

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

For the quarterly period ended June 30, 1998

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-6948

SPX CORPORATION  
(Exact Name of Registrant as Specified in its Charter)Delaware  
(State of Incorporation)38-1016240  
(I.R.S. Employer Identification No.)700 Terrace Point Drive, Muskegon, Michigan 49443-3301  
(Address of Principal Executive Office)

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

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

Yes X No

Common shares outstanding July 24, 1998 -- 12,310,848

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

	(Unaudited)	
	June 30, 1998	December 31, 1997
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,395	\$ 12,113
Receivables	168,733	172,783
Inventories	129,624	92,875
Deferred income tax asset and refunds	62,983	72,021
Prepaid and other current assets	18,390	33,753
	-----	-----
Total current assets	\$ 392,125	\$ 383,545
Property, plant and equipment, at cost	283,143	263,821

Accumulated depreciation	(150,296)	(141,703)
	-----	-----
Net property, plant and equipment	\$ 132,847	\$ 122,118
Goodwill	96,141	60,156
Other assets	21,770	17,988
	-----	-----
Total assets	\$ 642,883	\$ 583,807
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 3,181	\$ 2,774
Accounts payable	97,865	91,491
Accrued liabilities	166,514	182,773
Income taxes payable	15,395	9,516
	-----	-----
Total current liabilities	\$ 282,955	\$ 286,554
Long-term liabilities	92,692	90,205
Deferred income taxes	44,838	46,142
Minority interest	2,021	1,764
Long-term debt	258,803	202,490
Shareholders' equity:		
Common stock	168,807	166,999
Paid in capital	69,816	68,400
Retained deficit	(35,135)	(63,837)
Common stock held in treasury	(219,939)	(191,413)
Unearned compensation	(16,897)	(17,704)
Cumulative translation adjustments	(5,078)	(5,793)
	-----	-----
Total shareholders' equity	\$ (38,426)	\$ (43,348)
	-----	-----
Total liabilities and shareholders' equity	\$ 642,883	\$ 583,807
	=====	=====

The accompanying notes are an integral part of these statements.

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

	(Unaudited)		(Unaudited)	
	Three months ended June 30		Six months ended June 30	
	----- 1998 -----	----- 1997 -----	----- 1998 -----	----- 1997 -----
Revenues	\$231,654	\$230,263	\$462,018	\$466,925
Costs and expenses:				
Cost of products sold	165,461	166,079	332,686	340,246
Selling, general and administrative	41,178	41,841	83,406	87,230
Goodwill/intangible amortization	753	818	1,563	1,780
Minority and equity interests	82	67	157	97
Special charges and (gains)	5,691	-	(7,092)	6,500
Operating income	\$ 18,489	\$ 21,458	\$ 51,298	\$ 31,072
Other expense (income), net	(726)	(458)	(1,473)	(72,694)
Interest expense, net	4,206	2,924	7,924	7,252
Income before income taxes	\$ 15,009	\$ 18,992	\$ 44,847	\$ 96,514
Provision for income taxes	5,403	7,027	16,145	49,844
Income before extraordinary item	\$ 9,606	\$ 11,965	\$ 28,702	\$ 46,670
Extraordinary item, net of tax	-	-	-	(10,330)
Net income	\$ 9,606	\$ 11,965	\$ 28,702	\$ 36,340
Other comprehensive income (foreign currency translation adjustment)	502	(114)	715	(3,929)
Comprehensive income	\$ 10,108	\$ 11,851	\$ 29,417	\$ 32,411
Basic income (loss) per share:				
Income before extraordinary item	\$ 0.81	\$ 0.90	\$ 2.40	\$ 3.44
Extraordinary item, net of tax	-	-	-	(0.76)
Net income	\$ 0.81	\$ 0.90	\$ 2.40	\$ 2.68
Weighted average number of common shares outstanding	11,917	13,251	11,972	13,571
Diluted income (loss) per share:				
Income before extraordinary item	\$ 0.78	\$ 0.88	\$ 2.33	\$ 3.33
Extraordinary item, net of tax	-	-	-	(0.74)
Net income	\$ 0.78	\$ 0.88	\$ 2.33	\$ 2.59
Weighted average number of common shares outstanding	12,246	13,670	12,342	14,040
Dividends per share	\$ -	\$ -	\$ -	\$ 0.10

The accompanying notes are an integral part of these statements.

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

	Six Months Ended June 30,	
	1998	1997
	-----	-----
Cash flows from operating activities:		
Net income from operating activities	\$ 28,702	\$ 36,340
Adjustments to reconcile net income to net cash from operating activities -		
Extraordinary item	-	10,330
Depreciation and amortization	11,981	13,325
Special charges and (gains)	(7,092)	6,500
Gain on sale of business	-	(71,895)
Compensation recognized under employee stock plan	2,376	2,033
Deferred taxes	7,739	8,078
Change in operating assets and liabilities (net of effect of acquired and disposed businesses):		
Receivables	20,321	(41,120)
Inventories	(24,885)	(12,904)
Prepaid and other assets	13,202	(5,060)
Accounts payable and accrued liabilities	(14,853)	(7,714)
Income taxes payable	4,810	26,909
Other, net	2,155	1,554
	-----	-----
Net cash provided (used) by operating activities	\$ 44,456	\$ (33,624)
Cash flows from investing activities:		
Proceeds from sale of business	\$ -	\$ 223,000
Investment in businesses	(58,967)	(5,109)
Capital expenditures	(14,593)	(10,575)
	-----	-----
Net cash provided (used) by investing activities	\$ (73,560)	\$ 207,316
Cash flows from financing activities:		
Net borrowings (payments) under debt agreements	\$ 56,697	\$ (36,358)
Payment of costs related to debt extinguishment	-	(16,397)
Purchases of common stock	(28,526)	(120,207)
Net shares sold under stock option plan	1,444	3,728
Dividends paid	-	(1,424)
	-----	-----
Net cash provided (used by) financing activities	\$ 29,615	\$(170,658)
Effect of exchange rate changes on cash	(229)	487
	-----	-----
Net increase in cash and cash equivalents	\$ 282	\$ 3,521
Cash and cash equivalents, beginning of period	12,113	12,312
	-----	-----
Cash and cash equivalents, end of period	\$ 12,395	\$ 15,833
	=====	=====

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1998 (Unaudited)

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
	----- (in millions)		----- (in millions)	
Revenues:				
Service Solutions	\$ 170.9	\$ 162.2	\$ 333.2	\$ 305.9
Vehicle Components (1)	60.8	68.1	128.8	161.0
	-----	-----	-----	-----
Total	\$ 231.7	\$ 230.3	\$ 462.0	\$ 466.9
	=====	=====	=====	=====
Operating income (loss):				
Service Solutions (2)	\$ 20.7	\$ 17.6	\$ 36.4	\$ 21.2
Vehicle Components	8.5	9.6	18.0	21.2
General Corporate (3)	(10.7)	(5.7)	(3.1)	(11.3)
	-----	-----	-----	-----
Total	\$ 18.5	\$ 21.5	\$ 51.3	\$ 31.1
	=====	=====	=====	=====
Capital Expenditures:				
Service Solutions	\$ 2.0	\$ 1.4	\$ 4.5	\$ 2.9
Vehicle Components	4.2	4.2	10.0	7.4
General Corporate	0.0	0.1	0.1	0.3
	-----	-----	-----	-----
Total	\$ 6.2	\$ 5.7	\$ 14.6	\$ 10.6
	=====	=====	=====	=====
Depreciation and Amortization:				
Service Solutions	\$ 2.5	\$ 2.8	\$ 5.0	\$ 5.5
Vehicle Components	3.3	3.2	6.4	7.3
General Corporate	0.3	0.1	0.6	0.5
	-----	-----	-----	-----
Total	\$ 6.1	\$ 6.1	\$ 12.0	\$ 13.3
	=====	=====	=====	=====
	June 30, December 31,			
	1998 1997			
	-----			
Identifiable Assets:				
Service Solutions	\$ 401.6	\$ 320.0		
Vehicle Components	144.7	147.6		
General Corporate	96.6	116.2		
	-----	-----		
Total	\$ 642.9	\$ 583.8		
	=====	=====		

- (1) The Company sold its Sealed Power division in February 1997, see Note 3.  
(2) 1997 includes a \$6.5 million special charge, see Note 4.  
(3) 1998 includes a \$5.7 special charge in the second quarter of 1998 and a \$7.1 million special gain for the six months ended June 30, 1998 related to the Echlin transaction, see Note 10.

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1998 (Unaudited)

3. On February 7, 1997, the Company completed the sale of substantially all of the assets and rights used in the manufacture and distribution of piston rings and cylinder liners, known as the Sealed Power division ("SPD"). The sale to Dana Corporation was for \$223 million gross cash proceeds. SPD included the accounts of Sealed Power, a U.S. division, SP Europe Limited Partnership, 70% owned, Allied Ring Corporation, 50% owned, and Promec, 40% owned. In addition, the buyer assumed substantially all of the liabilities and obligations of the business, excluding liabilities relating to income and other taxes, certain liabilities arising outside the ordinary course of business, debt, and certain employee related liabilities. The transaction includes a ten-year noncompetition agreement precluding the Company from competing with SPD. The gain on the sale of SPD was \$71.9 million. On an after-tax basis, the gain was \$31.2 million, which reflects the effect of the write-off of non-deductible goodwill attributable to SPD of \$59.4 million.

The accompanying consolidated condensed financial statements include the results of SPD through February 7, 1997, its date of disposition. The following unaudited proforma first six months 1997 selected financial data reflects the disposition of this division as if it had occurred as of the beginning of the period. The unaudited proforma selected results of operations do not purport to represent what the Company's results of operations would actually have been had the disposition in fact occurred as of January 1, 1997, or project the results for any future date or period (in millions, except per share):

	First Six Months 1997 Proforma
Revenues	\$ 443.4
Cost of products sold	320.6
	-----
Gross margin	\$ 122.8
SG&A	86.2
Goodwill/intangible amortization	1.6
Minority and equity interests	0.1
Special charges	6.5
	-----
Operating income	\$ 28.4
Other income	(0.8)
Interest expense, net	6.3
	-----
Income before income taxes	\$ 22.9
Provision for income taxes	8.5
	-----
Income before extraordinary item	\$ 14.4
	=====
Diluted income per share	\$ 1.03
Weighted average number of shares	14.0

4. During the first quarter of 1997, the Company recorded a \$6.5 million special charge (\$4.1 million after-tax). This charge reflects anticipated future legal costs associated with the ongoing litigation with Snap-on Incorporated. This charge was previously classified as other expense (income), net, in the Company's 1997 filing on Form 10-Q for the six months ended June 30, 1997.
5. During the first quarter of 1997, the Company commenced a cash tender offer for all \$128.4 million (principal amount) of its outstanding 11 3/4% Senior Subordinated Notes, due 2002. The tender offer expired on April 9, 1997 and \$126.7 million of the Notes were tendered. The Company paid for these notes on April 14, 1997. As a result of the Company's irrevocable agreement with note holders tendering as of March 25 1997, the Company recorded an extraordinary pretax charge of \$16.4 million, or \$10.3 million after-tax, for the cost to repurchase the Notes.

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1998 (Unaudited)

6. During 1997, the Company purchased 2.147 million shares of its common stock through a Dutch auction self-tender offer for \$56.00 per share. As of June 30, 1998, the Company had purchased an additional 787,700 shares through open market purchases. Also, concurrent with the Dutch auction, the Company announced the elimination of quarterly cash dividends and stated that future distributions to shareholders would be in the form of open purchases of common stock, when deemed appropriate by management.
7. During the first quarter of 1997, the Company terminated its practice of selling undivided fractional interests in domestic trade accounts receivable. At December 31, 1996, approximately \$26.0 million had been sold under this practice.
8. During the first quarter of 1997, the Company made three strategic investments totaling \$5.1 million. Effective the beginning of 1997, the Company acquired an additional 30% of JATEK which raised the Company's ownership in this Japanese company to 80%. Also effective the beginning of 1997, the Company purchased an additional 10% of IBS Filtran which raised the Company's ownership to 60% in this German company. Effective March 1, 1997, the Company acquired A.R. Brasch Marketing Inc., which provides technical service and training materials for vehicle manufacturers. A.R. Brasch has annual sales approaching \$10 million. Had this acquisition taken place on January 1, 1997, consolidated revenues and income would not have been significantly different from reported results.
9. In the fourth quarter of 1997, the Company recorded special charges of \$110.0 million. These charges included a \$99.0 million restructuring charge, a \$4.1 million charge for corporate executive staff reductions, and \$6.9 million of costs associated with various legal matters, including legal costs associated with a settled case in California.

The Company recorded the \$99.0 million restructuring charge to combine two divisions within the Service Solution segment and to recognize reduced carrying value of certain assets resulting from the decision to combine the divisions and exit certain manufactured diagnostic equipment product lines. The restructuring of the two Service Solutions businesses was in response to changing market dynamics and changing needs of customers. The Company decided to combine its OE Tool and Equipment business with its Aftermarket Tool and Equipment business to provide a single business focused on the combined market and customer needs. Additionally, the Company decided to exit certain products to focus upon new generation products that will better meet customer needs. The decision resulted in a reduction of workforce and the closing of certain facilities. The components of the charge have been computed based on management's estimate of the realizable value of the affected tangible and intangible assets and estimated exit costs including severance and other employee benefits based on existing severance policies and local laws.

The \$99.0 million charge included \$63.7 million of restructuring costs, \$25.8 million of reduced inventory value and \$9.5 million of reduced value of other tangible and intangible assets related to exiting certain product lines. These restructuring costs included \$13.7 million of severance related costs for approximately 800 people, \$20.3 million for incremental repossession and distribution exit costs (including the termination of lease financing and distributor agreements), \$21.2 million for incremental service and software update obligations

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1998 (Unaudited)

resulting from the Company's decision to maintain adequate service capabilities and appropriate software updates of the exited products for customers who have previously purchased the exited products, and \$8.5 million of costs associated with idled facilities. The implementation of this restructuring is expected to be substantially complete by the end of 1998.

Of the total 1997 special charges of \$116.5 million (including the special charge described in Note 4), the components of the charge that will require the future payment of cash total \$80.9 million. Cash payments through June 30, 1998 related to the special charges were \$16.7 million. The expected future cash payments include an estimated \$34.0 million over the balance of 1998 with the remainder, principally repossession costs and service and software update obligations, over the following two years. As there is some uncertainty associated with the timing of the cash payments, the remaining accrual at June 30, 1998 of \$64.2 million has all been classified as current liabilities. Management estimates that savings from the restructuring will increase operating income by \$3.0 million in 1998 and \$10.0 million in 1999. The savings result primarily from the reduction in headcount and facilities. Through the second quarter of 1998, approximately 300 employees had been terminated. Savings associated with the restructuring were not significant during the first six months of 1998.

10. On May 6, 1998, the Company announced that it was withdrawing its exchange offer for Echlin Inc. As of June 30, 1998, the Company had liquidated its investment in 1.150 million shares of Echlin Inc. common stock, which were acquired in late 1997 and early 1998. During the first quarter of 1998, the Company recorded a \$12.8 million gain relating to the Echlin transaction consisting of an unrealized gain on the investment in Echlin stock of \$17.3 million and transaction costs of \$4.5 million. During the second quarter, the Company recorded a \$5.7 million charge to adjust the unrealized gain on the investment to the actual realized total gain of \$13.7 million and to record the final \$2.1 million of transaction costs related to the proposed acquisition.
11. During the second quarter of 1998, the Company acquired two businesses. On June 19, 1998, the Company acquired 89% of Tecnotest S.r.l., an Italian company, for \$15.1 million in cash and assumed debt. The Company has an option to purchase the remaining 11% of the company. Tecnotest designs, manufactures and distributes hand-held scan tools and other hand-held electronic equipment, diagnostic software, gas and diesel emissions testing equipment and safety lane products and has annual revenues of approximately \$25 million. On June 30, 1998, the Company acquired The Valley Forge Group for \$43.9 in cash and assumed debt. The Valley Forge Group develops service procedures, owners' literature and service training materials, and provides other services such as language conversion and labor time studies, for vehicle manufacturers and has annual revenues of approximately \$30 million. Had these acquisitions taken place on January 1, 1998, consolidated revenues and income would not have been significantly different from reported results.



SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1998 (Unaudited)

12. On July 20, 1998, the Company announced that it had signed a definitive merger agreement for the Company to acquire General Signal Corporation ("GSX") for cash and Company shares. The aggregate purchase price is valued at approximately \$2 billion based on the last reported trading price of the Company's common stock immediately prior to the public announcement of the execution of the merger agreement. The Company will also assume approximately \$335 million of GSX's debt, net of cash. Under the terms of the merger agreement, the aggregate merger consideration to be paid to GSX shareholders will consist 60% of Company stock and 40% of cash, with each shareholder able to choose among three options -- all cash (\$45.00 per share of GSX common stock), all Company stock (0.6977 shares of Company common stock per share of GSX common stock), or a 40/60 cash/stock combination (\$18.00 and 0.4186 shares of Company common stock per share of GSX common stock), subject to proration if the all cash or all stock elections are over subscribed. The Company has received commitments, underwritten by Chase Manhattan Bank, to provide up to \$1.7 billion of financing to be used to fund the cash portion of the merger and to refinance existing indebtedness of the Company and GSX. The transaction, which has been approved by both companies' boards of directors, is subject to shareholder approvals, antitrust clearance and other customary conditions, and is expected to close early in the fourth quarter of 1998.

The transaction will be accounted for as a reverse acquisition as the shareholders of GSX will own a majority of the shares of the combined company upon completion of the transaction. Accordingly, for accounting purposes, the Company will be treated as the acquired company and GSX will be considered to be the acquiring company. The purchase price will be allocated to the assets and liabilities of the Company based on their estimated fair market values at the acquisition date. Under reverse acquisition accounting, the purchase price of the Company will be based on the fair market value of the Company's common stock at July 19, 1998, the date of the signing of the definitive merger agreement. The cash portion of the purchase price will be accounted for as a dividend by the combined company.

GSX is a leading manufacturer of quality products for the process control, electrical control and industrial technology industries worldwide and had annual 1997 revenues of approximately \$2 billion.

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

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

Results of Operations - Second Quarter 1998 vs. Second Quarter 1997

Consolidated:	Three months ended		Six months ended	
	June 30, 1997	June 30, 1998	June 30, 1997	June 30, 1998
	-----			
	(in millions)			
	-----			
Revenues:				
Service Solutions	\$ 170.9	\$ 162.2	\$ 333.2	\$ 305.9
Vehicle Components	60.8	68.1	128.8	161.0
	-----	-----	-----	-----
Total	\$ 231.7	\$ 230.3	\$ 462.0	\$ 466.9
	=====	=====	=====	=====
Operating income (loss):				
Service Solutions	\$ 20.7	\$ 17.6	\$ 36.4	21.2
Vehicle Components	8.5	9.6	18.0	21.2
General corporate expense	(10.7)	(5.7)	(3.1)	(11.3)
	-----	-----	-----	-----
Total	\$ 18.5	\$ 21.5	\$ 51.3	\$ 31.1
Other expense (income), net	(0.7)	(0.5)	(1.4)	(72.7)
Interest expense, net	4.2	3.0	7.9	7.3
	-----	-----	-----	-----
Income before income taxes	\$ 15.0	\$ 19.0	\$ 44.8	\$ 96.5
Provision for income taxes	5.4	7.0	16.1	49.8
	-----	-----	-----	-----
Income before extraordinary item	\$ 9.6	\$ 12.0	\$ 28.7	\$ 46.7
Extraordinary item, net of tax	-	-	-	(10.3)
	-----	-----	-----	-----
Net income	\$ 9.6	\$ 12.0	\$ 28.7	\$ 36.4
	=====	=====	=====	=====
Capital expenditures	\$ 6.2	\$ 5.7	\$ 14.6	10.6
Depreciation and amortization	6.1	6.1	12.0	13.3

June 30, 1998    December 31, 1997  
(in millions)

Identifiable assets	\$ 642.9	\$ 583.8
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General corporate expenses and other consolidated items that are not allocated to the segments are explained below, followed by segment information.

Second Quarter 1998 vs. Second Quarter 1997

General Corporate expense

These expenses represent general unallocated expenses. The second quarter 1998 included a \$3.6 million adjustment to reflect the reduction of the \$17.3 million unrealized gain recorded in the first quarter of 1998 to the actual realized gain of \$13.7 million on the Company's investment in Echlin Inc. The second quarter of 1998 also included a \$2.1 million charge for final transaction costs related to the Company's offer to acquire Echlin Inc. This net charge of \$5.7 million is classified as special charges and gains on the consolidated statement of income. Excluding this net charge, second quarter 1998 corporate expenses were comparable to the second quarter of 1997.

Other expense (income), net

These expense and income items represent expenses and income not included in the determination of operating results. Included are gains or losses on currency exchange, translation gains or losses of financial statements in highly inflationary countries, gains or losses on the sale of fixed assets, and unusual non-operational gains or losses.

Interest expense, net

Second quarter 1998 interest expense was greater than the second quarter 1997 interest expense due to higher debt levels.

#### Provision for Income Taxes

The overall second quarter 1998 effective income tax rate was 36% and represents the Company's estimated rate for the year. The second quarter 1997 effective income tax rate was 37%.

#### First Six Months of 1998 vs. First Six Months of 1997

##### General Corporate expense

These expenses represent general unallocated expenses. The first six months of 1998 included a \$13.7 million realized gain on the Company's investment in Echlin Inc., which was liquidated during the second quarter, and \$6.6 million of expenses associated with the Company's offer to acquire Echlin Inc. This net gain, \$7.1 million, is classified as special charges and gains on the consolidated statement of income. Excluding this net gain, first six months of 1998 corporate expenses were approximately \$1 million lower than the first six months of 1997 due to cost reductions.

##### Other expense (income), net

These expense and income items represent expenses and income not included in the determination of operating results. Included are gains or losses on currency exchange, translation gains or losses of financial statements in highly inflationary countries, gains or losses on the sale of fixed assets, and unusual non-operational gains or losses.

In the first quarter of 1997, the Company completed the sale of the Sealed Power division for \$223.0 million in cash. The Company recorded a \$71.9 million gain on the sale, and the after-tax gain was \$31.2 million. The results of operations of Sealed Power are included in the Company's consolidated results through the date of divestiture, February 7, 1997.

##### Interest expense, net

First six months of 1998 interest expense was greater than the first six months of 1997 interest expense due to higher debt levels.

#### Provision for Income Taxes

The overall first six months of 1998 effective income tax rate was 36% and represents the Company's estimated rate for the year. The first six months of 1997 income tax provision includes \$40.7 million provided on the sale of the Sealed Power division. Without this item, the effective income tax rate for the first six months of 1997 was 37%.

##### Extraordinary item, net of taxes

In the first quarter of 1997, the Company recorded a pretax charge of \$16.4 million, \$10.3 million after-tax, to reflect the costs to repurchase \$126.4 million of its 11 3/4% Senior Subordinated Notes tendered as of March 25, 1997, pursuant to the Company's tender offer for these notes.

Service Solutions:

	Three months ended June 30,		Six months ended June 30,	
	1997	1998	1997	1998
	----- (in millions) -----			
Revenues.....	\$ 170.9	\$ 162.2	\$ 333.2	\$ 305.9
Gross Profit.....	53.4	50.8	102.4	96.3
% of revenues.....	31.2%	31.3%	30.7%	31.5%
Selling, general & administrative....	32.2	32.6	64.9	67.5
% of revenues.....	18.9%	20.1%	19.5%	22.1%
Goodwill/intangible amortization.....	0.5	0.6	1.1	1.1
Minority and equity interests.....	0.0	0.0	0.0	0.0
Special charge.....	-	-	-	6.5
	-----			
Operating income.....	\$ 20.7	\$ 17.6	\$ 36.4	\$ 21.2
	=====			
Capital expenditures.....	\$ 2.0	\$ 1.4	\$ 4.5	\$ 2.9
Depreciation and amortization.....	2.5	2.8	5.0	5.5

	June 30, 1998	December 31, 1997
	(in millions)	
Identifiable assets.....	\$ 401.6	\$ 320.0

Second Quarter 1998 vs. Second Quarter 1997

Revenues

Second quarter 1998 revenues increased \$8.7 million, or 5.4%, from the second quarter of 1997. The increase was principally due to higher sales of hand-held diagnostic equipment, high-pressure hydraulic equipment and dealer equipment. Sales of certain PC based engine diagnostic and wheel service equipment were down as a result of the Company's decision to phase out these products.

Gross margin

Second quarter 1998 gross margin of 31.2% was comparable to the 31.3% gross margin in 1997. The increase in dealer equipment revenue reduced the 1998 gross margin relative to 1997. However, revenue increased in other higher margin products, namely hand-held diagnostic equipment, largely offsetting the effect of lower dealer equipment margins.

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

Second quarter 1998 SG&A expense was \$32.2 million, or 18.9% of revenues, compared to \$32.6 million, or 20.1% of revenues, in 1997. The reduction in costs resulted from an increased portion of revenues attributable to dealer equipment sales, which have relatively low SG&A costs, and continuing cost reductions due to initiatives undertaken over the past year.

Goodwill/Intangible Amortization

Second quarter 1998 expense was comparable to second quarter 1997.

Minority and equity interests

This line represents the 20% minority interest in JATEK's results. Such minority interest was immaterial in both quarters.

Operating Income

The increase in the 1998 second quarter operating income to \$20.7 million from \$17.6 million in the second quarter 1997 was primarily attributable to increased revenues and cost reductions.

## First Six Months of 1998 vs. First Six Months of 1997

### Revenues

First six months of 1998 revenues increased \$27.3 million, or 8.9%, from the first six months of 1997. The increase was due to higher hand-held diagnostic equipment, high-pressure hydraulic equipment, dealer equipment and gas emission testing equipment revenues. Air conditioning tool sales were down from 1997, and are expected to be lower than full year 1997 levels for the remainder of 1998 primarily due to lower demand for refrigerant recycling and recovery equipment. Sales of certain PC based engine diagnostic and wheel service equipment were down as a result of the Company's decision to phase out these products. During the first quarter 1998, the Company enhanced its dealer equipment program with a major vehicle manufacturer and is now recording revenues and related cost of goods sold from this program.

### Gross margin

First six months of 1998 gross margin of 30.7% was lower than the 31.5% gross margin in 1997. The decrease in the gross margin was a result of the higher gas emissions testing equipment and dealer equipment sales during the first six months of 1998, which carry lower gross margins.

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

First six months of 1998 SG&A expense was \$64.9 million, or 19.5% of revenues, compared to \$67.5 million, or 22.1% of revenues, in 1997. The reduction in costs resulted from an increased portion of revenues attributable to dealer equipment sales, which have relatively low SG&A costs, and continuing cost reductions due to initiatives undertaken over the past year.

### Goodwill/Intangible Amortization

First six months of 1998 expense was comparable to first six months of 1997.

### Minority and equity interests

This line represents the 20% minority interest in JATEK's results. Such minority interest was immaterial in both periods.

### Special Charge

During the first quarter 1997, the Company recorded a \$6.5 million special charge (\$4.1 million after-tax). This charge reflects anticipated future legal costs associated with the ongoing litigation with Snap-on Incorporated.

### Operating Income

The increase in first six months of 1998 operating income to \$36.4 million from \$21.2 million in the first six months of 1997 was primarily attributable to increased revenues and cost reductions. Additionally, operating income for the first six months of 1997 was reduced by the \$6.5 million special charge related to the Snap-on litigation.

### Capital Expenditures

First six months of 1998 capital expenditures were \$4.5 million compared to first six months of 1997 capital expenditures of \$2.9 million. Capital expenditures for 1998 are expected to total approximately \$12 million and to include further expenditures for new information systems.

### Identifiable Assets

First six months of 1998 identifiable assets increased approximately \$82 million from year-end 1997. The increase was predominately due to the acquisition of Tecnotest and Valley Forge, which increased identifiable assets by approximately \$75 million. Excluding the effect of the acquisitions, inventory increased approximately \$25 million from year-end and accounts receivable decreased approximately \$15 million from year-end. The increase in inventory reflects expected third quarter demand and normal seasonal build-up. The decrease in accounts receivable reflects lower revenues in the second quarter of 1998 compared to the fourth quarter of 1997.

During the first six months of 1998, inventory of PC based engine diagnostic and wheel service equipment was reduced from approximately \$14.0 million at December 31, 1997 to approximately \$3.0 million at June 30, 1998. This decrease reflects the continuing reduction of this inventory in connection with management's strategic decision to exit certain manufactured diagnostic equipment product lines. The remaining inventory of these products is expected to be sold during 1998.

Vehicle Components:

	Three months ended June 30, 1997		Six months ended June 30, 1998	
	1997	1998	1997	1998
	(in millions)			
Revenues.....	\$ 60.8	\$ 68.1	\$ 128.8	\$ 161.0
Gross Profit.....	12.9	13.4	27.0	30.4
% of revenues.....	21.2	% 19.7%	21.0%	18.9%
Selling, general & administrative..	4.0	3.5	8.3	8.4
% of revenues.....	6.6	% 5.1%	6.4%	5.2%
Goodwill/intangible amortization...	0.3	0.3	0.5	0.7
Minority and equity interests.....	0.1	0.0	0.2	0.1
Operating income.....	\$ 8.5	\$ 9.6	\$ 18.0	\$ 21.2
Capital expenditures.....	\$ 4.2	\$ 4.2	\$ 10.0	\$ 7.4
Depreciation and amortization.....	3.3	3.2	6.4	7.3

	June 30, 1998	December 31, 1997
Identifiable assets.....	\$ 144.7	\$ 147.6

Second Quarter 1998 vs. Second Quarter 1997

Revenues

Second quarter 1998 revenues were down \$7.3 million, or 10.7%, from second quarter 1997 revenues primarily due to less product demand caused by a strike at General Motors Corporation and the elimination of a product at the die-casting operation. The reduction in die-casting revenues will be partially offset over the balance of 1998 as the Company's new die-casting facility ramps up production.

Gross Profit

Second quarter 1998 gross margin of 21.2% compares favorably to second quarter 1997 gross margin of 19.7% as favorable product mix shifts and operational improvements are being realized.

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

SG&A was \$4.0 million, or 6.6% of revenues, in the second quarter of 1998 compared to \$3.5 million, or 5.1% of revenues, in 1997. The increase in SG&A as a percentage of revenues reflected higher costs associated with market penetration and business expansion efforts.

Goodwill/Intangible Amortization

Goodwill and intangible amortization expense in 1998 was comparable to 1997.

Minority and equity interests

This represents the 40% minority interest in IBS Filtran's results.

#### Operating Income

Second quarter 1998 operating income was \$8.5 million compared to \$9.6 million in the second quarter of 1997. The decrease was primarily a result of the lower revenues.

#### First Six Months of 1998 vs. First Six Months of 1997

##### Revenues

First six months quarter 1998 revenues were down \$32.2 million from the first six months of 1997 revenues primarily due to the February 7, 1997 divestiture of the Sealed Power division. The first quarter of 1997 includes \$23.5 million of revenues from Sealed Power. The remaining decrease from 1997 was due primarily to less product demand caused by a strike at General Motors and the elimination of a product at the die-casting operation. The strike at General Motors continued through late July, and as a result, third quarter 1998 revenues will likely be lower than the third quarter of 1997. The reduction in die-casting revenues will be partially offset over the balance of 1998 as the Company's new die-casting facility ramps up production.

##### Gross Profit

First six months 1998 gross margin of 21.0% compares favorably to first six months 1997 gross margin of 18.9% as favorable product mix shifts and operational improvements are being realized. A portion of the increase in gross margin was due to the disposal of Sealed Power which was a lower margin business. The Company anticipates a negative impact on third quarter gross margins resulting from the General Motors strike due to incremental costs that will be incurred to resume production as well as the impact of lost productivity in July.

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

SG&A was \$8.3 million, or 6.4% of revenues, in the first six months of 1998 compared to \$8.4 million, or 5.2% of revenues, in 1997. The increase in SG&A as a percentage of revenues reflected higher costs associated with market penetration and business expansion efforts. Additionally, the lower revenues associated with the strike at General Motors resulted in SG&A representing an increased percentage of revenues.

##### Goodwill/Intangible Amortization

Goodwill and intangible amortization expense was lower in 1998 due to the sale of the Sealed Power division.

##### Minority and equity interests

This represents the 40% minority interest in IBS Filtran's results.

#### Operating Income

First six months 1998 operating income was \$18.0 million compared to \$21.2 million in the first six months of 1997. The first six months of 1997 operating income included \$2.7 million attributable to the Sealed Power division (which was sold effective February 7, 1997).

#### Capital Expenditures

Capital expenditures in the first six months of 1998 were \$10.0 million and \$7.4 million in the first six months of 1997. Capital expenditures for 1998 are expected to total approximately \$18 million and will be focused upon certain capacity expansions (including a new die-casting facility), cost reductions and maintenance of the operations.

#### Identifiable Assets

Identifiable assets were comparable to year-end 1997.

## Liquidity and Financial Condition

The Company's liquidity needs arise primarily from capital investment in equipment, funding working capital requirements to support business growth initiatives and to meet interest costs. Management believes that cash flow from operations and the current credit arrangements will be sufficient to supply funds needed in 1998, excluding the GSX transaction. To consummate the GSX transaction, the Company has received commitments, underwritten by Chase Manhattan Bank, to provide up to \$1.7 billion of financing to be used to fund the cash portion of the merger and to refinance existing indebtedness of the Company and GSX.

### Cash Flow

	Six months ended June 30,	
	1998	1997
	-----	-----
	(in millions)	
Cash flow from:		
Operating activities.....	\$ 44.5	\$ (33.6)
Investing activities.....	(73.6)	207.3
Financing activities.....	29.4	(170.2)
	-----	-----
Net Cash Flow.....	\$ 0.3	\$ 3.5
	=====	=====

**Operating Activities** - The principal elements that contributed to the first six months 1998 cash flow were net income, depreciation and amortization and net increases in deferred and payable income taxes totaling \$53.2 million. Offsetting this positive cashflow was a net increase in other working capital and other items of \$8.7 million. Changes in working capital include a \$20.3 million reduction in accounts receivable due to lower revenues in the second quarter of 1998 compared to the fourth quarter of 1997, a \$24.9 million increase in inventory to meet higher third quarter revenue expectations, a \$13.2 million decrease in prepaid and other assets due to the liquidation of the Echlin investment that was held at year-end (\$14.9 million), and a \$14.9 million reduction in current liabilities due to incentive compensation and restructuring payments made in the first six months of 1998. At June 30, 1998, days sales outstanding of accounts receivable were 66 days compared to 64 days at December 31, 1997. Days sales of inventory on hand was 50 days at June 30, 1998 compared to 35 days at December 31, 1997. Both accounts receivable outstanding and inventory on hand (both expressed as a multiple of days sales) at June 30, 1998 were higher due to the late second quarter acquisitions of Tecnotest and Valley Forge. The cash outflow from operations for the first six months of 1997 cash outflow of \$33.6 million was principally due to seasonal buildups of accounts receivable and inventories, and included the \$26.0 million effect of terminating an accounts receivable securitization program during the first quarter of 1997.

**Investing Activities** - The first six months of 1998 cash flow from investing activities reflected \$14.6 million in capital expenditures and \$59.0 million of cash to purchase Tecnotest and Valley Forge. Capital expenditures for 1998 are expected to total approximately \$30 million. Cash flow from investing activities during the first six months of 1997 included \$223.0 million of cash received on the sale of Sealed Power, offset by \$5.1 million used for investments in A.R. Brasch, JATEK and IBS Filtran, and \$10.6 million used for capital expenditures.

**Financing Activities** - The first six months of 1998 cash flow from financing activities consists of borrowings of \$56.7 million (principally to fund the acquisitions of Tecnotest and Valley Forge), \$28.5 million used to purchase 397,500 shares of common stock in the open market, and proceeds from shares sold under the stock option plan. Cash flow from financing activities during the first six months of 1997 reflects uses comprised of the Company's former quarterly dividend payment, \$16.4 million of extinguishment costs paid in the second quarter to repurchase \$126.7 million of 11 3/4% Senior Subordinated Notes, \$120.2 million to purchase 2.147 million shares of the Company in the "Dutch" auction, and a \$36.4 million reduction in borrowings, offset by proceeds from shares sold under the stock option plan.



## Total Debt

At June 30, 1998, the following summarizes the debt outstanding and unused credit availability:

	Total Commitment	Amount Outstanding (in millions)	Unused Credit Availability
Revolving credit.....	\$ 400.0	\$ 230.0	\$ 162.1(a)
Swingline loan facility.....	5.0	-	5.0
Industrial Revenues Bonds...	15.1	15.1	-
Other.....	23.7	16.9	6.8
	-----	-----	-----
Total debt.....	\$ 443.8	\$ 262.0	\$ 173.9
	=====	=====	=====

(a) Decreased by \$7.9 million of facility letters of credit outstanding at June 30, 1998, which reduce the unused credit availability.

During the second quarter of 1998, the Company redeemed the remaining \$1.7 million of the 11 3/4% Senior Subordinated Notes.

The Company is required to maintain compliance with restrictive covenants contained in the revolving credit agreement, as amended. At June 30, 1998, the Company was in compliance with all restrictive covenants contained in the revolving credit agreement. Under the most restrictive financial covenants, the Company is required to:

- (1) Maintain a Debt/EBITDA Ratio less than 3.5/1.0 for fiscal quarters ending June and September of 1998 and a ratio less than 3.0/1.0 thereafter. At June 30, 1998, the ratio was 2.37/1.0.
- (2) Maintain a Fixed Charge Coverage Ratio greater than 1.75/1.0 through September of 1998 and a ratio greater than 2.0/1.0 thereafter. At June 30, 1998, the ratio was 3.70/1.0.

Management believes that, excluding the pending GSX transaction and related financing, the unused credit availability is sufficient to meet operating cash needs, including working capital requirements and capital expenditures planned for 1998. Aggregate future maturities of total debt are not material through 2001. In 2002, the revolving credit agreement expires and borrowings on the revolver would become due, however, management believes that the existing revolving credit agreement would likely be extended or that alternate financing will be available to the Company.

## Other Matters

General Signal Corporation Transaction - On July 20, 1998, the Company announced that it had signed a definitive merger agreement for the Company to acquire General Signal Corporation ("GSX") for cash and Company shares. The aggregate purchase price is valued at approximately \$2 billion based on the last reported trading price of the Company's common stock immediately prior to the public announcement of the execution of the merger agreement. The Company will also assume approximately \$335 million of GSX's debt, net of cash. Under the terms of the merger agreement, the aggregate merger consideration to be paid to GSX shareholders will consist 60% of Company stock and 40% of cash, with each shareholder able to choose among three options -- all cash (\$45.00 per share of GSX common stock), all Company stock (0.6977 shares of Company common stock per share of GSX common stock), or a 40/60 cash/stock combination (\$18.00 and 0.4186 shares of Company common stock per share of GSX common stock), subject to proration if the all cash or all stock elections are over subscribed. The Company has received commitments, underwritten by Chase Manhattan Bank, to provide up to \$1.7 billion of financing to be used to fund the cash portion of the merger and to refinance existing indebtedness of the Company and GSX. The transaction, which has been approved by both companies' boards of directors, is subject to shareholder approvals, antitrust clearance and other customary conditions, and is expected to close early in the fourth quarter of 1998.

The transaction will be accounted for as a reverse acquisition as the shareholders of GSX will own a majority of the shares of the combined company upon completion of the transaction. Accordingly, for accounting purposes, the Company will be treated as the acquired company and GSX will be considered to be the acquiring company. The purchase price will be allocated to the assets and liabilities of the Company based on their estimated fair market values at the acquisition date. Under reverse acquisition accounting, the purchase price of the Company will be based on the fair market value of the Company's common stock at July 19, 1998, the date of the signing of the definitive merger agreement. The cash portion of the purchase price will be accounted for as a dividend by the combined company.

GSX is a leading manufacturer of quality products for the process control, electrical control and industrial technology industries worldwide and had annual 1997 revenues of approximately \$2 billion.

Impact of Strike at General Motors Corporation - As of the date of this filing, the strike at General Motors was reported to be resolved. General Motors is the Company's largest customer (22% of consolidated revenues in 1997 and approximately \$100 million of Vehicle Components revenues in 1997). In the month of July 1998, the Company's Vehicle Components segment continued to experience reduced revenues comparable with the results reported during second quarter of 1998. It remains uncertain whether these reduced revenues will be recovered as General Motors resumes production. Even if these revenues are recovered, the Company anticipates a negative impact on its gross margins on these revenues due to incremental costs that will be incurred to resume production as well as the impact of lost productivity in July.

Echlin Transaction - On May 6, 1998, the Company announced that it was withdrawing its exchange offer to acquire Echlin Inc. because it was not in the best interests of SPX shareholders to compete with the terms of Dana Corporation's merger agreement with Echlin. As of June 30, 1998, the Company had liquidated its approximately 1.15 million Echlin shares that it held.

Significance of Goodwill - The Company had goodwill of \$96.1 million and shareholders' deficit of \$38.4 million at June 30, 1998. The Company amortizes its goodwill on a straight-line method over the estimated periods benefited, not to exceed 40 years. In determining the estimated useful life, management considers the nature, competitive position, life cycle position, and historical and expected future operating income of each acquired company, as well as the Company's commitment to support these acquired companies through continued investment in capital expenditures, operational improvements, and research and development. After an acquisition, the Company continually reviews whether subsequent events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. If events and circumstances indicate that goodwill related to a particular business should be reviewed for possible impairment, the Company uses projections to assess whether future operating income on a non-discounted basis (before goodwill amortization) of the unit is likely to exceed the goodwill amortization over the remaining life of the goodwill, to determine whether a write-down of goodwill to recoverable value is appropriate. There can be no assurance that circumstances will not change in the future that will effect the useful life or carrying value of goodwill.

EVA Incentive Compensation - The Company utilizes a measure known as Economic Value Added ("EVA") for its incentive compensation plans for a majority of employees. EVA is internally computed by the Company based upon Net Operating Profit after Tax less a charge on the capital invested in the Company. These computations use certain assumptions that vary from generally accepted accounting principles. EVA is not a measure under generally accepted accounting principles and is not intended to be used as an alternative to net income and measuring operating performance presented in accordance with generally accepted accounting principles. The Company believes that EVA, as internally computed, does represent a strong correlation to the ultimate returns of the Company's shareholders. Annual incentive compensation expense is dependent upon the annual change in EVA relative to pre-established improvement targets and the expense can vary significantly.

Accounting Pronouncements - In 1998, the Company must adopt Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" and Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." Statement No. 131 will require the Company to report certain information about operating segments in the consolidated financials statements. The Company is currently evaluating the provisions of this statement to determine its impact upon current segment disclosures. Statement No. 132 will require the Company to standardize its disclosures and other information for pensions and other postretirement benefits.

In 2000, the Company must adopt Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." Statement No. 133 will require the Company to record derivatives on the balance sheet as assets or liabilities, measured at fair value, and gains or losses resulting from the changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company is evaluating the standard and does not expect it to have a material impact on the financial results or condition of the Company as the use of derivatives at the Company is not significant.

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The foregoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward looking statements which reflect management's current views with respect to future events and financial performance. These forward looking statements are subject to certain risks and uncertainties, including but not limited to those matters discussed above. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Reference is made to the Company's 1997 Annual Report on Form 10-K for additional cautionary statements and discussion of certain important factors as they relate to forward looking statements.

PART II - OTHER INFORMATION

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

The Company held the Annual Meeting of Shareholders on May 20, 1998 at which shareholders elected three directors to three year terms expiring in 2001, approved an amendment to the Company's Certificate of Incorporation to increase the amount of authorized shares of Company common stock from 50,000,000 to 100,000,000 shares, and approved any adjournment of the Annual Meeting proposed by the Board of Directors. The proposed amendment to issue shares of the Company's common stock in connection with the proposed acquisition of Echlin Inc. was not voted on as the Company had withdrawn its exchange offer prior to the Annual Meeting.

The results of the voting in connection with the above items were as follows:

Voting on Directors	For	Withheld	
Sarah R. Coffin	11,304,928	22,466	
Charles E. Johnson, II	11,307,474	19,920	
David P. Williams	11,304,081	23,313	
Voting on:	For	Against	Abstain
Amendment to increase the amount of authorized shares	10,450,094	826,757	50,573
Adjournment of the Annual Meeting by the Board	9,631,782	1,483,109	212,503

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(2) Agreement and Plan of Merger among SPX Corporation, SAC Corp. and General Signal Corporation, dated as of July 19, 1998, incorporated herein by reference from the Company's Form 8-K filed on July 20, 1998.

(3)(iv) Restated Certificate of Incorporation of SPX Corporation, as amended, dated June 12, 1998.

(4) None.

(10) None.

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

(15) None.

(18) None.

(19) None.

(20) None.

(22) None.

(23) None.

(24) None.

(27) Financial data schedule.

(99) None.

(b) Reports on Form 8-K

8-K Dated July 19, 1998, Announcement of Merger Agreement with General Signal Corporation

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: July 31, 1998

By /s/ John B. Blystone

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John B. Blystone  
Chairman, President and  
Chief Executive Officer

Date: July 31, 1998

By /s/ Patrick J. O'Leary

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Patrick J. O'Leary  
Vice President, Finance,  
Treasurer and Chief  
Financial Officer

Date: July 31, 1998

By /s/ Kenneth C. Dow

-----  
Kenneth C. Dow  
Controller and Chief  
Accounting Officer

6-MOS

	DEC-31-1998	
	JUN-30-1998	
		12,395
		0
		176,849
		(8,116)
		129,624
		392,125
		283,143
		(150,296)
		642,883
282,955		
		0
0		
		0
		168,807
		(207,233)
642,883		
		462,018
		462,018
		332,686
		410,720
		(1,473)
		0
		7,924
		44,847
		16,145
28,702		
		0
		0
		0
		28,702
		2.33
		2.33

June 12, 1998

CERTIFICATE OF INCORPORATION  
OF  
SPX CORPORATION  
\* \* \* \* \*

FIRST. The name of the corporation is SPX CORPORATION.

SECOND. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business, or objects or purposes to be conducted or promoted by the Corporation are:

(a) To manufacture, purchase or otherwise acquire, invest in, or mortgage, pledge, sell, assign and transfer or otherwise dispose of, trade, deal in and with goods, wares and merchandise and property of every class and description, including but not limited to the manufacturer and sale of automotive engine parts and related products.

(b) To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of, real and personal property of every class and description in any of the states, districts, territories or possessions of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, possession or country.

(c) To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

(d) To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH. 1. Authorized Shares. The total number of authorized shares of the stock of all classes which the Corporation shall have authority to issue is one hundred three million (103,000,000), of which three million (3,000,000) shall be shares of Preferred Stock without par value and one hundred million (100,000,000) shall be shares of Common Stock of the par value of \$10 per share.

2. Preferred Stock. (a) The Preferred Stock shall be issuable in series, and in connection with the issuance of any series of Preferred Stock and to the extent now or hereafter permitted by the laws of the State of Delaware, the Board of Directors is authorized to fix by resolution the designation of each series, the stated value of the shares of each series, the dividend rate of each series and the date or dates and other provisions respecting the payment of dividends, the provisions, if any, for a sinking fund for the shares of each series, the preferences of the shares of each series in the event of the liquidation or dissolution of the Corporation, the provisions, if any, respecting the redemption of the shares of each series and, subject to requirements of the laws of the State of Delaware, the voting rights (except that such shares shall not have more than one vote per share), the terms, if any, upon which the shares of each series shall be convertible into or exchangeable for any other shares of stock of the Corporation and any other relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the shares of each series.

(b) Preferred Stock of any series redeemed, converted, exchanged, purchased, or otherwise acquired by the Corporation shall constitute authorized but unissued Preferred Stock.

(c) All shares of any series of Preferred Stock, as between themselves, shall rank equally and be identical; and all series of Preferred Stock, as between themselves, shall rank equally and be identical except as set forth in resolutions of the Board of Directors authorizing the issuance of such series.

3. Common Stock. (a) After dividends to which the holders of Preferred Stock may then be entitled under the resolutions creating any series thereof have been declared and after the Corporation shall have set apart the amounts required pursuant to such resolutions for the purchase or redemption of any series of Preferred Stock, the holders of Common Stock shall be entitled to have dividends declared in cash, property, or other securities of the Corporation out of any net profits or net assets of the Corporation legally available therefor.

(b) In the event of the liquidation or dissolution of the Corporation's business and after the holders of Preferred Stock shall have received amounts to which they are entitled under the resolutions creating such series, the holders of Common Stock shall be entitled to receive ratably the balance of the Corporation's net assets available for distribution.

(c) Each share of Common Stock shall be entitled to one vote, but shall not be entitled to vote for the election of any directors who may be elected by vote of the Preferred Stock voting as a class.

4. Preemptive Rights. No holder of any shares of the Corporation shall have any preemptive right to subscribe for or to acquire any additional shares of the Corporation of the same or of any other class, whether now or hereafter



authorized or any options or warrants giving the right to purchase any such shares, or any bonds, notes, debentures or other obligations convertible into any such shares.

FIFTH. The name and mailing address of each incorporator is as follows:

NAME	MAILING ADDRESS
B. J. Consono	100 West Tenth Street Wilmington, Delaware
F. J. Obara, Jr.	100 West Tenth Street Wilmington, Delaware
A. D. Grier	100 West Tenth Street Wilmington, Delaware

SIXTH. The Corporation is to have perpetual existence.

SEVENTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH. Except as otherwise fixed by resolution of the Board of Directors pursuant to the provisions of Article FOURTH hereof relating to the rights of the holders of Preferred Stock to elect directors as a class, the number of the directors of the Corporation shall be fixed from time to time by or pursuant to the By-Laws of the Corporation. The directors, other than those who may be elected by the holders of Preferred Stock, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible. The first class shall be initially elected for a term expiring at the next ensuing annual meeting, the second class shall be initially elected for a term expiring one year thereafter, and the third class shall be elected for a term expiring two years thereafter, with each class to hold office until its successor is elected and qualified. At each annual meeting of the stockholders of the Corporation held after the initial classification and election of directors, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in the By-Laws of the Corporation.

Except as otherwise fixed by resolution of the Board of Directors pursuant to the provisions of Article FOURTH hereof relating to the rights of the holders of Preferred Stock to elect directors as a class, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created (subject to the requirements of this Article EIGHTH that all classes be as nearly equal in number as possible) or in which the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of an incumbent director.

Subject to the rights of the holders of Preferred Stock to elect directors as a class, a director may be removed only for cause and only by the affirmative vote of the holders of 80% of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

1. To adopt, amend and repeal the By-Laws of the Corporation. Any by-laws adopted by the directors under the powers conferred hereby may be amended or repealed by the directors or by the stockholders. Notwithstanding the foregoing or any other provision in this Certificate of Incorporation or the By-Laws of the Corporation to the contrary, Article II, Sections 3 and 7 and Article III, Sections 1, 2 and 3 of the By-Laws shall not be amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least 80% of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

2. To fix and determine, and to vary the amount of, the working capital of the Corporation, and to determine the use or investment of any assets of the Corporation, to set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve or reserves.

3. To authorize the purchase or other acquisition of shares of stock of the Corporation or any of its bonds, debentures, notes, scrip, warrants or other securities or evidences of indebtedness.

4. Except as otherwise provided by law, to determine the places within or without the State of Delaware, where any or all of the books of the Corporation shall be kept.

5. To authorize the sale, lease or other disposition of any part or

parts of the properties of the Corporation and to cease to conduct the business connected therewith or again to resume the same, as it may deem best.

6. To authorize the borrowing of money, the issuance of bonds, debentures and other obligations or evidences of indebtedness of the Corporation, secured or unsecured, and the inclusion of provisions as to redeemability and convertibility into shares of stock of the Corporation or otherwise; and the mortgaging or pledging, as security for money borrowed on bonds, notes, debentures or other obligations issued by the Corporation, of any property of the Corporation, real or personal, then owned or thereafter acquired by the Corporation.

In addition to the powers and authorities herein or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate of Incorporation and of the By-Laws of the Corporation.

Subject to any limitation in the By-Laws, the members of the Board of Directors shall be entitled to reasonable fees, salaries or other compensation for their services, as determined from time to time by the Board of Directors, and to reimbursement for their expenses as such members. Nothing herein contained shall preclude any director from serving the Corporation or its subsidiaries or affiliates in any other capacity and receiving compensation therefor.

Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal this Article EIGHTH.

NINTH. Both stockholders and directors shall have power, if the By-Laws so provide, to hold their meetings and to have one or more offices within or without the State of Delaware.

Except as otherwise fixed by resolution of the Board of Directors pursuant to the provisions of Article FOURTH hereof relating to the rights of the holders of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of Preferred Stock, special meetings of stockholders may be called only by the Chairman on his own initiative, the President on his own initiative or by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal this Article NINTH.

TENTH. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH. Except as otherwise provided in this Certificate of Incorporation, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TWELFTH. No contract or other transaction between the Corporation and any person, firm, association or Corporation and no other act of this Corporation shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the directors of the Corporation are, directly or indirectly, pecuniarily or otherwise interested in such contract, transaction or other act or related to or interested in such person, firm, association or corporation as director, stockholder, officer, employee, member or otherwise. Any director of the Corporation individually, or any firm or association of which any director may be a member, may be a party to, or may be pecuniarily or

otherwise interested in, any contract or transaction of the Corporation, provided that the fact that he individually or such firm or association is so interested shall be disclosed or known to the Board of Directors or a majority of such members thereof as shall be present at any meeting of the Board of Directors, or of any committee of directors having the powers of the full Board, at which action upon any such contract, transaction or other act is taken, and if such fact shall be so disclosed or known any director of this Corporation so related or otherwise interested may be counted in determining the presence of a quorum at any meeting of the Board of Directors or of such committee at which action upon any such contract, transaction or act shall be taken and may vote thereat with respect to such action with like force and effect as if he were not so related or interested. Any director of the Corporation may vote upon any contract or other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a director of such subsidiary or affiliated corporation.

THIRTEENTH. (a) A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware, or any other applicable law, is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, or any other applicable law, as so amended. Any repeal or modification of this Section (a) by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

(b)(1) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, or any other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (2) of this Section (b) with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section (b) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the General Corporation Law of the State of Delaware, or any other applicable law, requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section (b) or otherwise.

(2) If a claim under paragraph (1) of this Section (b) is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under

the General Corporation Law of the State of Delaware, or any other applicable law, for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, stockholders or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, or any other applicable law, nor an actual determination by the Corporation (including its Board of Directors, stockholders or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

(4) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware, or any other applicable law.

(5) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Section (b) with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(6) Any repeal or modification of this Section (b) by the stockholders of the Corporation shall not adversely affect any right or protection of a director, officer, employee or agent of the Corporation existing at the time of such repeal or modification.

FOURTEENTH. In determining whether an "Acquisition Proposal" is in the best interests of the Corporation and its stockholders, the Board of Directors shall consider all factors it deems relevant including, without limitation, the following:

(a) the consideration being offered in the Acquisition Proposal, not only in relation to the then current market price, but also in relation to the then current value of the Corporation in a freely negotiated transaction and in relation to the Board of Directors' estimate of the future value of the Corporation as an independent entity; and

(b) the social, legal and economic effects upon employees, suppliers, customers and on the communities in which the Corporation is located, as well as on the long term business prospects of the Corporation.

"Acquisition Proposal" means any proposal of any person (i) for a tender offer, exchange offer or any other method of acquiring any equity securities of the Corporation with a view to acquiring control of the Corporation, (ii) to merge or consolidate the Corporation with another corporation, or (iii) to purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation.

The Article shall not be interpreted to create any rights on behalf of third persons, such as employees, suppliers, or customers.

FIFTEENTH. 1. Higher Vote for Certain Business Combinations. A higher than majority stockholder vote to approve certain Business Combinations shall be required as follows (all capitalized terms being used as subsequently defined in this Article FIFTEENTH):

(a) Any merger or consolidation of the Corporation or any Subsidiary with (i) any Substantial stockholder of (ii) any other corporation (whether or not itself a Substantial Stockholder) which is, or after such merger or consolidation would be, an Affiliate or Associate of a Substantial Stockholder; or

(b) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Substantial Stockholder or any Affiliate or Associate of any Substantial Stockholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value of \$10,000,000 or more; or

(c) The issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Substantial Stockholder or any Affiliate or Associate of any Substantial Stockholder in exchange for cash, securities or other consideration (or a combination thereof) having an aggregate Fair Market Value of \$10,000,000 or more: or

(d) The adoption of any plan or proposal for the liquidation or

dissolution of the Corporation proposed by or on behalf of any Substantial Stockholder or any Affiliate or Associate of any Substantial Stockholder; or

(e) Any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any Subsidiary or any other transaction (whether or not with or into or otherwise involving a Substantial Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Substantial Stockholder or any Affiliate or Associate of any Substantial Stockholder;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

2. Definition of "Business Combination." The term "Business Combination" as used in this Article FIFTEENTH shall mean any transaction which is referred to in any one or more of subparagraphs (a) through (e) of paragraph 1.

3. When Higher Vote Is Not Required. The provisions of paragraph 1 of this Article FIFTEENTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as is required by law, any other provision of this Certificate of Incorporation or any agreement with any national securities exchange, if in the case of a Business Combination that does not involve any cash or other consideration being received by the stockholders of the Corporation, solely in their capacities as stockholders, the condition specified in the following subparagraph (a) is met, or if in the case of any other Business Combination, the conditions specified in either of the following subparagraphs (a) or (b) are met:

(a) The Business Combination shall have been approved by at least two-thirds of the Continuing Directors.

(b) All of the following conditions shall have been met: (i) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination (the "Consummation Date") of the consideration other than cash to be received per share by holders of Common Stock of the Corporation in such Business Combination shall be an amount at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b)(i) shall be required to be met with respect to all shares of Common Stock outstanding, whether or not the Substantial Stockholder has previously acquired any Common Stock):

(A) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock beneficially owned by the Substantial Stockholder which were acquired (1) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction in which it became a Substantial Stockholder, whichever is higher, plus interest compounded annually from the date on which the Substantial Stockholder became a Substantial Stockholder through the Consummation Date at the prime rate of interest of Harris Trust and Savings Bank (or other major bank headquartered in Chicago, Illinois, selected by a majority of the Continuing Directors) from time to time in effect in Chicago, less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, per share of Common Stock from the date on which the Substantial Stockholder became a Substantial Stockholder through the Consummation Date in an amount up to but not exceeding the amount of such interest payable per share of Common Stock; or

(B) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Substantial Stockholder became such Substantial Stockholder (the "Determination Date"), whichever is higher; or

(C) the price per share equal to the Fair Market Value per share of Common Stock determined pursuant to clause (B) immediately preceding, multiplied by the ratio of (i) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock beneficially owned by the Substantial Stockholder which were acquired within the two-year period immediately prior to the Announcement Date to (ii) the Fair Market Value per share of Common Stock on the

first day in such two-year period on which the Substantial Stockholder beneficially owned any shares of Common Stock.

(ii) The aggregate amount of the cash and the Fair Market Value as of the Consummation Date of the consideration other than cash to be received per share by holders of shares of any class of outstanding Voting Stock, other than Common Stock, shall be the amount at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b)(ii) shall be required to be met with respect to every such class of outstanding Voting Stock, whether or not the Substantial Stockholder beneficially owns any shares of a particular class of Voting Stock):

(A) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of such class of Voting Stock beneficially owned by the Substantial Stockholder which were acquired (1) within the two-year period immediately prior to the Announcement Date of (2) in the transaction in which it became a Substantial Stockholder, whichever is higher, plus interest compounded annually from the date on which the Substantial Stockholder became a Substantial Stockholder through the Consummation Date at the prime rate of interest of Harris Trust and Savings Bank (or other major bank headquartered in Chicago, Illinois, selected by a majority of the Continuing Directors) from time to time in effect in Chicago, less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, per share of such class of Voting Stock from the date on which the Substantial Stockholder became a Substantial Stockholder through the Consummation Date in an amount up to but not exceeding the amount of such interest payable per share of such class of Voting Stock; or

(B) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; or

(C) the price per share equal to the Fair Market Value per share of such class of Voting Stock determined pursuant to clause (B) immediately preceding, multiplied by the ratio of (i) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of such class of Voting Stock beneficially owned by the Substantial Stockholder which were acquired within the two-year period immediately prior to the Announcement Date to (ii) the Fair Market Value per share of such class of Voting Stock on the first day in such two-year period on which the Substantial Stockholder beneficially owned any shares of such class of Voting Stock; or

(D) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(iii) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as was previously paid for shares of such class of Voting Stock which are beneficially owned by the Substantial Stockholder. If the Substantial Stockholder beneficially owns any shares of any class of Voting Stock which were acquired with varying forms of consideration, the form of consideration to be received by holders of such class of Voting Stock shall be either cash or in the form used to acquire the largest number of shares of such class of Voting Stock previously beneficially owned by it.

(iv) After such Substantial Stockholder has become a Substantial Stockholder and prior to the consummation of such Business Combination: (A) except as approved by at least two-thirds of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding Preferred Stock of the Corporation; (B) there shall have been (1) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by at least two-thirds of the Continuing Directors, and (2) an increase in such annual rate of dividends as necessary to prevent any such reduction in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of Common Stock, unless the failure so to increase such annual rate is approved by at least two-thirds of the Continuing Directors; and (C) such Substantial Stockholder shall not have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Substantial Stockholder becoming a Substantial Stockholder.

(v) After such Substantial Stockholder has become a Substantial Stockholder, such Substantial Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(vii) All per share prices shall be adjusted to reflect any intervening stock splits, stock dividends and reverse stock splits.

4. Certain Definitions. For the purposes of this Article FIFTEENTH:

(a) A "person" shall mean any individual, firm, corporation or other entity.

(b) "Substantial Stockholder" shall mean any person (other than the Corporation or any Subsidiary) who or which:

(i) is the beneficial owner, directly or indirectly, or more than 10% of the voting power of the outstanding Voting Stock; or

(ii) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Substantial Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(c) A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly) or

(ii) which such person or any of its Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or

(B) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(d) For the purpose of determining whether a person is a Substantial Stockholder pursuant to subparagraph (b) of this paragraph 4, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by a Substantial Stockholder through application of subparagraph (c) of this paragraph 4, but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(e) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on March 1, 1985 (the term "registrant" in said Rule 12b-2 meaning in this case the Corporation).

(f) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Substantial Stockholder set forth in subparagraph (b) of this paragraph 4, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(g) "Continuing Director" means any member of the Board of Directors of the Corporation (the "Board") who is unaffiliated with and not a representative of the Substantial Stockholder and was a member of the Board prior to the time that the Substantial Stockholder became a Substantial Stockholder, and any successor of a Continuing Director who is unaffiliated with and not a representative of the Substantial Stockholder and is recommended to succeed a Continuing Director by at least two-thirds of the Continuing Directors then on the Board.

(h) "Fair Market Value" means:

(i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for the New York Stock Exchange--Listed Stocks, or if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price, or if none, the highest closing bid quotation, with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by at least a two-thirds of the Continuing Directors in good faith; and

(ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by at least two-thirds of the Continuing Directors in good faith.

(i) In the event of any Business Combination in which the Corporation survives, the phrase "consideration other than cash to be received" as used in subparagraphs (b)(i) and (ii) of paragraph 3 shall include the Common Shares or the shares of any other class of outstanding Voting Stock retained by the holders of such shares, or both.

5. Powers of Continuing Directors. At least two-thirds of the Continuing Directors of the Corporation shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article FIFTEENTH, including without limitation (i) whether a person is a Substantial Stockholder, (ii) the number of shares of Voting Stock beneficially owned by any person, (iii) whether a person is an Affiliate or Associate of another, (iv) whether the requirements of subparagraph (b) of paragraph 3 have been met with respect to any Business Combination, and (v) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of \$10,000,000 or more, and the good faith determination of at least two-thirds of the Continuing Directors on such matters shall be conclusive and binding for all the purposes of this Article FIFTEENTH.

6. No Effect on Fiduciary Obligations of Interested Stockholders. Nothing contained in this Article FIFTEENTH shall be construed to relieve the Board of Directors or any Substantial Stockholder from any fiduciary obligation imposed by law.

7. Amendment, Repeal, etc. Notwithstanding any other provisions of this Certificate of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, the other sections of this Certificate of Incorporation or the By-Laws of the Corporation), the affirmative vote of the stockholders holding not less than 80% of the outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or to adopt any provisions inconsistent with, this Article FIFTEENTH of this Certificate of Incorporation; provided, however, that the preceding provisions of this paragraph 7 shall not be applicable to any amendment to this Article FIFTEENTH, and such amendment shall require only such affirmative vote as is required by law and any other provisions of this Certificate of Incorporation, if such amendment shall have been approved by at least two-thirds of the Continuing Directors.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 9th day of February, 1968.

/s/ B. J. Consono

/s/ F. J. Obara. Jr.

/s/ A. D. Grier

STATE OF DELAWARE

)  
) SS:COUNTY OF NEW CASTLE )

BE IT REMEMBERED that on this 9th day of February, A.D. 1968, personally came before me, a Notary Public for the State of Delaware, B. J. Consono, F. J. Obara, Jr. and A. D. Grier, all of the parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said Certificate to be the act and deed of the signers respectively and that the facts stated therein are true. GIVEN under my hand and seal of office the date and year aforesaid.

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Notary Public



