pandemic on our future operating results may require an impairment charge related to one or more of these assets in a future period.

(10) WARRANTY

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

	Six months ended	
	July 3, 2021	June 27, 2020
Balance at beginning of year	$ 35.3	$ 31.8
Acquisitions	—	1.4
Provisions	5.5	4.5
Usage	(5.2)	(5.6)
Currency translation adjustment	—	0.1
Balance at end of period	35.6	32.2
Less: Current portion of warranty	11.7	11.8
Non-current portion of warranty	$ 23.9	$ 20.4

(11) EMPLOYEE BENEFIT PLANS

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

Domestic Pension Plans

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Service cost	$ —	$ —	$ —	$ —
Interest cost	2.1	2.7	4.2	5.4
Expected return on plan assets	(2.2)	(2.4)	(4.4)	(4.8)
Net periodic pension benefit (income) expense	$ (0.1)	$ 0.3	$ (0.2)	$ 0.6

Foreign Pension Plans

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Service cost	$ —	$ —	$ —	$ —
Interest cost	0.8	1.0	1.6	2.0
Expected return on plan assets	(1.4)	(1.5)	(2.8)	(3.0)
Net periodic pension benefit income	$ (0.6)	$ (0.5)	$ (1.2)	$ (1.0)

Postretirement Plans

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Service cost	$ —	$ —	$ —	$ —
Interest cost	0.3	0.4	0.6	0.8
Amortization of unrecognized prior service credits	(1.2)	(1.2)	(2.4)	(2.4)
Net periodic postretirement benefit income	$ (0.9)	$ (0.8)	$ (1.8)	$ (1.6)

(12) INDEBTEDNESS

The following summarizes our debt activity (both current and non-current) for the six months ended July 3, 2021:

	December 31, 2020	Borrowings	Repayments	Other[5]	July 3, 2021
Revolving loans [1]	$ 129.8	$ 102.0	$ (91.8)	$ —	$ 140.0
Term loan[2]	248.6	—	(3.1)	0.2	245.7
Trade receivables financing arrangement[3]	28.0	132.0	(134.0)	—	26.0
Other indebtedness[4]	6.0	0.5	(0.5)	(1.0)	5.0
Total debt	412.4	$ 234.5	$ (229.4)	$ (0.8)	416.7
Less: short-term debt	101.2				168.3
Less: current maturities of long-term debt	7.2				10.4
Total long-term debt	$ 304.0				$ 238.0

(1) While not due for repayment until December 2024 under the terms of our senior credit agreement, we have classified within current liabilities the portion of the outstanding balance that we believe will be repaid over the next year, with such amount based on an estimate of cash that is expected to be generated over such period, including proceeds from the expected sale of Transformer Solutions in the fourth quarter of 2021.

(2) The term loan is repayable in quarterly installments beginning in the first quarter of 2021, with the quarterly installments equal to 0.625% of the initial term loan balance of $250.0 during 2021, 1.25% in each of the four quarters of 2022 and 2023, and 1.25% during the first three quarters of 2024. The remaining balance is payable in full on December 17, 2024. Balances are net of unamortized debt issuance costs of $1.2 and $1.4 at July 3, 2021 and December 31, 2020, respectively.

(3) Under this arrangement, we can borrow, on a continuous basis, up to $50.0, as available. At July 3, 2021, we had $24.0 of available borrowing capacity under this facility after giving effect to outstanding borrowings of $26.0. Borrowings under this arrangement are collateralized by eligible trade receivables of certain of our businesses.

(4) Primarily includes balances under a purchase card program of $2.3 and $1.7 and finance lease obligations of $2.7 and $2.6 at July 3, 2021 and December 31, 2020, respectively. The purchase card program allows for payment beyond the normal payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(5) "Other" primarily includes debt assumed, foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar, and the impact of amortization of debt issuance costs associated with the term loan.

Senior Credit Facilities

A detailed description of our senior credit facilities is included in our 2020 Annual Report on Form 10-K.

On May 24, 2021 we elected to reduce our participating foreign credit instrument facility and bilateral foreign credit instrument facility, available for performance letters of credit and guarantees, by an aggregate amount of $20.0 and $25.0, respectively. The facility reduction resulted in a write-off of deferred finance costs of $0.2, recorded to "Interest expense" in the condensed consolidated statement of operations for the three and six months ended July 3, 2021.

At July 3, 2021, we had $297.8 of available borrowing capacity under our revolving credit facilities after giving effect to borrowings under the domestic revolving loan facility of $140.0 and $12.2 reserved for domestic letters of credit. In addition, at July 3, 2021, we had $28.8 of available issuance capacity under our foreign credit instrument facilities after giving effect to $26.2 reserved for outstanding letters of credit.

The weighted-average interest rate of outstanding borrowings under our senior credit agreement was approximately 1.5% at July 3, 2021.

At July 3, 2021, we were in compliance with all covenants of our senior credit agreement.

(13) DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

We previously maintained interest rate swap agreements that matured in March 2021 and effectively converted borrowings under our senior credit facilities to a fixed rate of 2.535%, plus the applicable margin.

In February 2020, and as a result of a December 2019 amendment that extended the maturity date of our senior credit facilities to December 17, 2024, we entered into additional interest swap agreements ("Swaps"). The Swaps have a notional amount of $246.9, cover the period from March 2021 to November 2024, and effectively convert borrowings under our senior credit facilities to a fixed rate of 1.061%, plus the applicable margin.

We have designated and are accounting for our interest rate swap agreements as cash flow hedges. As of July 3, 2021 and December 31, 2020, the unrealized loss, net of tax, recorded in AOCI was $2.5 and $5.9, respectively. In addition, as of July 3, 2021, the fair value of our interest rate swap agreements totaled $3.3, with $2.4 recorded as a current liability and the remainder in long-term liabilities, and $7.8 at December 31, 2020 (with $1.4 recorded as a current liability and the remainder in long-term liabilities). Changes in fair value of our interest rate swap agreements are reclassified into earnings as a component of interest expense, when the forecasted transaction impacts earnings.

Currency Forward Contracts

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency-denominated cash flows and to minimize the impact of changes as a result of currency fluctuations. Our principal currency exposures relate to the South African Rand, British Pound Sterling ("GBP"), and Euro.

From time to time, we enter into forward contracts to manage the exposure on contracts with forecasted transactions denominated in non-functional currencies and to manage the risk of transaction gains and losses associated with assets/liabilities denominated in currencies other than the functional currency of certain subsidiaries ("FX forward contracts"). None of our FX forward contracts are designated as cash flow hedges.

We had FX forward contracts with an aggregate notional amount of $22.8 and $6.3 outstanding as of July 3, 2021 and December 31, 2020, respectively, with all of the $22.8 scheduled to mature within one year.

Commodity Contracts

From time to time, we enter into commodity contracts to manage the exposure on forecasted purchases of commodity raw materials. At July 3, 2021 and December 31, 2020, the outstanding notional amount of commodity contracts, which relate solely to Transformer Solutions, were 3.0 and 3.2 pounds of copper, respectively. We designate and account for these contracts as cash flow hedges and, to the extent the commodity contracts are effective in offsetting the variability of the forecasted purchases, the change in fair value is included in AOCI. We reclassify amounts associated with our commodity contracts out of AOCI when the forecasted transaction impacts earnings. As of July 3, 2021 and December 31, 2020, the fair value of these contracts were current assets of $0.6 and $2.4, respectively. Since these commodity contracts relate to our Transformer Solutions business, the amounts have been recorded within assets of discontinued operations in the accompanying condensed consolidated balance sheets. The unrealized gains, net of taxes, recorded in AOCI were $0.5 and $1.5 as of July 3, 2021 and December 31, 2020, respectively.

(14) EQUITY AND LONG-TERM INCENTIVE COMPENSATION

Income Per Share

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

	Three months ended		Six months ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Weighted-average number of common shares used in basic income per share	45.271	44.590	45.201	44.452
Dilutive securities — Employee stock options and restricted stock units	1.274	1.058	1.207	1.168
Weighted-average number of common shares and dilutive securities used in diluted income per share	46.545	45.648	46.408	45.620

The weighted-average number of restricted stock units and stock options excluded from the computation of diluted income per share because the assumed proceeds for these instruments exceed the average market value of the underlying common stock for the related period were 0.307 and 0.652, respectively, for the three months ended July 3, 2021, and 0.269 and 0.632, respectively, for the six months ended July 3, 2021.

The weighted-average number of restricted stock units and stock options excluded from the computation of diluted income per share because the assumed proceeds for these instruments exceed the average market value of the underlying common stock for the related period were 0.409 and 0.944, respectively, for the three months ended June 27, 2020, and 0.345 and 0.803, respectively, for the six months ended June 27, 2020.

Long-Term Incentive Compensation

Long-term incentive compensation awards may be granted to certain eligible employees or non-employee directors. A detailed description of the awards granted prior to 2021 is included in our 2020 Annual Report on Form 10-K.

Awards granted on March 1, 2021 to executive officers and other members of senior management were comprised of performance stock units ("PSU's"), stock options, and time-based restricted stock units ("RSU's"), while other eligible employees were granted PSU's and RSU's. The PSU's are eligible to vest at the end of a three-year performance period, with performance based on the total return of our stock over the three-year performance period against a peer group within the S&P 600 Capital Goods Index. Stock options and RSU's vest ratably over the three-year period subsequent to the date of grant.

Effective May 11, 2021, we granted 0.017 RSU's to our non-employee directors, which vest in their entirety immediately prior to the annual meeting of stockholders in May 2022.

Compensation expense within income from continuing operations related to long-term incentive awards totaled $3.3 and $3.1 for the three months ended July 3, 2021 and June 27, 2020 and $6.1 and $6.4 for the six months ended July 3, 2021 and June 27, 2020, respectively. The related tax benefit was $0.6 and $0.8 for the three months ended July 3, 2021 and June 27, 2020 and $1.0 and $1.6 for the six months ended July 3, 2021 and June 27, 2020, respectively.

Accumulated Other Comprehensive Income

The changes in the components of accumulated other comprehensive income, net of tax, for the three months ended July 3, 2021 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges(1)	Pension and Postretirement Liability Adjustment(2)	Total
Balance at beginning of period	$ 239.2	$ (1.4)	$ 13.4	$ 251.2
Other comprehensive income before reclassifications	0.9	0.2	—	1.1
Amounts reclassified from accumulated other comprehensive income (loss)	—	(0.8)	(0.9)	(1.7)
Current-period other comprehensive income (loss)	0.9	(0.6)	(0.9)	(0.6)
Balance at end of period	$ 240.1	$ (2.0)	$ 12.5	$ 250.6

(1) Net of tax benefit of $0.7 and $0.4 as of July 3, 2021 and April 3, 2021, respectively.

(2) Net of tax provision of $4.3 and $4.6 as of July 3, 2021 and April 3, 2021, respectively. The balances as of July 3, 2021 and April 3, 2021 include unamortized prior service credits.

The changes in the components of accumulated other comprehensive income, net of tax, for the six months ended July 3, 2021 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges(1)	Pension and Postretirement Liability Adjustment(2)	Total
Balance at beginning of period	$ 238.6	$ (4.4)	$ 14.3	$ 248.5
Other comprehensive income before reclassifications	1.5	3.5	—	5.0
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1.1)	(1.8)	(2.9)
Current-period other comprehensive income (loss)	1.5	2.4	(1.8)	2.1
Balance at end of period	$ 240.1	$ (2.0)	$ 12.5	$ 250.6

(1) Net of tax benefit of $0.7 and $1.4 as of July 3, 2021 and December 31, 2020, respectively.

(2) Net of tax provision of $4.3 and $4.9 as of July 3, 2021 and December 31, 2020, respectively. The balances as of July 3, 2021 and December 31, 2020 include unamortized prior service credits.

The changes in the components of accumulated other comprehensive income, net of tax, for the three months ended June 27, 2020 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges(1)	Pension and Postretirement Liability Adjustment(2)	Total
Balance at beginning of period	$ 222.3	$ (8.0)	$ 17.1	$ 231.4
Other comprehensive income (loss) before reclassifications	4.9	(1.4)	(0.1)	3.4
Amounts reclassified from accumulated other comprehensive income (loss)	—	1.4	(0.9)	0.5
Current-period other comprehensive income (loss)	4.9	—	(1.0)	3.9
Balance at end of period	$ 227.2	$ (8.0)	$ 16.1	$ 235.3

(1) Net of tax benefit of $2.6 and $2.7 as of June 27, 2020 and March 28, 2020, respectively.

(2) Net of tax provision of $5.5 and $5.8 as of June 27, 2020 and March 28, 2020, respectively. The balances as of June 27, 2020 and March 28, 2020 include unamortized prior service credits.

The changes in the components of accumulated other comprehensive income, net of tax, for the six months ended June 27, 2020 were as follows:

	Foreign Currency Translation Adjustment	Net Unrealized Losses on Qualifying Cash Flow Hedges[1]	Pension and Postretirement Liability Adjustment[2]	Total
Balance at beginning of period	$ 228.0	$ (1.6)	$ 17.9	$ 244.3
Other comprehensive loss before reclassifications	(0.8)	(8.2)	—	(9.0)
Amounts reclassified from accumulated other comprehensive income (loss)	—	1.8	(1.8)	—
Current-period other comprehensive loss	(0.8)	(6.4)	(1.8)	(9.0)
Balance at end of period	$ 227.2	$ (8.0)	$ 16.1	$ 235.3

(1) Net of tax benefit of $2.6 and $0.5 as of June 27, 2020 and December 31, 2019, respectively.

(2) Net of tax provision of $5.5 and $6.1 as of June 27, 2020 and December 31, 2019, respectively. The balances as of June 27, 2020 and December 31, 2019 include unamortized prior service credits.

The following summarizes amounts reclassified from each component of accumulated comprehensive income for the three months ended July 3, 2021 and June 27, 2020:

	Amount Reclassified from AOCI		
	Three months ended		
	July 3, 2021	June 27, 2020	Affected Line Item in the Condensed Consolidated Statements of Operations
(Gains) losses on qualifying cash flow hedges:			
Commodity contracts	$ (1.7)	$ 0.6	Income from discontinued operations, net of tax
Swaps	0.6	1.3	Interest expense
Pre-tax	(1.1)	1.9	
Income taxes	0.3	(0.5)	
	$ (0.8)	$ 1.4	
Gains on pension and postretirement items:			
Amortization of unrecognized prior service credits - Pre-tax	$ (1.2)	$ (1.2)	Other income, net
Income taxes	0.3	0.3	
	$ (0.9)	$ (0.9)	

The following summarizes amounts reclassified from each component of accumulated comprehensive income for the six months ended July 3, 2021 and June 27, 2020:

	Amount Reclassified from AOCI		
	Six months ended		
	July 3, 2021	June 27, 2020	Affected Line Item in the Condensed Consolidated Statements of Operations
(Gains) losses on qualifying cash flow hedges:			
Commodity contracts	$ (3.5)	$ 0.6	Income from discontinued operations, net of tax
Swaps	2.0	1.8	Interest expense
Pre-tax	(1.5)	2.4	
Income taxes	0.4	(0.6)	
	$ (1.1)	$ 1.8	
Gains on pension and postretirement items:			
Amortization of unrecognized prior service credits - Pre-tax	$ (2.4)	$ (2.4)	Other income, net
Income taxes	0.6	0.6	
	$ (1.8)	$ (1.8)	

(15) CONTINGENT LIABILITIES AND OTHER MATTERS

General

Numerous claims, complaints and proceedings arising in the ordinary course of business have been asserted or are pending against us or certain of our subsidiaries (collectively, “claims”). These claims relate to litigation matters (e.g., class actions, derivative lawsuits and contracts, intellectual property and competitive claims), environmental matters, product liability matters (predominately associated with alleged exposure to asbestos-containing materials), and other risk management matters (e.g., general liability, automobile, and workers’ compensation claims). Additionally, we may become subject to other claims of which we are currently unaware, which may be significant, or the claims of which we are aware may result in our incurring significantly greater loss than we anticipate. While we (and our subsidiaries) maintain property, cargo, auto, product, general liability, environmental, and directors’ and officers’ liability insurance and have acquired rights under similar policies in connection with acquisitions that we believe cover a significant portion of these claims, this insurance may be insufficient or unavailable (e.g., in the case of insurer insolvency) to protect us against potential loss exposures. Also, while we believe we are entitled to indemnification from third parties for some of these claims, these rights may be insufficient or unavailable to protect us against potential loss exposures.

Our recorded liabilities related to these matters totaled $551.1 and $575.7 at July 3, 2021 and December 31, 2020, respectively. Of these amounts, $477.1 and $499.8 are included in “Other long-term liabilities” within our condensed consolidated balance sheets at July 3, 2021 and December 31, 2020, respectively, with the remainder included in “Accrued expenses.” The liabilities we record for these matters are based on a number of assumptions, including historical claims and payment experience. While we base our assumptions on facts currently known to us, they entail inherently subjective judgments and uncertainties. As a result, our current assumptions for estimating these liabilities may not prove accurate, and we may be required to adjust these liabilities in the future, which could result in charges to earnings. These variances relative to current expectations could have a material impact on our financial position and results of operations.

Our asbestos-related claims are typical in certain of the industries in which we operate or pertain to legacy businesses we no longer operate. It is not unusual in these cases for fifty or more corporate entities to be named as defendants. We vigorously defend these claims, many of which are dismissed without payment, and the significant majority of costs related to these claims have historically been paid pursuant to our insurance arrangements. Our recorded assets and liabilities related to asbestos-related claims were as follows at July 3, 2021 and December 31, 2020:

	July 3, 2021	December 31, 2020
Insurance recovery assets [1]	$ 478.7	$ 496.4
Liabilities for claims [2]	512.7	535.2

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(1) Of these amounts, $428.7 and $446.4 are included in "Other assets" at July 3, 2021 and December 31, 2020, respectively, while the remainder is included in “Other current assets.”

(2) Of these amounts, $458.1 and $479.9 are included in “Other long-term liabilities" at July 3, 2021 and December 31, 2020, respectively, while the remainder is included in “Accrued expenses.”

The liabilities we record for asbestos-related claims are based on a number of assumptions. In estimating our liabilities for asbestos-related claims, we consider, among other things, the following:

- The number of pending claims by disease type and jurisdiction.
- Historical information by disease type and jurisdiction with regard to:
  - Average number of claims settled with payment (versus dismissed without payment); and
  - Average claim settlement amounts.
- The period over which we can reasonably project asbestos-related claims (currently projecting through 2057).

The following table presents information regarding activity for the asbestos-related claims for the six months ended July 3, 2021 and June 27, 2020:

	Six months ended July 3, 2021	Six months ended June 27, 2020
Pending claims, beginning of period	9,782	11,079
Claims filed	1,253	1,060
Claims resolved	(1,104)	(1,880)
Pending claims, end of period	9,931	10,259

The assets we record for asbestos-related claims represent amounts that we believe we are or will be entitled to recover under agreements we have with insurance companies. The amount of these assets are based on a number of assumptions, including the continued solvency of the insurers and our legal interpretation of our rights for recovery under the agreements we have with the insurers. Our current assumptions for estimating these assets may not prove accurate, and we may be required to adjust these assets in the future. These variances relative to current expectations could have a material impact on our financial position and results of operations.

During the six months ended July 3, 2021 and June 27, 2020, our payments for asbestos-related claims, net of respective insurance recoveries of $15.3 and $16.3, were $8.1 and $11.8, respectively. A significant increase in claims, costs and/or issues with existing insurance coverage (e.g., dispute with or insolvency of insurer(s)) could have a material adverse impact on our share of future payments related to these matters, and, as a result, have a material impact on our financial position, results of operations and cash flows.

During the three months and six months ended July 3, 2021, we recorded a charge of $2.7 related to revisions of recorded assets for asbestos-related claims. There were no other changes in estimates associated with our assets and liabilities related to our asbestos product liability matters during the three and six months ended July 3, 2021, nor were there any such changes during the three and six months ended June 27, 2020.

Large Power Projects in South Africa

Overview - Since 2008, DBT has been executing contracts on two large power projects in South Africa (Kusile and Medupi). Over such time, the business environment surrounding these projects has been difficult, as DBT, along with many other contractors on the projects, have experienced delays, cost over-runs, and various other challenges associated with a complex set of contractual relationships among the end customer, prime contractors, various subcontractors (including DBT and its subcontractors), and various suppliers. DBT has substantially completed its scope of work, with its remaining responsibilities related largely to resolution of various claims, primarily between itself and one of its prime contractors, Mitsubishi Heavy Industries Power—ZAF, or "MHI."

The challenges related to the projects have resulted in (i) significant adjustments to our revenue and cost estimates for the projects, (ii) DBT's submission of numerous change orders to the prime contractors, (iii) various claims and disputes between DBT and other parties involved with the projects (e.g., prime contractors, subcontractors, suppliers, etc.), and (iv) the possibility that DBT may become subject to additional claims, which could be significant. It is possible that some outstanding claims may not be resolved until after the prime contractors complete their scopes of work. Our future financial position, operating results, and cash flows could be materially impacted by the resolution of current and any future claims.

Claims by DBT - DBT has asserted claims against MHI of approximately South African Rand 1,100.0 (or $76.9). As DBT prepares these claims for dispute resolution processes, the amounts, along with the characterization, of the claims could change. Of these claims, South African Rand 534.2 (or $37.4), which is inclusive of the amounts awarded in the adjudications referred to below, are currently proceeding through contractual dispute resolution processes and DBT is likely to initiate additional dispute resolution processes in 2021. DBT is also pursuing several claims to force MHI to abide by its contractual obligations and provide DBT with certain benefits that MHI may have received from its customer on the projects. In addition to existing asserted claims, DBT believes it has additional claims and rights to recovery based on its performance under the contracts with, and actions taken by, MHI. DBT is continuing to evaluate the claims and the amounts owed to it under the contracts based on MHI's failure to comply with its contractual obligations. The amounts DBT may recover for current and potential future claims against MHI are not currently known given (i) the extent of current and potential future claims by MHI against DBT (see below for further discussion) and (ii) the unpredictable nature of any dispute resolution processes that may occur in connection with these current and potential future claims. No revenue has been recorded in the accompanying condensed consolidated financial statements with respect to current or potential future claims against MHI.

On July 23, 2020, a dispute adjudication panel issued a ruling in favor of DBT on certain matters related to the Kusile and Medupi projects. The panel (i) ruled that DBT had achieved takeover on 9 of the units; (ii) ordered MHI to return $2.3 of bonds (which have been subsequently returned by MHI); (iii) ruled that DBT is entitled to the return of an additional $4.8 of bonds upon the completion of certain administrative milestones; (iv) ordered MHI to pay South African Rand 18.4 (or $1.1 at the time of the ruling) in incentive payments for work performed by DBT (which MHI has subsequently paid); and (v) ruled that MHI waived its rights to assert delay damages against DBT on one of the units of the Kusile project. The ruling is subject to MHI's rights to seek further arbitration in the matter, as provided in the contracts. As such, the incentive payments noted above have not been recorded in our condensed consolidated statements of operations.

On February 22, 2021, a dispute adjudication panel issued a ruling in favor of DBT related to costs incurred in connection with delays on two units of the Kusile project. In connection with the ruling, MHI paid DBT South African Rand 126.6 (or $8.6 at the time of payment). This ruling is subject to MHI's rights to seek further arbitration in the matter and, thus, the amount awarded has not been reflected in our condensed consolidated statement of operations for the six months ended July 3, 2021. On July 5, 2021, DBT received notice from MHI of its intent to seek final and binding arbitration in this matter.

On April 28, 2021, a dispute adjudication panel issued a ruling in favor of DBT related to costs incurred in connection with delays on two units of the Medupi project. In connection with the ruling, MHI paid DBT South African Rand 82.0 (or $6.0 at the time of payment). This ruling is subject to MHI's rights to seek further arbitration in the matter and, thus, the amount awarded has not been reflected in our condensed consolidated financial statements of operations for the three and six months ended July 3, 2021.

Claims by MHI - On February 26, 2019, DBT received notification of an interim claim consisting of both direct and consequential damages from MHI alleging, among other things, that DBT (i) provided defective product and (ii) failed to meet certain project milestones. In September 2020, MHI made a demand on certain bonds issued in its favor by DBT, based solely on these alleged defects, but without further substantiation or other justification (see further discussion below). On December 30, 2020, MHI notified DBT of its intent to take these claims to binding arbitration. On June 4, 2021, in connection with the arbitration, DBT received a revised version of the claim. Similar to the interim claim, we believe the vast majority of the damages summarized in the revised claim are unsubstantiated and, thus, any loss for the majority of these claims is considered remote. For the remainder of the claims in both the interim notification and the revised version, which largely appear to be direct in nature (approximately South African Rand 950.0 or $66.4), DBT has numerous defenses and, thus, we do not believe that DBT has a probable loss associated with these claims. As such, no loss has been recorded in the condensed consolidated financial statements with respect to these claims. DBT intends to vigorously defend itself against these claims. Although it is reasonably possible that some loss may be incurred in connection with these claims, we currently are unable to estimate the potential loss or range of potential loss associated with these claims due to the (i) lack of support provided by MHI for these claims; (ii) complexity of contractual relationships between the end customer, MHI, and DBT; (iii) legal interpretation of the contract provisions and application of South African law to the contracts; and (iv) unpredictable nature of any dispute resolution processes that may occur in connection with these claims.

In April and July 2019, DBT received notifications of intent to claim liquidated damages totaling South African Rand 407.2 (or $28.5) from MHI alleging that DBT failed to meet certain project milestones related to the construction of the filters for both the Kusile and Medupi projects. DBT has numerous defenses against these claims and, thus, we do not believe that DBT has a probable loss associated with these claims. As such, no loss has been recorded in the condensed consolidated financial statements with respect to these claims. Although it is reasonably possible that some loss may be incurred in connection with these claims, we currently are unable to estimate the potential loss or range of potential loss.

MHI has made other claims against DBT totaling South African Rand 176.2 (or $12.3). DBT has numerous defenses against these claims and, thus, we do not believe that DBT has a probable loss associated with these claims. As such, no loss has been recorded in the condensed consolidated financial statements with respect to these claims.

Bonds Issued in Favor of MHI - We are obligated with respect to bonds issued by banks in favor of MHI. In September of 2020, MHI made a demand, and received payment of South African Rand 239.6 (or $14.3 at the time of payment), on certain of these bonds. In May 2021, MHI made an additional demand, and received payment of South African Rand 178.7 (or $12.5 at the time of payment), on certain of the remaining bonds at such time. In both cases, we funded the payment as required under the terms of the bonds and our senior credit agreement. In its demands, MHI purported that DBT failed to carry out its obligations to rectify certain alleged product defects and that DBT failed to meet certain project milestones. DBT denies liability for such allegations and, thus, fully intends to seek, and believes it is legally entitled to, reimbursement of the South African Rand 418.3 (or $29.3) that has been paid. However, given the extent and complexities of the claims between DBT and MHI, reimbursement of the South African Rand 418.3 (or $29.3) is unlikely to occur over the next twelve months. As such, we have reflected the South African Rand 418.3 (or $29.3) as a non-current asset within our condensed consolidated balance sheet as of July 3, 2021.

The remaining bond of $2.0 issued to MHI as a performance guarantee could be exercised by MHI for an alleged breach of DBT's obligation. In the event that MHI were to receive payment on a portion, or all, of the remaining bond, we would be required to reimburse the respective issuing bank.

In addition to this bond, SPX Corporation has guaranteed DBT’s performance on these projects to the prime contractors, including MHI.

Claim against Surety - On February 5, 2021, DBT received payment of $6.7 on bonds issued in support of performance by one of DBT's sub-contractors. The sub-contractor maintains a right to seek recovery of such amount and, thus, the amount received by DBT has not been reflected in our condensed consolidated statement of operations for the six months ended July 3, 2021.

Litigation Matters

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

Environmental Matters

Our operations and properties are subject to federal, state, local and foreign regulatory requirements relating to environmental protection. It is our policy to comply fully with all applicable requirements. As part of our effort to comply, we have a comprehensive environmental compliance program that includes environmental audits conducted by internal and external independent professionals, as well as regular communications with our operating units regarding environmental compliance requirements and anticipated regulations. Based on current information, we believe that our operations are in substantial compliance with applicable environmental laws and regulations, and we are not aware of any violations that could have a material effect, individually or in the aggregate, on our business, financial condition, and results of operations or cash flows. As of July 3, 2021, we had liabilities for site investigation and/or remediation at 25 sites (25 sites at December 31, 2020) that we own or control, or formerly owned and controlled. In addition, while we believe that we maintain adequate accruals to cover the costs of site investigation and/or remediation, we cannot provide assurance that new matters, developments, laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect our business or operations in the future.

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

In the case of contamination at offsite, third-party disposal sites, as of July 3, 2021, we have been notified that we are potentially responsible and have received other notices of potential liability pursuant to various environmental laws at 11 sites at which the liability has not been settled, of which 9 sites have been active in the past few years. These laws may impose liability on certain persons that are considered jointly and severally liable for the costs of investigation and remediation of hazardous substances present at these sites, regardless of fault or legality of the original disposal. These persons include the present or former owners or operators of the site and companies that generated, disposed of or arranged for the disposal of hazardous substances at the site. We are considered a “de minimis” potentially responsible party at most of the sites, and we estimate that our aggregate liability, if any, related to these sites is not material to our condensed consolidated financial statements. We conduct extensive environmental due diligence with respect to potential acquisitions, including environmental site assessments and such further testing as we may deem warranted. If an environmental matter is identified, we estimate the cost and either establish a liability, purchase insurance or obtain an indemnity from a financially sound seller; however, in connection with our acquisitions or dispositions, we may assume or retain significant environmental liabilities, some of which we may be unaware. The potential costs related to these environmental matters and the possible impact on future operations are uncertain due in part to the complexity of government laws and regulations and their interpretations, the varying costs and effectiveness of various clean-up technologies, the uncertain level of insurance or other types of recovery, and the questionable level of our responsibility. We record a liability when it is both probable and the amount can be reasonably estimated.

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

Self-insured Risk Management Matters

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

(16) INCOME AND OTHER TAXES

Uncertain Tax Benefits

As of July 3, 2021, we had gross unrecognized tax benefits of $7.3 (net unrecognized tax benefits of $6.4). All of these net unrecognized tax benefits would impact our effective tax rate from continuing operations if recognized.

We classify interest and penalties related to unrecognized tax benefits as a component of our income tax provision. As of July 3, 2021, gross accrued interest totaled $3.0 (net accrued interest of $2.4). As of July 3, 2021, we had no accrual for penalties included in our unrecognized tax benefits.

Based on the outcome of certain examinations or as a result of the expiration of statutes of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by up to $5.0. The previously unrecognized tax benefits relate to a variety of tax matters including transfer pricing and various state matters.

Other Tax Matters

For the three months ended July 3, 2021, we recorded an income tax provision of $2.0 on $16.7 of pre-tax income from continuing operations, resulting in an effective rate of 12.0%. This compares to an income tax provision for the three months ended June 27, 2020 of $3.0 on $18.2 of pre-tax income from continuing operations, resulting in an effective rate of 16.5%. The most significant item impacting the income tax provision for the second quarter of 2021 was a benefit of $2.2 related to the resolution of certain liabilities for uncertain tax positions and interest associated with various refund claims. The most significant items impacting the income tax provision for the second quarter of 2020 were (i) $0.5 of tax benefits associated with statute expirations in certain jurisdictions and (ii) $0.3 of excess tax benefits resulting from stock option awards that were exercised during the period.

For the six months ended July 3, 2021, we recorded an income tax provision of $6.1 on $39.8 of pre-tax income from continuing operations, resulting in an effective rate of 15.3%. This compares to an income tax provision for the six months ended June 27, 2020 of $5.3 on $30.0 of pre-tax income from continuing operations, resulting in an effective rate of 17.7%. The most significant items impacting the income tax provision for the first half of 2021 were (i) a benefit of $2.2 noted above recorded during the second quarter of 2021 and (ii) $1.0 of excess tax benefits associated with stock-based compensation awards that vested and/or were exercised during the period. The most significant items impacting the income tax provision for the first half of 2020 were (i) $1.5 of excess tax benefits associated with stock-based compensation awards that vested and/or were exercised during the period and (ii) the $0.5 of tax benefits associated with the statute expirations noted above.

We perform reviews of our income tax positions on a continuous basis and accrue for potential uncertain positions when we determine that an uncertain position meets the criteria of the Income Taxes Topic of the Codification. Accruals for these uncertain tax positions are recorded in “Income taxes payable” and “Deferred and other income taxes” in the accompanying condensed consolidated balance sheets based on the expectation as to the timing of when the matters will be resolved. As events change and resolutions occur, these accruals are adjusted, such as in the case of audit settlements with taxing authorities.

The Internal Revenue Service (“IRS”) concluded its audit of our 2013, 2014, 2015, 2016 and 2017 federal income tax returns. In connection with such, we recorded a tax benefit of $2.2 during the three months ended July 3, 2021 related to the resolution of certain liabilities for uncertain tax positions and interest associated with various refund claims.

State income tax returns generally are subject to examination for a period of three to five years after filing the respective tax returns. The impact on such tax returns of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination. We believe any uncertain tax positions related to these examinations have been adequately provided for.

We have various foreign income tax returns under examination. The most significant of these is in Germany for the 2010 through 2014 tax years. We believe that any uncertain tax positions related to these examinations have been adequately provided for.

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

(17) FAIR VALUE

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

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

There were no changes during the periods presented to the valuation techniques we use to measure asset and liability fair values on a recurring or nonrecurring basis. There were no transfers between the three levels of the fair value hierarchy for the periods presented.

Valuation Methodologies Used to Measure Fair Value on a Non-Recurring Basis

Parent Guarantees and Bonds Associated with Balcke Dürr — In connection with the 2016 sale of Balcke Dürr, existing parent company guarantees and bank surety bonds, which totaled approximately Euro 79.0 and Euro 79.0, respectively, remained in place at the time of sale. These guarantees and bonds provided protections for Balcke Dürr customers in regard to advance payments, performance, and warranties on projects in existence at the time of sale. In addition, certain bonds related to lease obligations and foreign tax matters in existence at the time of sale. Balcke Dürr and the acquirer of Balcke Dürr provided us an indemnity in the event that any of the bonds were called or payments were made under the guarantees. Also, at the time of sale, Balcke Dürr provided cash collateral of Euro 4.0 and the parent company of the buyer provided a guarantee of Euro 5.0 as a security for the above indemnifications (Euro 0.0 and Euro 1.0, respectively, at July 3, 2021). In connection with the sale, we recorded a liability for the estimated fair value of the guarantees and bonds and an asset for the estimated fair value of the cash collateral and indemnities provided. Since the sale of Balcke Dürr, the guarantees expired and bonds have been periodically returned. As of July 3, 2021, all remaining bonds have been returned. Summarized below are changes in the liability and asset during the six months ended July 3, 2021 and June 27, 2020.

	Six months ended			
	July 3, 2021		June 27, 2020	
	Guarantees and Bonds Liability [1]	Indemnification Assets [1]	Guarantees and Bonds Liability [1]	Indemnification Assets [1]
Balance at beginning of year	$ 1.8	$ —	$ 2.0	$ 0.3
Reduction/Amortization for the period [2]	(1.7)	—	(0.3)	(0.1)
Impact of changes in foreign currency rates	(0.1)	—	0.1	—
Balance at end of period	$ —	$ —	$ 1.8	$ 0.2

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(1) In connection with the sale, we estimated the fair value of the existing parent company guarantees and bank and surety bonds considering the probability of default by Balcke Dürr and an estimate of the amount we would be obligated to pay in the event of a default. Additionally, we estimated the fair value of the cash collateral provided by Balcke Dürr and guarantee provided by mutares AG based on the terms and conditions and relative risk associated with each of these securities (unobservable inputs - Level 3).

(2) We reduced the liability generally at the earlier of the completion of the related underlying project milestones or the expiration of the guarantees or bonds. We amortized the asset based on the expiration terms of each of the securities. We recorded the reduction of the liability and the amortization of the asset to “Other income, net.”

Contingent Consideration for ULC and Sensors & Software Acquisitions - In connection with the acquisition of ULC and Sensors & Software, the respective sellers are eligible for additional cash consideration of up to $45.0 and $4.0, respectively, with payment of such contingent consideration dependent upon the achievement of certain milestones. The estimated fair value of such contingent consideration is $24.3 and $0.7, respectively, with such amounts reflected as liabilities within our condensed consolidated balance sheets as of July 3, 2021 and December 31, 2020. We estimated the fair value of the contingent consideration for these acquisitions based on the probability of ULC and Sensors & Software achieving these milestones.

Goodwill, Indefinite-Lived Intangible and Other Long-Lived Assets — Certain of our non-financial assets are subject to impairment analysis, including long-lived assets, indefinite-lived intangible assets and goodwill. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the instrument be recorded at its fair value.

Valuation Methodologies Used to Measure Fair Value on a Recurring Basis

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

As of July 3, 2021, there has been no significant impact to the fair value of our derivative liabilities due to our own credit risk, as the related instruments are collateralized under our senior credit facilities. Similarly, there has been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

Equity Security — We estimate the fair value of an equity security that we hold utilizing a practical expedient under existing guidance, with such estimated fair value based on our ownership percentage applied to the net asset value of the investee as presented in the investee's most recent audited financial statements. During the three and six months ended July 3, 2021 and June 27, 2020, we recorded a gain of $2.2 and $5.3, respectively and $7.4 and $5.3, respectively, to "Other income, net" to reflect an increase in the estimated fair value of the equity security. As of July 3, 2021 and December 31, 2020, the equity security had an estimated fair value of $34.4 and $27.0, respectively.

Indebtedness and Other — The estimated fair value of our debt instruments as of July 3, 2021 and December 31, 2020 approximated the related carrying values due primarily to the variable market-based interest rates for such instruments. See Note 12 for further details.

(18) SUBSEQUENT EVENT

On August 2, 2021, we completed the acquisition of Enterprise Control Systems Ltd ("ECS"). ECS is a leader in the design and manufacture of highly-engineered tactical datalinks and radio frequency ("RF") countermeasures, including counter-drone and counter-IED RF jammers. We purchased ECS for net cash proceeds of GBP 27.5 (or $38.2 at the time of payment). Under the terms of the purchase and sales agreement, the seller is eligible for additional cash consideration of up to GBP 12.5, with payment to occur in 2022 upon successful achievement of certain financial performance milestones. The post-acquisition results of ECS will be reflected within our Detection and Measurement reportable segment.

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

FORWARD-LOOKING STATEMENTS

Some of the statements in this document and any documents incorporated by reference, including any statements as to operational and financial projections, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our businesses' or our industries' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Such statements may address our plans, our strategies, our prospects, changes and trends in our business and the markets in which we operate under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") or in other sections of this document. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential" or "continue" or the negative of those terms or other comparable terminology. Particular risks facing us include economic, business and other risks stemming from our internal operations, legal and regulatory risks, costs of raw materials, pricing pressures, pension funding requirements, integration of acquisitions, and changes in the economy, as well as the impacts of the coronavirus disease (the "COVID-19 pandemic") and governmental responses to stem further outbreaks of the COVID-19 pandemic, which is further discussed below and in other sections of this document. These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors, and forward-looking statements should not be relied upon as a prediction of actual results. In addition, management's estimates of future operating results are based on our current complement of businesses, which is subject to change as management selects strategic markets.

All the forward-looking statements are qualified in their entirety by reference to the factors discussed under the heading "Risk Factors" in our 2020 Annual Report on Form 10-K, in any subsequent filing with the U.S. Securities and Exchange Commission, as well as in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements. We caution you that these risk factors may not be exhaustive. We operate in a continually changing business environment and frequently enter into new businesses and product lines. We cannot predict these new risk factors, and we cannot assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, you should not rely on forward-looking statements as a prediction of actual results. We disclaim any responsibility to update or publicly revise any forward-looking statements to reflect events or circumstances that arise after the date of this document.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic had an adverse impact on our consolidated results of operations in the first and second quarters of 2020, with diminishing impacts during the second half of 2020. Any impacts of the pandemic on our first half of 2021 operating results were generally limited to some delays for the project-related businesses within our Detection and Measurement reportable segment. However, we could experience an increase in adverse impacts during the remainder of 2021, including (i) disruption to our supply chain, (ii) increased cost for certain components, commodities, or services, (iii) labor shortages, and (iv) temporarily closing facilities if incidents of the COVID-19 pandemic increase. We have taken actions to manage near-term costs and other potential impacts. We will continue to assess the actual and expected impacts of the COVID-19 pandemic and the need for further actions.

See Notes 1 and 9 to our condensed consolidated financial statements for additional considerations regarding the current and potential impacts of the COVID-19 pandemic.

OTHER SIGNIFICANT MATTERS

- Acquisitions
    - ULC Robotics ("ULC")
        - Acquired on September 2, 2020 for cash proceeds of $89.2, net of cash acquired of $4.0.
        - Revenues for the twelve months prior to the date of acquisition totaled approximately $40.0.
        - Post-acquisition operating results are included within the Detection and Measurement reportable segment.
    - Sensors & Software, Inc. ("Sensors & Software")
        - Acquired on November 11, 2020 for cash proceeds of $15.5, net of cash acquired of $0.3.
        - Revenues for the twelve months prior to the date of acquisition totaled approximately $7.0.

        - Post-acquisition operating results are included within the Detection and Measurement reportable segment.

    - Sealite Pty Ltd and Affiliated Entities ("Sealite")
        - Acquired on April 19, 2021 for cash proceeds of $81.6, net of cash acquired of $2.3.
        - Revenues for the twelve months prior to the date of acquisition totaled approximately $33.0.
        - Post-acquisition operating results are included within the Detection and Measurement reportable segment.

- Planned Disposition of SPX Transformer Solutions, Inc. ("Transformer Solutions")
    - On June 8, 2021, we signed a definitive agreement to sell Transformer Solutions for cash proceeds of $645.0.
    - Transformer Solutions has been included in discontinued operations for all periods presented.
    - We expect the transaction to close during the fourth quarter of 2021.

- Change in Segment Reporting Structure
    - In connection with the planned disposition of Transformer Solutions and its classification as a discontinued operation, we have eliminated the Engineered Solutions reportable segment.
    - The remaining operations of the Engineered Solutions reportable segment have been reflected within our HVAC reportable segment for all periods presented.

- Large Power Projects in South Africa
    - On February 22, 2021 and April 28, 2021, our South African subsidiary, DBT, received favorable rulings from dispute adjudication panels.
        - In connection with the rulings, DBT received South African Rand 126.6 (or $8.6 at the time of payment) and South African Rand 82.0 (or $6.0 at the time of payment), respectively.
        - As the rulings are subject to further arbitration, such amounts have not been reflected in our condensed consolidated statements of operations.
        - On July 5, 2021, DBT received notice from MHI of its intent to seek final and binding arbitration in the Kusile matter.

    - In May 2021, and in connection with certain claims made against DBT, MHI made a demand and received payment of South African Rand 178.7 (or $12.5 at the time of payment) on bonds issued by a bank.
        - Under the terms of the bonds and our senior credit agreement, we were required to fund the above payment.
        - DBT denies liability for these claims and, thus, fully intends to seek, and believes it is legally entitled to, reimbursement of the South African Rand 178.7.
        - As such, the amount has been reflected as a non-current asset in our condensed consolidated balance sheet as of July 3, 2021.

    - On June 4, 2021, DBT received a revised version of an interim claim from MHI that was provided on February 26, 2019. DBT has numerous defenses and, thus, does not believe it has a probable liability associated with these claimed damages.

    - See Note 15 to our condensed consolidated financial statements for additional details.

OVERVIEW OF OPERATING RESULTS

Revenues for the three and six months ended July 3, 2021 totaled $296.7 and $584.6, respectively, compared to $258.0 and $514.8 during the respective periods in 2020. The increase in revenues during the three and six months ended July 3, 2021, compared to the respective prior-year periods, was due primarily to an increase in organic revenue and, to a lesser extent, the impact of the ULC, Sensors & Software, and Sealite acquisitions. The increase in organic revenue was due primarily to higher sales of heating products and location and inspection equipment, partially offset by lower sales of bus fare collection systems. During the first half of 2020, sales of heating products and location and inspection equipment were impacted negatively by the COVID-19 pandemic. The decline in sales of bus fare collection systems was due primarily to the timing of large projects, as the extent of such projects can fluctuate from period to period.

During the three and six months ended July 3, 2021, we generated operating income of $12.9 and $32.9, respectively, compared to $17.5 and $33.6 for the respective periods in 2020. The decrease in operating income during the three and six months ended July 3, 2021, compared to the respective prior-year periods, was due primarily to higher corporate expense, other operating expense of $2.7 during the second quarter of 2021 related to revisions of recorded assets for asbestos-related claims, and decreases in profitability within our Detection and Measurement reportable segment, partially offset by increases in profitability within our HVAC reportable segment associated with organic revenue growth. The higher corporate expense was due primarily to increased investments in continuous improvement and other strategic initiatives and an increase in incentive compensation expense. The decline in profitability within our detection and measurement reportable segment was due primarily to increased amortization expense associated with the acquisitions of Sealite, ULC, and Sensors & Software and the impact of the decline in sales of bus fare collection systems, partially offset by the impact of the organic revenue growth associated with location and inspection equipment.

Cash flows from operating activities associated with continuing operations totaled $38.9 for the six months ended July 3, 2021, compared to cash flows used in operating activities of $9.9 during the six months ended June 27, 2020. The increase in cash flows from operating activities was due primarily to improved cash flows within our heating and location and inspection businesses associated with improved profitability and decreases in working capital.

RESULTS OF CONTINUING OPERATIONS

The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements contained in our 2020 Annual Report on Form 10-K. Interim results are not necessarily indicative of results for the full year. We establish actual interim closing dates using a fiscal calendar, which requires our businesses to close their books on the Saturday closest to the end of the first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2021 are April 3, July 3 and October 2, compared to the respective March 28, June 27 and September 26, 2020 dates. We had five more days in the first quarter of 2021 and will have six fewer days in the fourth quarter of 2021 than in the respective 2020 periods. It is not practicable to estimate the impact of the five additional days on our consolidated operating results for the six months ended July 3, 2021, when compared to the consolidated operating results for the 2020 respective period.

Cyclicality of End Markets, Seasonality and Competition — The financial results of our businesses closely follow changes in the industries in which they operate and end markets in which they serve. In addition, certain of our businesses have seasonal fluctuations. For example, our heating businesses tend to be stronger in the third and fourth quarters, as customer buying habits are driven largely by seasonal weather patterns. In aggregate, our businesses tend to be stronger in the second half of the year.

Although our businesses operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since none of our competitors offer all the same product lines or serve all the same markets as we do. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are service, product performance, technical innovation and price. These methods vary with the type of product sold. We believe we compete effectively on the basis of each of these factors.

Non-GAAP Measures — Organic revenue growth (decline) presented herein is defined as revenue growth (decline) excluding the effects of foreign currency fluctuations, acquisitions/divestitures, and the impact of a reduction in revenue during the second quarter of 2021 associated with the settlement of claims on a legacy dry cooling project. We believe this metric is a useful financial measure for investors in evaluating our operating performance for the periods presented as, when considered in conjunction with our revenues, it presents a useful tool to evaluate our ongoing operations and provides investors with a tool they can use to evaluate our management of assets held from period to period. In addition, organic revenue growth (decline) is one of the factors we use in internal evaluations of the overall performance of our business. This metric, however, is not a measure of financial performance under accounting principles generally accepted in the United States (“GAAP”), should not be considered a substitute for net revenue growth (decline) as determined in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies.

The following table provides selected financial information for the three and six months ended July 3, 2021 and June 27, 2020, respectively, including the reconciliation of organic revenue increase to the net revenue increase:

	Three months ended			Six months ended		
	July 3, 2021	June 27, 2020	% Change	July 3, 2021	June 27, 2020	% Change
Revenues	$ 296.7	$ 258.0	15.0	$ 584.6	$ 514.8	13.6
Gross profit	102.0	88.3	15.5	206.0	178.0	15.7
% of revenues	34.4 %	34.2 %		35.2 %	34.6 %	
Selling, general and administrative expense	79.2	67.4	17.5	158.5	138.5	14.4
% of revenues	26.7 %	26.1 %		27.1 %	26.9 %	
Intangible amortization	6.5	2.4	170.8	10.5	5.0	110.0
Special charges, net	0.7	1.0	(30.0)	1.4	1.3	7.7
Other operating (income) expense	2.7	—	*	2.7	(0.4)	*
Other income, net	7.1	5.4	31.5	14.3	5.8	146.6
Interest expense, net	(3.3)	(4.7)	(29.8)	(7.4)	(9.4)	(21.3)
Income from continuing operations before income taxes	16.7	18.2	(8.2)	39.8	30.0	32.7
Income tax provision	(2.0)	(3.0)	(33.3)	(6.1)	(5.3)	15.1
Income from continuing operations	14.7	15.2	(3.3)	33.7	24.7	36.4
Components of revenue increase:						
Organic			9.4			8.0
Foreign currency			1.2			1.1
Acquisitions			6.1			5.4
Settlement of legacy dry cooling contract			(1.7)			(0.9)
Net revenue increase			15.0			13.6

* Not meaningful for comparison purposes.

Revenues — For the three and six months ended July 3, 2021, the increase in revenues, compared to the respective periods in 2020, was primarily due to an increase in organic revenue and, to a lesser extent, the impact of the ULC, Sensors & Software, and Sealite acquisitions. The increase in organic revenue was due primarily to higher sales of heating products and location and inspection equipment, partially offset by lower sales of bus fare collection systems. During the first half of 2020, sales of heating products and location and inspection equipment were impacted negatively by the COVID-19 pandemic. The decline in sales of bus fare collection systems was due primarily to the timing of large projects, as the extent of such projects can fluctuate from period-to-period.

See “Results of Reportable Segments and Other Operating Segment” for additional details.

Gross Profit — For the three and six months ended July 3, 2021, the increase in gross profit and gross profit as a percentage of revenues, compared to the respective periods in 2020, was due primarily to the increase in revenues noted above, including the impact of the additional absorption of fixed costs associated with such revenue increase.

Selling, General and Administrative (“SG&A”) Expense — For the three and six months ended July 3, 2021, the increase in SG&A expense, compared to the respective periods in 2020, was due primarily to the incremental SG&A resulting from the acquisitions noted above and the increase in corporate expense related to additional investments in connection with continuous improvement and other strategic initiatives and an increase in incentive compensation.

Intangible Amortization — For the three and six months ended July 3, 2021, the increase in intangible amortization, compared to the respective periods in 2020, was due to the incremental amortization of $4.0 and $5.6 during the three and six months ended July 3, 2021, respectively, related to the acquisitions noted above.

Special Charges, net — Special charges, net, related primarily to restructuring initiatives to consolidate manufacturing, distribution, sales and administrative facilities, reduce workforce and rationalize certain product lines. See Note 7 to our condensed consolidated financial statements for the details of actions taken in the first six months of 2021 and 2020.

Other Operating (Income) Expense — Other operating expense for the three and six months ended July 3, 2021 related to revisions to recorded assets for asbestos-related claims. Other operating income for the six months ended June 27, 2020 related to revisions to estimates of certain liabilities retained in connection with the 2016 sale of the dry cooling business.

Other Income, net — Other income, net, for the three months ended July 3, 2021 was composed primarily of income derived from company-owned life insurance policies of $2.7, a gain of $2.2 related to changes in the estimated fair value of an equity security we hold, and pension and postretirement income of $1.6.

Other income, net, for the three months ended June 27, 2020 was composed primarily of a gain of $5.3 related to changes in the estimated fair value of an equity security that we hold and pension and postretirement income of $1.0, partially offset by foreign currency transaction losses of $0.6.

Other income, net, for the six months ended July 3, 2021 was composed primarily of a gains of $7.4 related to changes in the estimated fair value of an equity security we hold, pension and postretirement income of $3.2, income derived from company-owned life insurance policies of $2.7, and income of $1.7 related to a reduction of the parent company guarantees and bank surety bonds liability that were outstanding in connection with the 2016 sale of Balcke Dürr, partially offset by foreign currency transaction losses.

Other income, net, for the six months ended June 27, 2020 was composed primarily of a gain of $5.3 related to a change in the estimated fair value of an equity security that we hold and pension and postretirement income of $2.0.

Interest Expense, net — Interest expense, net, includes both interest expense and interest income. The decrease in interest expense, net, during the three and six months ended July 3, 2021, compared to the respective periods in 2020, was the result of a lower average effective interest rate during 2021.

Income Tax Provision — For the three months ended July 3, 2021, we recorded an income tax provision of $2.0 on $16.7 of pre-tax income from continuing operations, resulting in an effective rate of 12.0%. This compares to an income tax provision for the three months ended June 27, 2020 of $3.0 on $18.2 of pre-tax income from continuing operations, resulting in an effective rate of 16.5%. The most significant item impacting the income tax provision for the second quarter of 2021 was a benefit of $2.2 related to revisions to liabilities for uncertain tax positions and interest associated with various refund claims. The most significant items impacting the income tax provision for the second quarter of 2020 were (i) $0.5 of tax benefits associated with statute expirations in certain jurisdictions and (ii) $0.3 of excess tax benefits resulting from stock option awards that were exercised during the period.

For the six months ended July 3, 2021, we recorded an income tax provision of $6.1 on $39.8 of pre-tax income from continuing operations, resulting in an effective rate of 15.3%. This compares to an income tax provision for the six months ended June 27, 2020 of $5.3 on $30.0 of pre-tax income from continuing operations, resulting in an effective rate of 17.7%. The most significant items impacting the income tax provision for the first half of 2021 were (i) a benefit of $2.2 noted above recorded during the second quarter of 2021 and (ii) $1.0 of excess tax benefits associated with stock-based compensation awards that vested and/or were exercised during the period. The most significant items impacting the income tax provision for the first half of 2020 were (i) $1.5 of excess tax benefits associated with stock-based compensation awards that vested and/or were exercised during the period and (ii) the $0.5 of tax benefits associated with the statute expirations noted above.

RESULTS OF REPORTABLE SEGMENTS AND OTHER OPERATING SEGMENT

The following information should be read in conjunction with our condensed consolidated financial statements and related notes. These results exclude the operating results of discontinued operations for all periods presented. See Note 6 to our condensed consolidated financial statements for a description of our reportable segments and other operating segment.

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

HVAC Reportable Segment

	Three months ended			Six months ended		
	July 3, 2021	June 27, 2020	% Change	July 3, 2021	June 27, 2020	% Change
Revenues	$ 185.4	$ 165.2	12.2	$ 361.0	$ 328.0	10.1
Income	25.4	19.6	29.6	47.7	37.3	27.9
% of revenues	13.7 %	11.9 %		13.2 %	11.4 %	
Components of revenue increase:						
Organic			14.1			10.7
Foreign currency			0.8			0.7
Settlement of legacy dry cooling contract			(2.7)			(1.3)
Net revenue increase			12.2			10.1

Revenues — For the three and six months ended July 3, 2021, the increase in revenues, compared to the respective periods in 2020, was due primarily to an increase in organic revenue for the segment's heating products, partially offset by a reduction of revenue during the second quarter of 2021 related to the settlement of a legacy dry cooling contract. Sales of heating products during the first half of 2020 were impacted negatively by (i) a warmer than normal winter and (ii) the COVID-19 pandemic.

Income — For the three and six months ended July 3, 2021, the increase in income and margin, compared to the respective periods in 2020, was due primarily to the increase in revenues noted above.

Backlog — The segment had backlog of $190.7 and $193.2 as of July 3, 2021 and June 27, 2020, respectively.

Detection and Measurement Reportable Segment

	Three months ended			Six months ended		
	July 3, 2021	June 27, 2020	% Change	July 3, 2021	June 27, 2020	% Change
Revenues	$ 111.2	$ 92.1	20.7	$ 222.8	$ 184.0	21.1
Income	11.4	16.0	(28.8)	31.4	34.2	(8.2)
% of revenues	10.3 %	17.4 %		14.1 %	18.6 %	
Components of revenue increase:						
Organic			1.6			4.1
Foreign currency			1.9			1.9
Acquisitions			17.2			15.1
Net revenue increase			20.7			21.1

Revenues — For the three and six months ended July 3, 2021, the increase in revenues, compared to the respective periods in 2020, was due primarily to the impact of the acquisitions of Sealite, ULC, and Sensors & Software and, to a lesser extent, the impact of changes in foreign currency exchange rates and an increase in organic revenue. The increase in organic revenue was primarily the result of higher sales of location and inspection equipment, partially offset by lower sales of bus fare collection systems during the three and six months ended July 3, 2021. During the first half of 2020, sales of location and inspection equipment were impacted negatively by the COVID-19 pandemic, while the decline in sales of bus fare collection systems was due primarily to the timing of large projects, as the extent of such projects can fluctuate from period to period.

Income — For the three and six months ended July 3, 2021, the decrease in income and margin, compared to the respective periods in 2020, was due primarily to increased amortization expense associated with the acquisitions of Sealite, ULC, and Sensors & Software and the impact of the decline in sales of bus fare collection systems, partially offset by the impact of the organic revenue growth associated with location and inspection equipment.

Backlog — The segment had backlog of $141.9 and $68.7 as of July 3, 2021 and June 27, 2020, respectively. Aggregate backlog related to ULC, Sensors and Software and Sealite totaled $39.0 as of July 3, 2021.

Other

	Three months ended			Six months ended		
	July 3, 2021	June 27, 2020	% Change	July 3, 2021	June 27, 2020	% Change
Revenues	$ 0.1	$ 0.7	*	$ 0.8	$ 2.8	*
Loss	(3.9)	(4.3)	*	(8.5)	(8.6)	*
% of revenues	*	*		*	*	

* Not meaningful for comparison purposes.

Revenues — For the three and six months ended July 3, 2021, the decrease in revenues, compared to the respective periods in 2020, was due to a decline in organic revenue resulting from lower sales related to the large power projects in South Africa, as these projects are in the latter stages of completion.

Loss — For the three and six months ended July 3, 2021, the loss decreased, compared to the respective periods in 2020, as a result of the wind-down activities noted above for the large power projects in South Africa. The losses for all periods presented relate primarily to legal costs associated with the claims matters for the large power projects in South Africa.

Backlog — The operating segment had a backlog of $3.1 and $4.0 as of July 3, 2021 and June 27, 2020, respectively.

CORPORATE AND OTHER EXPENSES

	Three months ended			Six months ended		
	July 3, 2021	June 27, 2020	% Change	July 3, 2021	June 27, 2020	% Change
Total consolidated revenues	$ 296.7	$ 258.0	15.0	$ 584.6	$ 514.8	13.6
Corporate expense	13.3	9.7	37.1	27.5	22.0	25.0
% of revenues	4.5 %	3.8 %		4.7 %	4.3 %	
Long-term incentive compensation expense	3.3	3.1	6.5	6.1	6.4	(4.7)

Corporate Expense — Corporate expense generally relates to the cost of our Charlotte, North Carolina corporate headquarters. The increase in corporate expense during the three and six months ended July 3, 2021, compared to the respective periods in 2020, was due primarily to increased investments in continuous improvement and other strategic initiatives and an increase in incentive compensation expense.

Long-Term Incentive Compensation Expense — Long-term incentive compensation expense represents our consolidated expense, which we do not allocate for segment reporting purposes. For the three months ended July 3, 2021, the increase in long-term incentive compensation expense, compared to the respective period in 2020, was due to a higher amount award forfeitures during the 2020 period. The decrease in long-term incentive compensation during the six months ended July 3, 2021, compared to the respective period in 2020, was due to revisions to/finalization of the liability associated with the 2018 long-term cash awards. See Note 14 to our condensed consolidated financial statements for additional details.

LIQUIDITY AND FINANCIAL CONDITION

Listed below are the cash flows from (used in) operating, investing, and financing activities and discontinued operations, as well as the net change in cash and equivalents for the six months ended July 3, 2021 and June 27, 2020.

	Six months ended	
	July 3, 2021	June 27, 2020
Continuing operations:		
Cash flows from (used in) operating activities	$ 38.9	$ (9.9)
Cash flows used in investing activities	(82.2)	(7.2)
Cash flows from financing activities	0.9	119.8
Cash flows from discontinued operations	38.8	35.1
Change in cash and equivalents due to changes in foreign currency exchange rates	4.4	(2.3)
Net change in cash and equivalents	$ 0.8	$ 135.5

Operating Activities — The increase in cash flows from operating activities during the six months ended July 3, 2021, compared to the respective period in 2020, was due primarily to improved cash flows within our location and inspection and heating businesses associated with improved profitability and decreases in working capital.

Investing Activities — Cash flows used in investing activities for the six months ended July 3, 2021 were comprised primarily of cash utilized in the acquisition of Sealite of $81.6 and capital expenditures of $4.2, partially offset by proceeds from company-owned life insurance policies of $3.9.

Cash flows used in investing activities for the six months ended June 27, 2020 were comprised of capital expenditures of $8.3, partially offset by proceeds from company-owned life insurance policies of $1.1.

Financing Activities — Cash flows from financing activities for the six months ended July 3, 2021 were comprised of net borrowings under our various debt instruments of $5.1, partially offset by minimum withholdings paid on behalf of employees on long-term incentive awards, net of proceeds from options exercised, of $4.2.

Cash flows from financing activities for the six months ended June 27, 2020 were comprised of net borrowings under our various debt instruments of $123.6, partially offset by (i) minimum withholdings paid on behalf of employees on long-term incentive awards, net of proceeds from options exercised, of $2.3 and (ii) $1.5 related to contingent consideration paid in connection with the SGS acquisition, which was completed in July 2019.

Discontinued Operations — Cash flows from discontinued operations for the six months ended July 3, 2021 and June 27, 2020 related primarily to cash flows from operations generated by Transformers Solutions, partially offset by cash disbursements related to liabilities retained in connection with dispositions.

Change in Cash and Equivalents due to Changes in Foreign Currency Exchange Rates — Changes in foreign currency exchange rates did not have a significant impact on our cash and equivalents during the first six months of 2021 and 2020.

Borrowings and Availability

Borrowings — The following summarizes our debt activity (both current and non-current) for the six months ended July 3, 2021.

	December 31, 2020	Borrowings	Repayments	Other[5]	July 3, 2021
Revolving loans [1]	$ 129.8	$ 102.0	$ (91.8)	$ —	$ 140.0
Term loan[2]	248.6	—	(3.1)	0.2	245.7
Trade receivables financing arrangement[3]	28.0	132.0	(134.0)	—	26.0
Other indebtedness[4]	6.0	0.5	(0.5)	(1.0)	5.0
Total debt	412.4	$ 234.5	$ (229.4)	$ (0.8)	416.7
Less: short-term debt	101.2				168.3
Less: current maturities of long-term debt	7.2				10.4
Total long-term debt	$ 304.0				$ 238.0

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(1) While not due for repayment until December 2024 under the terms of our senior credit agreement, we have classified within current liabilities the portion of the outstanding balance that we believe will be repaid over the next year, with such amount based on an estimate of cash that is expected to be generated over such period, including proceeds from the expected sale of Transformer Solutions in the fourth quarter of 2021.

(2) The term loan is repayable in quarterly installments beginning in the first quarter of 2021, with the quarterly installments equal to 0.625% of the initial term loan balance of $250.0 during 2021, 1.25% in each of the four quarters of 2022 and 2023, and 1.25% during the first three quarters of 2024. The remaining balance is payable in full on December 17, 2024. Balances are net of unamortized debt issuance costs of $1.2 and $1.4 at July 3, 2021 and December 31, 2020, respectively.

(3) Under this arrangement, we can borrow, on a continuous basis, up to $50.0, as available. At July 3, 2021, we had $24.0 of available borrowing capacity under this facility after giving effect to outstanding borrowings of $26.0. Borrowings under this arrangement are collateralized by eligible trade receivables of certain of our businesses.

(4) Primarily includes balances under a purchase card program of $2.3 and $1.7 and finance lease obligations of $2.7 and $2.6 at July 3, 2021 and December 31, 2020, respectively. The purchase card program allows for payment beyond the normal payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(5) "Other" primarily includes debt assumed, foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar, and the impact of amortization of debt issuance costs associated with the term loan.

At July 3, 2021, we were in compliance with all covenants of our senior credit agreement.

Availability — At July 3, 2021, we had $297.8 of available borrowing capacity under our revolving credit facilities after giving effect to borrowings under the domestic revolving loan facility of $140.0 and $12.2 reserved for domestic letters of credit. During the second quarter of 2021, we reduced the available issuance capacity under our foreign credit instrument facilities from $100.0 to $55.0. At July 3, 2021, we had $28.8 of available issuance capacity under our foreign credit instrument facilities after giving effect to $26.2 reserved for outstanding letters of credit.

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

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and equivalents, trade accounts receivable, insurance recovery assets associated with asbestos product liability matters, and interest rate swap, foreign currency forwards, and commodity contracts. These financial instruments, other than trade accounts receivable, are placed with high-quality financial institutions and insurance companies throughout the world. We periodically evaluate the credit standing of these financial institutions and insurance companies.

We maintain cash levels in bank accounts that, at times, may exceed federally-insured limits. We have not experienced, and believe we are not exposed to, significant risk of loss in these accounts.

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

Concentrations of credit risk arising from trade accounts receivable are due to selling to customers in a particular industry. Credit risks are mitigated by performing ongoing credit evaluations of our customers' financial conditions and obtaining collateral, advance payments, or other security when appropriate. No one customer, or group of customers that to our knowledge are under common control, accounted for more than 10% of our revenues for any period presented.

Other Matters

Contractual Obligations — There have been no material changes in the amounts of our contractual obligations from those disclosed in our 2020 Annual Report on Form 10-K. Our total net liabilities for unrecognized tax benefits including interest were $8.8 as of July 3, 2021. Based on the outcome of certain examinations or as a result of the expiration of statutes of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by up to $5.0.

Contingencies and Other Matters — Numerous claims, complaints and proceedings arising in the ordinary course of business have been asserted or are pending against us or certain of our subsidiaries (collectively, "claims"). These claims relate to litigation matters (e.g., contracts, intellectual property, and competitive claims), environmental matters, product liability matters (predominately associated with alleged exposure to asbestos-containing materials), and other risk management matters (e.g., general liability, automobile, and workers' compensation claims). Additionally, we may become subject to other claims of which we are currently unaware, which may be significant, or the claims of which we are aware may result in our incurring significantly greater loss than we anticipate. We accrue for these contingencies when we believe a liability is probable and can be reasonably estimated. As events change and resolutions occur, these accruals may be adjusted and could differ materially from amounts originally estimated. See Note 15 to the condensed consolidated financial statements for a further discussion of contingencies and other matters.

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

In addition, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Matters" and "Risk Factors" in our 2020 Annual Report on Form 10-K, as well as similar sections in any future filings for an understanding of the risks, uncertainties, and trends facing our businesses.

Critical Accounting Policies and Use of Estimates

General — The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operations, and that require our most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties are discussed in our 2020 Annual Report on Form 10-K. We have affected no material change in either our critical accounting policies or use of estimates since the filing of our 2020 Annual Report on Form 10-K.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Management does not believe our exposure to market risk has significantly changed since December 31, 2020 and does not believe that such risks will result in significant adverse impacts to our financial condition, results of operations or cash flows.

ITEM 4. Controls and Procedures

SPX management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b), as of July 3, 2021. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of July 3, 2021.

In connection with the evaluation by SPX management, including the Chief Executive Officer and the Chief Financial Officer, of our internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d), no changes during the quarter ended July 3, 2021 were identified that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

The information required by this Item is incorporated by reference from the footnotes to the condensed consolidated financial statements, specifically Note 15, included under Part I of this Form 10-Q.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2020 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results.

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

None.

ITEM 6. Exhibits

2.1	Stock Purchase Agreement among SPX Corporation, SPX Transformer Solutions, Inc., GE Prolec Transformers, Inc. and Prolec GE Internacional, S. DE RL. DE CV. dated as of June 8, 2021, incorporated by reference from our Current Report on Form 8-K filed on June 9, 2021 (File no. 1-6948).
10.1	Letter agreement dated June 7, 2021 between SPX Corporation and Brian G. Mason.
10.2	Enhanced Severance Agreement dated as of June 7, 2021 between SPX Transformer Solutions, Inc. and Brian G. Mason.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	SPX Corporation financial information from its Form 10-Q for the quarterly period ended July 3, 2021, formatted in Inline XBRL, including: (i) Condensed Consolidated Statements of Operations and Comprehensive Income for the three and six months ended July 3, 2021 and June 27, 2020; (ii) Condensed Consolidated Balance Sheets at July 3, 2021 and December 31, 2020; (iii) Condensed Consolidated Statements of Equity for the three and six months ended July 3, 2021 and June 27, 2020; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended July 3, 2021 and June 27, 2020; and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted as Exhibit 101.1)

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 5, 2021	By	**/s/ Eugene J. Lowe, III** **President and Chief Executive Officer**
Date: August 5, 2021	By	**/s/ James E. Harris** **Vice President, Chief Financial Officer and Treasurer**

COMPANY CONFIDENTIAL

June 7, 2021

Mr. Brian Mason
via softcopy

Re: Retention Incentives

Dear Brian:

As you know, SPX Corporation ("SPX" or the "Company") has been pursuing the sale of SPX Transformer Solutions, Inc. ("Transformer Solutions"). SPX recognizes the additional burden this placed and will continue to place on you as a key member of the Transformer Solutions executive team through the conclusion of the process, and therefore offers you an incentive as set forth below.

Subject to the terms and conditions contained herein, you will be eligible to receive an Incentive Payment payable by SPX in the amount as set forth on Appendix A, payable as follows: (1) one half of the Incentive Payment amount set forth on Appendix A will be paid within five business days following the final closing date of the Transaction (as defined below) and (2) the remaining one half of the Incentive Payment amount set forth on Appendix A (the "Second Payment") will be paid on the later of 180 days or within five business days after all post-closing working capital and other purchase price adjustments are finally determined and binding on the parties to the Transaction, but in no event later than March 15 of the year following the closing of the Transaction. You will also be eligible for a pro-rated bonus and accelerated vesting of your unvested equity, and such other benefits, as set forth in Appendix A.

Payment of the Incentive Payment amounts and your receipt of the other benefits set forth on Appendix A are each conditioned upon (i) your active employment and satisfactory performance, as determined by the Company, throughout the period from now through and including the date of the consummation of the Transaction, (ii) the closing of the Transaction on or before September 30, 2021, (or such later date as may be provided for in the SPA (defined below)), and (iii) your signing, and not revoking, a general release and, where appropriate, a separation agreement, each in a form satisfactory to the Company, to be effective as of the date of the consummation of the Transaction. For the purposes of this agreement, "Transaction" shall mean the sale of 100% of the issued and outstanding stock of Transformer Solutions to GE Prolec Transformers, Inc. (the "Purchaser") pursuant to that certain stock purchase agreement dated as of even date herewith (the "SPA") or another alternative transaction as approved of by the SPX Board of Directors. In the event that you breach any provision of such release or separation agreement, you shall not be entitled to any payments under this letter agreement, including the other benefits set forth in Appendix A, and you shall immediately repay to the Company any payments made by the Company to you under this letter agreement and forfeit all other benefits provided under this letter agreement. The Second Payment will be further conditioned on your continued employment and satisfactory performance with Transformer Solutions through the payment date of the Second Payment, unless you are involuntarily terminated by Transformer Solutions after the consummation of the Transaction.

All amounts payable under this arrangement shall be subject to applicable taxes and withholdings. None of the amounts payable under this letter agreement shall be considered as compensation eligible for deferral under any 401(k) tax-qualified retirement plan or supplemental non-qualified plan, nor as pensionable compensation under any defined benefit tax-qualified retirement plan or supplemental non-qualified plan, in which you participate.

Nothing contained herein shall be deemed to obligate SPX to sell Transformer Solutions. SPX's determination whether to consummate such a transaction shall be final and binding, and the consummation of any such sale must ultimately be approved or rejected by SPX's Board of Directors in its sole and exclusive discretion.

This document states the entire agreement between you and the Company regarding the subject matter hereof; provided, however, that this arrangement shall not supersede any confidentiality, non-competition or other protective covenants you have with the Company, or your existing Change of Control or Severance Agreement with SPX, all of which shall remain in full force and effect until such time as a Transaction is consummated. Any other statements, whether verbal or written, which are inconsistent with the terms and conditions set forth in this document are unauthorized by the Company.

In the event of a Transaction, your Change of Control and Severance Agreements will be replaced by an Enhanced Severance Agreement, the form of which has been provided to you (the "Enhanced Agreement"), to be entered into between you and Transformer Solutions. As set forth in the Enhanced Agreement, you will be entitled to two years of salary, benefits, and bonus in the event your employment with Transformer Solutions is involuntarily terminated within 24 months of the consummation of the sale. If your base salary or bonus target is reduced, or your perquisite benefits are meaningfully changed within the two years following the consummation of the sale, this will trigger payments under your Enhanced Agreement as set forth therein. Should there be a dispute concerning the enforcement of the Enhanced Agreement between you and Transformer Solutions, SPX shall reimburse you for all reasonable attorney's fees incurred by you in enforcing provisions of the Enhanced Agreement against Transformer Solutions, up to a maximum amount of $10,000.

For the avoidance of doubt, SPX shall be responsible for making the Incentive Payment set forth in Appendix A and for any vesting obligations under the Company's incentive stock compensation plans; however, Transformer Solutions shall be responsible for any annual bonus and/or severance obligations set forth in the Enhanced Severance Agreement. Any amendments or modifications to this letter agreement shall be in writing and designated as such and signed by both parties.

I trust this helps clarify your status with Transformer Solutions during this transition. Of course if you have any questions please contact me directly. Kindly indicate your acknowledgment and acceptance of this arrangement by signing below and returning a copy to me.

Sincerely,

/s/ John W. Nurkin

John W. Nurkin
Vice President, Secretary & General Counsel

ACKNOWLEDGED AND ACCEPTED

/s/ Brian Mason

Brian Mason

Appendix A
SPX Transformer Solutions
Sale of Business Incentive

Based on the currently agreed transaction value, your incentive payment would be as listed below. Any meaningful change in value may require a re-evaluation of the level of payment.

Incentive Payment: $2,500,000.00

In the event a Transaction is not consummated by September 30, 2021(or such later date as may be provided in the SPA or approved by the SPX Board of Directors) you will be eligible for a lump-sum bonus of $100,000.00, subject to applicable taxes and withholdings.

You will remain eligible for a bonus under the SPX Management Bonus Plan until the consummation of a Transaction. You will be eligible for a pro-rated bonus in the year of the consummation of a Transaction based on performance at that time against pro-rated targets. It is anticipated that this amount would be paid in the ordinary course by Transformer Solutions.

Subject to the terms and conditions contained above, it is the intention of the Company to offer “next vest” treatment of outstanding equity grants. All time-based equity scheduled to vest in the 12 months following the consummation of a Transaction (or next vesting cycle) will vest at the time of the consummation of the Transaction. All performance-based equity scheduled to vest in the 12 months following consummation of a Transaction (or next vesting cycle) will vest, if at all, when the performance criteria are met in accordance with applicable award agreements. All time-based and performance-based equity that is not scheduled to vest within the 12 months following the consummation of a Transaction will be forfeited.

Enhanced Severance Agreement of Brian G. Mason

This Enhanced Severance Agreement (this "Agreement") is dated as of June 7, 2021, and is by and between SPX Transformer Solutions, Inc. (the "Company") and Brian G. Mason (the "Executive").

WHEREAS, this Agreement is being entered into contemporaneously with the execution and delivery of a Stock Purchase Agreement dated as of June 7, 2021, (as may be amended, the “Purchase Agreement”) among SPX Corporation (“SPX”), the Company and GE-Prolec Transformers, Inc. (the “Purchaser”) providing for the sale of all outstanding shares of common stock of the Company to the Purchaser (the “Transaction”) and is being entered into in connection therewith in lieu of any assignment of the Severance Benefit Agreement of Brian G. Mason effective as of November 14, 2016, between SPX and the Executive and the change of control letter agreement dated as of November 14, 2016, between SPX and the Executive (collectively, the “Prior Agreements”);

WHEREAS, this Agreement is to be effective upon the consummation of the Transaction pursuant to the Purchase Agreement, with the time of the consummation of the Transaction being referred to herein as the “Effective Date”; and

WHEREAS, the Company and the Executive have reached agreement concerning the compensation and benefits upon the Executive's termination of employment following the Effective Date, which agreement is as set forth herein. NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions stated in this Agreement, the Company and the Executive hereby agree as follows:

1. **Term.** The term of this Agreement ("Term") will commence on the Effective Date, and will continue thereafter for a period of two years thereafter; provided, however, that this Agreement shall remain in effect and the Term shall be extended from additional one-year periods thereafter unless, not less than one hundred eighty (180) days prior to the two year anniversary of the Effective Date, or thereafter any subsequent anniversary of the Effective Date, either the Executive or the Company delivers to the other written notice of his or its intention not to continue this Agreement in effect, in which case this Agreement shall terminate as of the next succeeding anniversary of the Effective Date.

2. **Payments on Termination of Employment.**

(a) Definition of Termination of Employment. For purposes of this Agreement, the Executive's employment with the Company shall be deemed to be terminated when the Executive has a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and references to termination of employment shall be deemed to refer to a Separation from Service.

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

(i) Earned but unpaid base salary through the date of termination;

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

(iii) Any accrued but unpaid vacation;

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

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

(c) Termination of Employment for Death or Disability. In addition to the amounts determined under (b) above, if the Executive's termination of employment occurs by reason of death or Disability (as defined below), the Executive (or the Executive's estate) will receive a pro rata portion of any bonus payable under the Company's annual incentive plan for the year in which such termination occurs determined based on the highest of (i) the actual annual bonus paid for the bonus plan year immediately preceding such termination, or (ii) the target bonus for the bonus plan year in which such termination occurs. For purposes of this Agreement, "Disability" shall mean, in the written opinion of a qualified physician selected by the Company, the Executive is by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, (x) unable to engage in any substantial gainful activity, or (y) receiving income replacement benefits for a period of not less than three (3) months under a Company disability plan.

(d) Termination by the Company Without Cause, or Voluntary Termination by the Executive for Good Reason. If the Company terminates the Executive's employment other than for Cause, death or Disability, or the Executive voluntarily terminates employment for Good Reason, in addition to the benefits payable under Section 2(b), the Company will pay the following amounts and provide the following severance benefits:

(i) One (1) times the Executive's annual base salary ("Base Salary") at the Executive's termination of employment, plus one (1) times the Executive's annual incentive bonus, which will be determined as the higher of (A) the actual incentive bonus paid for the bonus plan year immediately preceding such termination of employment (including a bonus plan year in which the Company was a subsidiary of SPX), or (B) the target incentive bonus for the bonus plan year in which such termination of employment occurs (or, if such target incentive bonus has not yet been set by termination of employment, the target incentive bonus for the bonus plan year immediately preceding such termination of employment (including a bonus plan year in which the Company was a subsidiary of SPX)), plus (C) the amount, if any, to which the bonus that would have been paid to the Executive for the bonus plan year in which such termination of employment occurs, based on the performance level actually attained, exceeds the amount payable under the highest of (A) or (B); provided, however, that, if such termination of employment occurs prior to the second anniversary of the Effective Date, the amount payable pursuant to this Section 2(d)(i) shall be twice the amount that would otherwise be payable pursuant to this Section 2(d)(i).

(ii) Continued coverage under the Company's medical, dental, and vision through the one (1)-year anniversary of the Executive's termination of employment, at the same cost to the Executive as in effect on the date of the Executive's termination of employment, provided that to the extent such continued coverage extends beyond the COBRA continuation period, such coverage will be provided in accordance with the requirements of Code Section 409A and Treasury Regulation §1.409A-3(i)(1)(iv) (or any similar or successor provisions); provided, further, the Executive timely applies and the Executive and the Executive's dependents remain eligible for the coverage, and provided further that such continued coverage does not result in adverse tax or monetary penalties to the Company (or other applicable adverse effects to the Company based on coverage discrimination rules then in effect). Nothing herein shall be construed to extend the period of time over which COBRA continuation coverage shall be provided to the Executive or the Executive's dependents beyond that mandated by law (that is, the coverage under this Section 2(d)(ii) will be concurrent with, and not consecutive to, the coverage period mandated by law). Such medical, dental and vision benefits otherwise receivable by the Executive pursuant to this Section 2(d)(ii) shall be discontinued to the extent comparable benefits are actually received by the Executive from a subsequent employer (including an employer of the Executive's spouse) during the one (1)-year period following the Executive's termination of employment, and any such benefits actually received by the Executive shall be reported to the Company. The one (1)-year period following the Executive's termination of employment shall continue to count for purposes of determining the Executive's age and service with the Company with respect to eligibility, vesting and the amount of benefits under such Company's benefit plans to the maximum extent permitted by applicable law. If the Company determines that the Executive cannot participate in any such benefit plan because the Executive is not actively performing services for the Company (or due to such continued coverage resulting in adverse effects to the Company), or the Company ceases to provide such benefit plans after the Executive's termination of employment, the Company will make provision for such benefits under an alternate arrangement, such as through the reimbursement of an individual insurance policy purchased by the Executive that provides similar benefits, provided that such reimbursement will be provided in accordance with the requirements of Code Section 409A and Treasury Regulation §1.409A-3(i)(1)(iv) (or any similar or successor provisions). To the extent that the Executive's compensation is necessary for determining the amount of any such continued coverage or benefits, such compensation (Base Salary and annual incentive bonus target) through the one (1)-year anniversary of the Executive's termination of employment shall be at the highest rate in effect during the twelve (12)-month period immediately preceding the Executive's termination of employment. Notwithstanding the foregoing, if Executive's employment is terminated prior to the second anniversary of the Effective Date, the period of coverage provided pursuant to this Section 2(d)(ii) shall be extended to a two (2) year period.

(iii) Executive perquisites on the same basis on which the Executive was receiving such perquisites prior to the Executive's termination of employment, including five (5) weeks annual vacation, charitable matching gifts up to $10,000 per year, reimbursement of expenses relating to financial planning services, tax return preparation and annual physicals incurred on or before December 31 of the calendar year that includes the first anniversary of the Executive's termination of employment; provided that reimbursement of such perquisites shall be made to the Executive in accordance with the Company's reimbursement practices, and in all events no later than December 31 of the calendar year that includes the third anniversary of the Executive's termination of employment. The Company will bear the cost of such perquisites, at the same level in effect immediately prior to the Executive's termination of employment.

Perquisites otherwise receivable by the Executive pursuant to this Section shall be reduced to the extent (i) comparable perquisites are actually received by or made available to the Executive without cost during the period following the Executive's termination of employment covered by this Section or (ii) comparable perquisites are reduced for active executive officers of the Company during such time. The Executive shall report to the Company any such perquisites actually received by or made available to the Executive. Notwithstanding the foregoing, if Executive's employment is terminated prior to the second anniversary of the Effective Date, the period of perquisites provided pursuant to this Section 2(d)(ii) shall be extended to a two (2) year period.

(iv) Any outstanding stock options, restricted stock or other equity-based compensation awards that would have vested during the period through the one year anniversary of the Executive's employment termination shall immediately vest upon the date of the Executive's termination of employment, and any such vested stock options will be immediately exercisable at any time prior to the earlier of (A) two (2) years from the Executive's termination of employment, or (B) the stock option expiration or other termination date, subject to the terms of the equity-based compensation award and applicable insider trading policies and regulations. Notwithstanding the foregoing, any restricted stock or other equity-based compensation awards that would become vested only upon the attainment of specified performance goals, shall vest only if (and at the time that) such performance goals are achieved.

(v) Outplacement services, as elected by the Executive (and with a firm selected by the Executive), not to exceed $35,000 in total. Such outplacement services must be incurred by the Executive no later than the end of the calendar year that includes the second anniversary of the Executive's termination of employment. If applicable, reimbursement of such expenses shall be made to the Executive no later than the end of the calendar year that includes the third anniversary of the Executive's termination of employment (or earlier as provided under Code Section 409A).

(vi) To the extent the Company's group life insurance benefit plan permits the Executive to elect to convert such coverage into individual life insurance policy coverage after the Executive's termination of employment, and the Executive makes such election, the Company shall provide reimbursement of any premiums paid by the Executive on such individual life insurance policy coverage through the first anniversary of the Executive's termination of employment; provided that reimbursement of such premiums shall be made to the Executive in accordance with the Company's reimbursement practices, and in all events no later than December 31 of the calendar year that includes the third anniversary of the Executive's termination of employment (or such earlier time as required under Code Section 409A).

(e) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following without the Executive's consent: (i) a diminution in the Executive's base compensation, bonus opportunity (within the first two years after the Effective Date) or perquisites (within the first two years after the Effective Date) (unless, in the case of a diminution in perquisites, there is a proportional increase in other perquisites or cash compensation); (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) a material diminution in the budget over which the Executive retains authority; (iv) the Company requiring the Executive to be based at a location in excess of fifty (50) miles from the location where the Executive is currently based; (v) failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; or (vi) any other action or inaction that constitutes a material breach by the Company of this Agreement. The Executive must provide notice to the Company of the existence of the condition described in above within a period not to exceed ninety (90) days of the initial existence of the condition, and the Company will have a period of at least thirty (30) days following the notice during which it may remedy the condition. Any termination for Good Reason must occur within three (3) months following the initial existence of one (1) or more of the foregoing conditions. For the avoidance of doubt, Executive acknowledges and agrees that Executive being required to report to the Chief Executive Officer of [GE-Prolec] (which as of the date hereof is Ricardo Suarez) following the Transaction (and associated changes) will not constitute "Good Reason."

(f) Cause. For purposes of this Agreement, "Cause" shall mean: (i) the Executive's willful and continued failure to substantially perform your duties with the Company (other than any such failure resulting from Disability or occurring after issuance by you of a notice of termination for Good Reason), after a written demand for performance is delivered to the Executive, which demand specifically identifies the manner in which the Executive has not substantially performed the Executive's duties, and which gives the Executive at least 30 days to cure such alleged deficiencies, (ii) the Executive's willful misconduct or dishonesty, which is demonstrably and materially injurious to the Company, monetarily, reputationally, or otherwise, (iii) the Executive's engaging in egregious misconduct involving serious moral turpitude to the extent that the Executive's credibility and reputation no longer conforms to the standard of officers of the Company, (iv) the Executive's refusal or failure to substantially comply with the Company's human resources rules, policies, directions and/or restrictions relating to harassment and/or discrimination, or to substantially comply with the Company's compliance or risk management rules, policies, directions and/or restrictions (including, without limitation, the Purchaser’s or the Company's Code of Business Conduct); (v) the Executive's loss of any license or registration that is necessary for the Executive to perform the Executive's duties, or commission of any act that could result in the legal disqualification of the Executive from being employed by the Company or a subsidiary; (vi) the Executive's failure to cooperate with the Company or a subsidiary in any internal investigation or administrative, regulatory or judicial proceeding; or (vii) the Executive's conviction of, or plea of *nolo contendere* to, a felony or other crime involving moral turpitude. In addition, the Executive's employment shall be deemed to have terminated for Cause if, within twelve (12) months after the Executive's employment has terminated, facts and circumstances are discovered that would have justified a termination for Cause; provided, in such case, and to the extent the Executive received severance payments or benefits under this Agreement that the Executive is not entitled to under a termination for Cause, the Executive shall be required to pay back to the Company any such severance payments and benefits (or value thereof), or forfeit such payments and benefits, including, without limitation, any equity-based compensation (or proceeds thereon) that would not have otherwise been received by the Executive; provided, further, and without limiting the preceding, the Company shall have the right to offset any other amounts payable to the Executive by the Company or its affiliates for any amounts that the Executive may owe the Company.

The Company shall make any decision that Cause exists in good faith. For purposes of this Agreement, no act or failure to act on the Executive’s part shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company or any successor or affiliate. Subject to applicable law, any act, or failure to act, on the Executive’s part, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company or any successor or affiliate shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company or any successor or affiliate thereof.

(g) Non-Renewal. If the Company gives written notice to the Executive of its intention not to continue this Agreement in effect, in accordance with Section 1, and the Executive remains employed until the December 31 termination of the Agreement (and a Change of Control has not occurred that would extend the Agreement), the Executive may deliver the Executive's written resignation to the Company effective December 31, within thirty (30) days prior to such December 31, and the Company will provide the Executive with a severance payment equal to (i) six months of the Executive's Base Salary at the Executive's termination of employment, plus (ii) one-half (0.5) times the Executive's annual incentive bonus, which will be determined as the higher of (A) the actual incentive bonus paid for the bonus plan year immediately preceding such termination of employment, or (B) the average annual bonus paid to the Executive for the three bonus plan years preceding the year in which such termination of employment occurs (excluding any years of partial, or no, bonus plan participation), plus (C) the amount, if any, to which the bonus that would have been paid to the Executive for the bonus plan year in which such termination of employment occurs, based on the performance level actually attained, exceeds the amount payable under the highest of (A) or (B).

(h) Timing of Payments. Subject to Sections 2(i), 2(j) and 4, and except as provided otherwise in this Agreement (including the following sentence), all payments described in Section 2 above shall be made in a lump sum cash payment as soon as administratively practicable (but in no event more than thirty (30) days) following the Executive's termination of employment. Notwithstanding the preceding sentence, and subject to Sections 2(i), 2(j), and 4, the Company shall pay the amount of severance payment (if any) attributable to the Executive’s annual incentive bonus as provided in Section 2(d)(i) and 2(g), if and as applicable, in a lump sum cash payment at the time such bonuses are paid generally with respect to active employees and in all events within the two and one-half (2½) months following the end of the calendar year in which the Executive’s termination of employment occurs.

(i) Six (6) -Month Delay. If, at the time the Executive becomes entitled to a termination payment under this Section 2, the Executive is a "specified employee" (as defined under Code Section 409A), then, notwithstanding any other provision in this Agreement to the contrary, the following provisions shall apply.

(i) No such termination payment considered deferred compensation under Code Section 409A and not subject to an exception or exemption thereunder shall be paid to the Executive until the date that is six (6) months after the Executive's termination or, if earlier, the date of the Executive's death (the "Six -Month Delay Rule"). Any such termination payment that would otherwise have been paid to the Executive during this six-month period (the "Six -Month Delay") shall instead be aggregated and paid to the Executive no later than ten (10) days following the date that is six (6) months after the Executive's termination (together with interest at the interest credit rate provided in the SPX Corporation Individual Account Retirement Plan). Any termination payment to which the Executive is entitled to be paid under this Section 2 after the date that is six (6) months after the Executive's termination shall be paid to the Executive in accordance with the applicable terms of Section 2.

(ii) During the Six-Month Delay, the Company will pay to the Executive the applicable payments set forth in this Section 2, to the extent any of the following exceptions to the Six-Month Delay Rule apply:

(A) the short-term deferral rule of Code Section 409A and Treasury Regulation §1.409A-1(b)(4) (or any similar or successor provisions) (including with the treatment of each payment as one of a series of separate payments for purposes of Code Section 409A and Treasury Regulation §1.409A-2(b)(2)(iii)) (or any similar or successor provisions),

(B) payments permitted under the separation pay exception of Code Section 409A and Treasury Regulation §1.409A-1(b)(9)(iii) (or any similar or successor provisions), and

(C) payments permitted under the limited payments exception of Code Section 409A and Treasury Regulation §1.409A-1(b)(9)(v)(D) (or any similar or successor provisions),
provided that the amount paid under this Section will count toward, and will not be in addition to, the total payment amount required to be made to the Executive by the Company under this Section 2 on account of the separation from service and any applicable Company benefit plan.

(j) Release. The Company shall deliver to the Executive a form of general release and waiver of claims in favor of the Company that is acceptable to the Company (the "Release") as soon as administratively feasible following the Executive's termination of employment, but no later than thirty (30) calendar days following the Executive’s termination of employment. Notwithstanding anything in this Agreement to the contrary, no payments pursuant to Section 2(c) or Section 2(d) shall be made prior to the date that both (i) the Executive has delivered an original, signed Release to the Company and (ii) the revocability period (if any) has elapsed; provided, however, that any payments that would otherwise have been made prior to such date but for the fact that the Executive had not yet delivered an original, signed Release (or the revocability period had not yet elapsed) shall be made as soon as administratively practicable but not later than the seventy-fourth (74th) calendar day following the Executive's termination of employment. If the Executive does not deliver an original, signed Release to the Company within ten (10) business days (or longer if required by applicable law) after receipt of the same from the Company, (i) the Executive's rights shall be limited to those made available to the Executive under Section 2(b) above, and (ii) the Company shall have no obligation to pay or provide to the Executive any amount or benefits described in Section 2(c) or Section 2(d), or any other monies on account of the termination of the Executive's employment. Notwithstanding any language in this Agreement to the contrary, if the seventy-fourth (74th) calendar day following the Executive’s termination of employment occurs in a different calendar year than the calendar year of the Executive’s termination of employment, then the payment of any amount or benefits described in Section 2(c) or Section 2(d) subject to Code Section 409A shall be made no earlier than January 1 of the calendar year following the calendar year in which the Executive’s termination of employment occurred.

(k) Removal from any Boards and Positions. Upon the Executive's termination of employment for any reason under this Agreement, the Executive shall be deemed to resign (i) if a member, from the Company’s Board of Directors (the “Board”) or board of directors of any affiliate or any other board to which the Executive has been appointed or nominated by or on behalf of the Company, (ii) from any position with the Company or any affiliate, including, but not limited to, as an officer of the Company or any of its affiliates, and (iii) as a fiduciary of any employee benefit plan of the Company.

3. **Recapture of Certain Incentive Compensation.** If the Company, the Purchaser, or any corporate parent of the Purchaser (the “Parent”) is required to prepare an accounting restatement due to the material noncompliance of the Company, the Purchaser or the Parent, during the Term, as a result of misconduct, with any financial reporting requirement under the securities laws, the Executive shall reimburse the Company, promptly upon notice and demand, for (a) any bonus or other incentive-based or equity-based compensation received from the Company during the twelve (12) -month period following the first public issuance or filing with the Securities and Exchange Commission, whichever occurs first, of the financial document embodying such financial reporting requirement; and (b) any profits realized from the sale of securities of the Company during that twelve (12) -month period. Without limiting the foregoing or any other provision of this Agreement, and to the extent applicable, any payments or benefits hereunder shall be subject to any claw back policy or compensation recovery policy or such other similar policy of the Company, the Purchaser or the Parent adopted by the Company, the Purchaser or the Parent, as the case may be, including any policy required to comply with applicable law or listing standards, as such policy may be in effect from time to time.

4. **Non-Competition and Other Covenants.**

(a) Non-Competition. During the period of the Executive’s employment with the Company or any of its subsidiaries or affiliates and thereafter during the one year period following any termination of the Executive’s employment (the “Restriction Period”), the Executive shall not, directly or indirectly, engage in, become employed by, serve as an agent or consultant to, or become a partner, principal or stockholder of any partnership, corporation or other entity which competes with the Company or any of their respective subsidiaries or affiliates in any county within the United States or any comparable geographical area outside the United States in which such entity or any of its affiliates is then engaged in such business. The foregoing notwithstanding, nothing herein contained shall be deemed to prevent the Executive from investing the Executive's money in the capital stock or other securities of any corporation whose stock or securities are publicly-owned or are regularly traded on any public exchange, provided that the Executive does not own more than a one percent (1%) interest therein.

(b) Non-Solicitation of Employees. During the period of the Executive's employment with the Company or any of its subsidiaries or affiliates and thereafter during the Restriction Period, the Executive shall not, directly or indirectly, for the Executive's own account or for the account of any other person or entity with which the Executive is or becomes associated in any capacity, (a) solicit for employment or otherwise interfere with the relationship of the Company or any of its subsidiaries or affiliates with any person who at any time within the two years preceding such solicitation, employment or interference is or was employed by or otherwise so engaged to perform services for the Company or any of its subsidiaries or affiliates other than any such solicitation or employment on behalf of or for the benefit of the Company during the Executive's employment with the Company, or (b) induce any employee of the Company or any of its subsidiaries or affiliates to engage in any activity which the Executive is prohibited from engaging in under any of the provisions of this Section 4 hereof or to terminate his or her employment with the Company.

(c) Non-Solicitation of Clients. During the period of the Executive's employment with the Company or any of its subsidiaries or affiliates and thereafter during the Restriction Period, the Executive shall not, directly or indirectly, solicit or otherwise attempt to establish for himself or any other person, firm or entity any business relationship, respecting any business that is one of the businesses conducted by the Company, with any person, firm or entity which, at any time during the two year period preceding the date of the Executive's termination of employment, was a customer, client or distributor of the Company or any of its subsidiaries or affiliates, except during the Executive's employment with and on behalf of the Company.

(d) Post-Termination Cooperation. Following the termination of the Executive's employment by the Company, regardless of the reason for termination, Executive will reasonably cooperate with the Company in the prosecution or defense of any claims, controversies, suits, arbitrations or proceedings involving events occurring prior to the termination of this Agreement. The Executive acknowledges that in light of the Executive's position with the Company, the Executive is in the possession of confidential or proprietary information that may be privileged under the attorney-client and/or work product privileges. The Executive agrees to maintain the confidences and privileges of the Company and acknowledges that any such confidences and privileges belong solely to the Company and can only be waived by the Company, as applicable, not the Executive. In the event the Executive is subpoenaed to testify or otherwise requested to provide information in any matter, including without limitation, any court action, administrative proceeding or government audit or investigation, relating to the Company, the Executive agrees that: (i) the Executive will promptly notify the Company of any subpoena, summons or other request to testify or to provide information of any kind no later than three (3) days after receipt of such subpoena, summons or request and, in any event, prior to the date set for him to provide such testimony or information; (ii) the Executive will cooperate with the Company with respect to such subpoena, summons or request for information; (iii) the Executive will not voluntarily provide any testimony or information without permission of the Company unless otherwise required by law; and (iv) the Executive will permit the Company to be represented by an attorney of the Company's choosing at any such testimony or with respect to any such information to be provided, and will follow the instructions of the attorney designated by the Company with respect to whether testimony or information is privileged by the attorney-client and/or work product privileges of the Company, unless otherwise required by law. The parties agree that the Company shall be responsible for all reasonable expenses of the Executive incurred in connection with the fulfillment of the Executive's obligations under this Section 4(d). The parties agree and acknowledge that nothing in this Section 4(d) is meant to preclude the Executive from fully and truthfully cooperating with any government investigation.

(e) Enforcement of Covenants.

(i) Injunctive Relief. The Executive acknowledges and agrees that the covenants, obligations and agreements of the Executive contained in this Section 4 relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants, obligations or agreements will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, and notwithstanding anything in Section 20 to the contrary, the Executive agrees that the Company will be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond or other security) as a court of competent jurisdiction may deem necessary or appropriate to prevent any breach or threatened breach of any of the provisions of this Section 4 and to enforce such provisions specifically. These injunctive remedies are cumulative and in addition to any other rights and remedies the Company may have.

(ii) Forfeiture of Payments. The Executive agrees that receipt of payments pursuant to Section 2(c) or Section 2(d) is conditioned upon the Executive's compliance with (i) this Section 4 and (ii) the non-compete, non-solicitation, return of property, inventions and intellectual property, conflicts of interest, confidentiality or similar restrictive covenants and obligations under any other agreement between the

Executive and the Company (the "Standalone Non-Compete Agreement"). The Executive further agrees that in the event of the Executive's failure to comply with the provisions of this Section 4 or with the Standalone Non-Compete Agreement, the Company shall be entitled to discontinue further payments and benefits pursuant to Section 2(c) and Section 2(d), and the Executive shall be required to pay back to the Company any payments and benefits (or value thereof) received pursuant to Section 2(c) and Section 2(d), or forfeit such payments and benefits, including, without limitation, any equity-based compensation (or proceeds thereon); provided, further, and without limiting the preceding, the Company shall have the right to offset any other amounts payable to the Executive by the Company or its affiliates for any amounts that the Executive may owe the Company. The foregoing shall be in addition to any other remedies or rights the Company may have at law or at equity as a result of the the Executive's failure to comply with such provisions.

(iii) Certain Acknowledgments. The Executive acknowledges and agrees that (i) the Executive has had and will have a prominent role in the management of the business, and the development of the goodwill, of the Company and its subsidiaries and affiliates, and will establish and develop relations and contacts with the principal customers and suppliers of the Company and its subsidiaries and affiliates in the United States of America and the rest of the world, all of which constitute valuable goodwill of, and could be used by the Executive to compete unfairly with, the Company and its subsidiaries and affiliates, (ii) in the course of the Executive's employment with the Company, the Executive will obtain confidential or proprietary information concerning the business and operations of the Company and its subsidiaries and affiliates in the United States of America and the rest of the world that could be used to compete unfairly with the Company and its subsidiaries and affiliates, (iii) the covenants and restrictions contained in this Agreement are intended to protect the legitimate interests of the Company and its subsidiaries and affiliates in their respective goodwill, trade secrets and other confidential or proprietary information, (iv) the Executive desires to be bound by such covenants and restrictions, (v) such covenants are a material inducement for the Company to enter into this Agreement, and (vi) the Executive's economic means and circumstances are such that the provisions of this Agreement, including the restrictive covenants in this Agreement, will not prevent him from providing for the Executive and the Executive's family on a basis satisfactory to the Executive and the Executive's family.

(iv) Blue Pencil. It is the desire of the parties to this Agreement that the provisions of this Section 4, in particular, be interpreted and enforced to the greatest extent possible (and consistent with Section 10). Without limiting the foregoing, if any restriction set forth in this Section 4 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(v) Survival. This Section 4 shall survive termination of the Executive's employment with the Company and any termination of this Agreement.

5. **Assignment; Successors; Third-party Beneficiary.**

(a) This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company may not assign this Agreement without the Executive's written consent, except that the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof employing the Executive to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms to which the Executive would be entitled hereunder if the Executive terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Executive's date of termination for Good Reason. The Executive may not assign this Agreement during the Executive's life. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate.

(b) The Executive acknowledges and agrees, including for the benefit of SPX Corporation and as an inducement to SPXto enter into the Purchase Agreement and to consummate the Transaction, that the entry into this Agreement shall be in lieu of any assignment by SPX of the Prior Agreements and is in full substitution for and in replacement of the Prior Agreements effective as of the Effective Date, and the Executive, for the benefit of SPX, hereby releases SPX, effective as of the Effective Date, from any and all obligations it may have under the Prior Agreements.

6. **Interpretation.** The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement, without regard to the conflict of laws principles thereof. The Company and the Executive agree that the jurisdiction and venue for any disputes arising under, or any action brought to enforce, or otherwise relating to, this Agreement shall be exclusively by arbitration, or in the courts (as provided by Section 20) in the State of North Carolina, Mecklenburg County, including the federal courts located therein or responsible therefor (should federal jurisdiction exist), and the Company and the Executive hereby submit and consent to said jurisdiction and venue.

7. **Withholding.** The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as legally shall be required. The Company may, at its option (a) require the Executive to pay to the Company in cash such amount as may be required to satisfy such withholding obligations or (b) make other satisfactory arrangements with the Executive to satisfy such withholding obligations.

8. **Amendment or Termination.** This Agreement may be amended at any time by written agreement between the Company and the Executive; provided, however, that, as SPX is an intended third-party beneficiary of Section 5(b) hereof, Section 5(b) may be amended or modified only by written agreement of the Executive, the Company and SPX.

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

GE-Prolec Transformers, Inc. , Prolec GE Internacional, S. de R.L. de C.V. or
SPX Transformer Solutions, Inc., (as applicable)
c/o Prolec-GE Internacional, S. De R.L. De C.V.
Blvd. Carlos Salinas de Gortari Km 9.25
66600 Apodaca, Mexico
Attention: Jorge Enrique Sepúlveda Lugo
Email: Jorgeenrique.sepulveda@prolecge.com

The Company may change the person and/or address to which the Executive must give notice under this Section 9 by giving the Executive written notice of such change, in accordance with the procedures described above. Notices to or with respect to the Executive will be directed to the Executive, or to the Executive's executors, personal representatives or distributees, if the Executive is deceased, or the assignees of the Executive, at the Executive's home address on the records of the Company.

10. **Severability.** If any provisions(s) of this Agreement shall be found invalid or unenforceable, in whole or in part, then it is the parties' mutual desire that such provision(s) be modified to the extent and in the manner necessary to render the same valid and enforceable, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted, or as if such provision(s) had not been originally incorporated herein, as the case may be.

11. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and the Executive and supersedes all prior agreements and understandings, written or oral, relating to the subject matter hereof; provided, however, that the Executive's non-compete, non-solicitation, return of property, inventions and intellectual property, conflicts of interest, confidentiality or similar restrictive covenants under the Standalone Non-Compete Agreement shall remain in full force and effect; provided, further, that Section 4 hereof and the Standalone Non-Compete Agreement shall be construed together so as to provide maximum protection and rights to the Company, and in the event of conflict between a provision of Section 4 and the Standalone Non-Compete Agreement, whichever provision provides the greatest protection and rights to the Company, as determined by the Company in its sole discretion, shall control.

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

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

14. **Effect on Other Obligations.** Payments and benefits under this Agreement shall be in lieu of any severance payments or benefits provided to the Executive under any other severance pay plan, policy or arrangement of or with the Company. The Executive shall not be required to mitigate the amount of any payment provided for in Section 2 by seeking other employment or otherwise, nor shall the amount of any payment provided for in Section 2 be reduced by any compensation earned by the Executive as the result of employment by another employer after the Executive's termination of employment, or otherwise, with the exception of a reduction in the Executive's medical, dental and vision benefits and the Executive's perquisites as provided in Section 2(d)(ii)-(iii), and as provided in Section 11.

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

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

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

18. **409A Compliance.** To the extent any provision of this Agreement or action by the Company would subject the Executive to liability for interest or additional taxes under Code Section 409A, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Company. It is intended that this Agreement will comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and this Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. Each payment under Section 2 of this Agreement or any Company benefit plan is intended to be treated as one of a series of separate payments for purposes of Code Section 409A and Treasury Regulation §1.409A-2(b)(2)(iii) (or any similar or successor provisions). This Agreement may be amended to the extent necessary (including retroactively) by the Company in order to preserve compliance with Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for the Executive's compensation and benefits.

19. **Payments to Estate**. The executor of the Executive's estate shall be entitled to receive all amounts owing to the Executive at the time of death under this Agreement in full settlement and satisfaction of all claims and demands on behalf of the Executive. Such payments shall be in addition to any other death benefits of the Company and in full settlement and satisfaction of all severance benefit payments provided for in this Agreement. In the event of the Executive's death or a judicial determination of the Executive's incompetence, reference in this Agreement to the "Executive" will be deemed to refer, where appropriate, to the Executive's estate or other legal representative.

20. **Dispute Resolution**. In the event of any dispute or claim relating to or arising out of this Agreement, and subject to Section 4, the Executive and Company agree that all such claims or disputes shall be fully and finally resolved by binding arbitration conducted by the American Arbitration Association ("AAA") in Charlotte, North Carolina in accordance with the AAA's National Rules for the Resolution of Employment Disputes, provided, however, that this arbitration provision shall not apply to, and Company shall be free to seek, injunctive or other equitable relief with respect to any actual or threatened breach or violation by the Executive of the Standalone Non-Compete Agreement, in any court having appropriate jurisdiction. The Executive acknowledges that by accepting this arbitration provision the Executive is waiving any right to a jury trial in the event of a covered dispute. The arbitrator may, but is not required to, order that the prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any arbitration arising out of this Agreement. The arbitrator will have the right only to interpret and apply the provisions of this Agreement and may not change any of its provisions. The arbitrator will permit reasonable pre-hearing discovery of facts, to the extent necessary to establish a claim or a defense to a claim, subject to supervision by the arbitrator. The determination of the arbitrator will be conclusive and binding upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrator will give written notice to the parties stating the arbitrator's determination, and will furnish to each party a signed copy of such determination. Any arbitration or action pursuant to this Section 20 will be governed by and construed in accordance with the substantive laws of the State of Delaware and, where applicable, federal law, without giving effect to the principles of conflict of laws of Delaware. For avoidance of doubt, the Company will not be required to seek or participate in arbitration regarding any actual or threatened breach of any applicable non-compete, non-solicitation, confidentiality or similar restrictive covenants under the Standalone Non-Compete Agreement with respect to the Executive or to the extent provided under Section 4, but may pursue its remedies, including injunctive relief, for such breach in a court of competent jurisdiction in Charlotte, North Carolina, or in the sole discretion of the Company, in a court of competent jurisdiction where the Executive has committed or is threatening to commit a breach of the Executive's covenants, and no arbitrator may make any ruling inconsistent with the findings or rulings of such court.

21. **Employment Rights**. This Agreement shall not confer upon the Executive any right to continue in the employ of the Company or its subsidiaries and, except to the extent that benefits may become payable under Section 2, above, shall not in any way affect the right of the Company or its subsidiaries to dismiss or otherwise terminate the Executive's employment at any time and for any reason with or without Cause.

22. **No Vested Interest**. Neither the Executive nor the Executive’s estate shall have any right, title or interest in any benefit under this Agreement prior to the occurrence of all of the events specified herein as necessary conditions to such right, title or interest.

23. **No Funding of Benefits**. Nothing herein contained shall require or be deemed to require the Company to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments to be made hereunder. The Executive’s rights under this Agreement shall be solely those of a general creditor of the Company. However, in the event of a Change of Control, the Company may deposit cash or property, or both, equal in value to all or a portion of the benefits anticipated to be payable hereunder into a trust, the assets of which are to be distributed at such times as are otherwise provided for in this Agreement and are subject to the rights of the general creditors of the Company. The Company also may deposit additional amounts to cover any administrative fees and expenses associated with the trust.

24. **Failure to Consummate the Transaction**. This Agreement shall cease to have any effect if the Purchase Agreement is terminated in accordance with its terms prior to the consummation of the Transaction.

[*signature page follows*]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first written above.

SPX TRANSFORMER SOLUTIONS, INC.

By: John W. Nurkin

Name: W. Nurkin

Title: President & Secretary

AGREED TO AND ACCEPTED:

/s/ Brian G. Mason

Brian G. Mason

Date: June 7, 2021

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eugene J. Lowe, III, certify that:

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

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

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

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

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

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

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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

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

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

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

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

Date: August 5, 2021

/s/ EUGENE J. LOWE, III

Eugene J. Lowe, III
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James E. Harris, certify that:

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

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

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

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

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

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

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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

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

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

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

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

Date: August 5, 2021

/s/ JAMES E. HARRIS

James E. Harris
Vice President, Chief Financial Officer
and Treasurer

EXHIBIT 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SPX Corporation on Form 10-Q for the period ended July 3, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of SPX Corporation.

Date: August 5, 2021

/s/ EUGENE J. LOWE, III	/s/ JAMES E. HARRIS
Eugene J. Lowe, III President and Chief Executive Officer	James E. Harris Vice President, Chief Financial Officer and Treasurer

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.