

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995, OR

/ 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 or other jurisdiction of
incorporation or organization)

38-1016240
(I.R.S. Employer
Identification No.)

700 TERRACE POINT DRIVE, MUSKEGON, MICHIGAN
(Address of principal executive offices)

49443-3301
(Zip Code)

Registrant's telephone number, including area code:
Securities registered pursuant to Section 12(b) of the Act:

616-724-5000

TITLE OF EACH CLASS
NAME OF EACH EXCHANGE ON WHICH REGISTERED

COMMON
11 3/4% SENIOR SUBORDINATED NOTES, DUE 2002

NEW YORK STOCK EXCHANGE
PACIFIC STOCK EXCHANGE
NEW YORK STOCK EXCHANGE

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

NONE
(Title of Class)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS 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
REQUIREMENT FOR THE PAST 90 DAYS.

STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES
OF THE REGISTRANT.

\$230,996,000 AS OF MARCH 5, 1996

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S
CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

14,325,318 SHARES AS OF MARCH 5, 1996

DOCUMENTS INCORPORATED BY REFERENCE: REGISTRANT'S PROXY STATEMENT FOR ITS
ANNUAL MEETING ON APRIL 24, 1996 IS INCORPORATED BY REFERENCE INTO PART III.

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM
405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE
BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS
INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS
FORM 10-K.

PART I

ITEM 1. BUSINESS

SPX Corporation ("SPX" or the "company") is a global participant in the design, manufacture and marketing of products for the motor vehicle industry. Its operations are focused on the markets for specialty service tools and equipment used in vehicular repair and maintenance, and original equipment components for the manufacture and repair of motor vehicles.

The company was organized in 1911 under the laws of Michigan, and reincorporated in Delaware in 1968. It was known as The Piston Ring Company until 1931, when it changed its name to Sealed Power Corporation. The name was changed again in 1988, when it became SPX Corporation. Today, SPX Corporation is a multi-national corporation with operations in 14 nations. The corporate headquarters is located in Muskegon, Michigan.

RECENT DEVELOPMENTS

During 1995, the following significant events and initiatives were undertaken:

- During the second quarter, the Board of Directors accepted Dale A. Johnson's resignation and began the search for a permanent Chief Executive. Charles E. Johnson II, a member of the board, became Chairman and Chief Executive Officer on an interim basis. At the December meeting, the board elected John B. Blystone as the company's new Chairman, President and Chief Executive Officer.
- At the end of the first quarter, the company reduced the cost structure at the Automotive Diagnostics division by reducing headcount by approximately 140 people. This resulted in a severance charge of approximately \$1.1 million, but generated an estimated \$7 million in annual savings.
- The company completed the sale of SPX Credit Corporation in the third quarter. The buyer will continue to provide the company's customers with a lease financing option for the company's products. The company believes it has a strong relationship with the buyer. Additionally, proceeds from this sale, over \$70 million, were used to reduce the company's debt.
- During the fourth quarter, the company initiated a significant restructuring within the Specialty Service Tool segment that consolidated five divisions into two divisions. The company combined the Kent-Moore division, the Dealer Equipment Service division and the program tool portion of the OTC division to form the OE Tool and Equipment division and combined the Automotive Diagnostics division, the Robinair division and the aftermarket tool portion of the OTC division to form the Aftermarket Tool and Equipment division. The restructuring includes closing two manufacturing facilities, a distribution facility and an operation in Europe. Additionally, the restructuring will combine sales, marketing, engineering and administrative functions at these units. The estimated overall cost of this restructuring is approximately \$18 million, and annual savings are estimated to be \$23 million by 1998.
- During the fourth quarter, the company decided to close its unprofitable foundry operation at SP Europe Germany. The company recorded a \$3.7 million restructuring charge to accrue for termination benefits for the 200 employees that are affected by the closing. The company obtained significant wage concessions and improved work rule flexibility from the employees that will continue to produce piston rings and cylinder sleeves at this plant. Additionally, the company obtained a reduction in the cost of utilities and other locally provided services to the plant. The company anticipates that the cumulative effect of these actions will improve this operation in the future.

BUSINESS SEGMENTS

The company is comprised of two business segments. Specialty Service Tools includes operations that design, manufacture and market a wide range of specialty service tools and diagnostic equipment, primarily to the global motor vehicle industry. Original Equipment Components includes operations that design, manufacture and market component parts for light and heavy duty vehicle markets.

Previously, SPX Credit Corporation was reported as a segment, but was discontinued in 1995 and is now presented as a discontinued operation on the company's financial statements. SPX Credit Corporation provided Specialty Service Tool customers with a leasing option for purchasing higher dollar value diagnostic testing, emission testing and wheel service equipment.

The following table summarizes revenue by segment for the last three years. Revenues for 1995 and 1994 are actual revenues for the company and its consolidated subsidiaries. Unaudited proforma revenues for 1993 reflect the acquisition of Allen Testproducts, the divestiture of the Sealed Power Replacement and Truth divisions, the acquisition of Sealed Power Technologies Limited Partnership ("SPT") and the consolidation of Sealed Power Europe Limited Partnership ("SP Europe") as if they had occurred at the beginning of 1993. Please refer to Note 6 to the consolidated financial statements for further explanation of the 1993 proforma revenues.

	1995		1994		PROFORMA 1993	
	-----		-----		-----	
	(MILLIONS OF DOLLARS)					
Specialty Service Tools.....	\$ 572.3	52%	\$ 550.6	51%	\$529.2	54%
Original Equipment Components.....	525.8	48	529.3	49	458.8	46
	-----	---	-----	---	-----	---
	\$1,098.1	100	\$1,079.9	100%	\$988.0	100%
	=====	===	=====	===	=====	===

SPECIALTY SERVICE TOOLS

Over the past 12 years, the company has made significant investments in the specialty service tool market. The company acquired Kent-Moore and Robinair in 1982, OTC and Power Team in 1985, VL Churchill (United Kingdom) in 1985, and Bear Automotive in 1988. It created Dealer Equipment and Services in 1989, acquired Miller Special Tools in 1991, and acquired Allen Testproducts and Lowener (Germany) in 1993. The specialty service tool market continues to be a source of opportunity due to the increasing complexity of repairing motor vehicles.

The Specialty Service Tools segment includes three operating divisions that design, manufacture and market a wide range of specialty service tools and diagnostic equipment primarily to the worldwide motor vehicle industry. Approximately 18% of revenues are to non-North American customers.

The company competes with numerous companies that specialize in certain lines of its Specialty Service Tools. The company believes it is the world leader in offering specialty service tools for motor vehicle manufacturers' dealership networks. The company is a major producer of electronic engine diagnostic equipment, emissions testing equipment and wheel service equipment in North America and Europe. The key competitive factors influencing the sale of Specialty Service Tools are design expertise, timeliness of delivery, quality, service and price. Sales of specialty service tools essential to dealerships tend to vary with changes in vehicle design and the number of dealerships and are not directly dependent on the volume of vehicles that are produced by the motor vehicle manufacturers.

Design of specialty service tools is critical to their functionality and generally requires close coordination with either the motor vehicle manufacturers or with the ultimate users of the tools or instruments. These products are marketed as solutions to service problems and as aids to performance improvements. After the design is completed, the company manufactures, assembles or outsources these products. The company also markets a broad line of equipment of other manufacturers through dealership equipment programs coordinated with certain motor vehicle manufacturers and aftermarket service organizations.

OE Tool and Equipment -- This division provides automotive and heavy duty vehicle, agricultural and construction dealerships of motor vehicle manufacturers with essential program and general specialty service tools, dealer equipment and other services. These products and services are sold or provided using the brands and trade names of Kent-Moore, OTC, VL Churchill, Lowener, Miller Special Tools, Jurubatech, Dealer Equipment and Services, and, in some cases, the motor vehicle manufacturer's identity.

Essential program and general specialty service tools include specialty hand-held mechanical tools and specialty handheld electronic diagnostic instruments and related software. These products are based on customer needs, primarily to perform warranty and other service work at franchised dealers. The division's technical product development and sales staff works closely with the original equipment manufacturers to design tools to meet the exacting needs of specialty repair work. Products are sold to franchised dealers under both essential and general programs. Essential programs are those in which the motor vehicle manufacturer requires its dealers to purchase and maintain the tools for warranty and service work.

Additionally, the division administers seventeen dealer equipment programs in North America and Europe. Included are programs for General Motors, Chrysler, Saturn, Opel, Nissan, Toyota and Hyundai. Under the motor vehicle manufacturer's identity, the division supplies service equipment and support material to dealerships, develops and distributes equipment catalogues, and helps dealerships assess and meet their service equipment needs.

The division has manufacturing operations in the United States and Spain. Sales and marketing operations exist in the United States, Switzerland, the United Kingdom, France, Australia, Spain, and Brazil. The division also manages the company's 50% interest in JATEK, a Japanese company that markets specialty service tools and equipment in the Pacific Rim.

Aftermarket Tool and Equipment -- This division provides the motor vehicle service aftermarket with a wide range of specialty service tools. These products are marketed under the name brands of Allen Testproducts, Bear, Litchfield, OTC, Robinair, and V.L. Churchill. Certain of the division's products are marketed to the company's OE Tool and Equipment division, which in turn markets these products to dealers of motor vehicle manufacturers. The division also markets a portion of its products to the appliance, refrigeration, and non-vehicular service repair market.

Products include specialized mechanical, electronic, and hydraulic service tools, electronic diagnostic equipment, refrigeration vacuum pumps, recharging equipment and leak detection equipment, refrigerant and engine coolant recovery and recycling equipment, vehicle emissions testing equipment, wheel service equipment and shop equipment. The division distributes its products through warehouse distributors and jobbers, a direct salesforce, OEM distribution and independent distributorships, primarily in foreign countries. In-house sales and technical staffs support these various types of distribution. In North America, the division is supported by a network of distribution and service centers.

The division's manufacturing facilities are located in the United States. Sales and marketing operations exist in the United States, Canada, Germany, the United Kingdom, Italy, Switzerland, Spain, and Australia.

Power Team -- This division is a leading producer and marketer of precision quality high-pressure hydraulic pumps, rams, valves, pullers and other equipment. The division markets these products through industrial distributors, its own sales force and independent agents. The sales and marketing effort is supported by a strong technical support staff as products must be designed to exacting specifications to meet the multitude of applications for these products. Approximately three-fourths of the division's sales are related to the motor vehicle service industry, while the balance of sales are made in non-transportation markets such as construction, aerospace and industrial maintenance.

The division has sales, marketing and manufacturing operations in the United States. Additionally, sales and marketing offices are located in Australia, The Netherlands, and Singapore.

The company is one of two major producers in this marketplace, which is also supplied by many niche companies.

ORIGINAL EQUIPMENT COMPONENTS

During 1993, the company implemented its strategy to focus on its position as an original equipment component supplier. As of December 31, 1993, the purchase of Riken Corporation's 49% interest in SPT

provided the company with control and ownership of SPT's four original equipment divisions. Combined with the company's Acutex division and SP Europe, the company has a broad range of products for both original equipment manufacturers and aftermarket customers. Each of the Original Equipment Components segment's operating divisions has achieved various OEM customer quality recognition and awards.

The Original Equipment Components segment includes five operating divisions that design, manufacture and market component parts for light and heavy duty vehicle markets. The component parts for the light and heavy duty vehicle market are composed of two primary sectors: (i) the OEM sector and (ii) the vehicle maintenance and repair sector, the so-called replacement market or aftermarket. The U.S. - Canadian - European OEM sector is composed primarily of four classes of customers: (a) U.S. manufacturers, dominated by General Motors, Ford and Chrysler, but including other vehicle manufacturers such as Navistar International and Mack Trucks; (b) foreign companies producing vehicles in North America and Europe ("transplants"); (c) European vehicle manufacturers, sometimes sourcing the company's products through assemblies; and (d) vehicle manufacturers producing vehicles outside the U.S., Canada and Europe. Aftermarket customers include the service organizations of OEMs, automotive parts manufacturers and distributors and private brand distributors such as Federal-Mogul and Allied Signal.

OEM contracts typically are from one to five years in length with the one year contracts typically being renewed or renegotiated, depending on part changes, in the ordinary course of business and the longer term contracts typically containing material cost pass-through and productivity improvement clauses. Sales of products to OEMs are affected, to a large extent, by vehicle production which, in turn, is dependent on general economic conditions. Historically, global vehicle production has been cyclical.

Aftermarket sales are tied to the age of vehicles in service and the need for replacement parts. Sales of products to the aftermarket historically have been less affected by general economic conditions than OEM sales since vehicle owners are more likely to repair vehicles than purchase new ones during recessionary periods.

In its main product areas, the company competes with a small number of principal competitors (including the OEMs in certain product categories), some of which are larger in size and have greater financial resources than the company. Competitive factors influencing sales include quality, technology, service and price.

Acutex -- This division produces solenoid valves and related assemblies for major vehicle and transmission manufacturers around the world. Acutex's proprietary solenoid valve products interface between the electronic signals of a vehicle's on-board computer and the vehicle's hydraulic systems. The company is using this technology in designing and manufacturing solenoid valves for electronically controlled automatic transmissions.

Contech -- This division produces precision aluminum and magnesium die cast parts for automotive steering and air conditioning systems, and other assorted automotive/light truck uses. Primary products in this area include steering column parts, rack-and-pinion components and other castings such as components for air conditioning compressors, fuel systems, clutches, and transmissions. Approximately one-half of the castings are machined by the division prior to delivery to customers.

Products are sold almost exclusively to automotive OEMs through the division's marketing and sales personnel who are assisted by an outside sales organization. The market is driven primarily by major OEM model and assembly programs.

The division has recently completed a major investment in magnesium die casting. The benefits of magnesium, including less weight and higher strength-to-weight ratio, will increase the division's proportion of future sales that are magnesium die castings.

Filtran -- This division is a leading producer of automatic transmission filters and other filter products and has a leading position in the U.S. and Canadian OEM market and aftermarket. A typical transmission filter product consists of a composite plastic/metal or all metal housing which contains a

highly specialized non-woven felt, polymesh, or metal screen filter element designed to capture foreign particles.

The division sells filters directly to the worldwide OEM market and aftermarket. Approximately two-thirds of sales are to the aftermarket which includes the OEM parts and service organizations as well as private brand manufacturers and assorted transmission rebuilders, repackagers, and "quick lube" shops.

The division participates in the worldwide OEM market in two different arenas. In Europe, the company's 50% owned joint venture, IBS Filtran, manufactures and distributes filters to OEM customers. In the Pacific Rim, the division exports filters to OEM manufacturers in Japan, Korea and Australia.

Hy-Lift -- This division is a domestic supplier of a variety of valve train components, including tappets, lash adjusters and roller rocker arms. Sales are made to both the domestic OEM market and the domestic aftermarket. Sales to the aftermarket, comprising approximately one-third of total sales, are made through several channels, including direct sales to the OEM parts and service organizations and sales to private brand customers.

Sealed Power Division -- The division is the leading North American producer of automotive piston rings and among the largest independent producers of cylinder liners for automotive and heavy duty engines. The division also produces sealing rings for automatic transmissions.

There is a continuing trend in the automotive industry to reduce the weight of vehicles, which increases gas mileage. This trend has resulted in the development of aluminum engine blocks that require cast iron cylinder liners. Automotive engine blocks made of cast iron do not require a cylinder liner. The division has been successful in obtaining contracts from the OEMs for these high volume automotive cylinder liner applications. In 1994, the division invested heavily in cylinder liner automated casting equipment and machining cells to support increases in customer demand for cylinder liners. The level of investment continued into 1995.

The division's products are purchased by both automotive/light truck and heavy duty engine OEMs. The division utilizes a technical sales force that works with OEM engine and transmission designers to provide high quality rings and cylinder liners.

Approximately one-fourth of the division's sales are to the aftermarket. In addition to OEM parts and service organizations, the division supplies the aftermarket through private brand organizations, which sell these products under various private labels.

SP Europe, like its North American counterpart, Sealed Power division, is a designer, producer and distributor of automotive and heavy duty piston rings and cylinder liners. Its sales are predominately to European OEMs and to the European aftermarket. SP Europe's primary European customers are VW, Federal-Mogul, Mahle, Kolbenschmidt, Alcan, Audi, Volvo and Mercedes Benz. SP Europe was created by the company in June of 1991 after acquiring the European piston ring and cylinder liner manufacturing business of TRW, Inc. In October of 1992, Mahle GmbH contributed its Spanish piston ring operation to SP Europe in exchange for a 30% ownership interest in SP Europe. The Sealed Power division has managed SP Europe since its inception.

The division manages a 50% owned investment in Allied Ring Corporation, a U.S. joint venture with Riken, which manufactures and distributes piston rings primarily to foreign companies producing engines in North America ("transplants").

The division is also responsible for managing the company's 40% equity investment in Promec, a Mexican company that manufactures and distributes piston rings and cylinder liners in Mexico.

INTERNATIONAL OPERATIONS

The company has wholly owned operations located in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom. The company also has a 70% ownership in SP Europe, located in France, Germany and Spain.

Additionally, the company has the following non U.S. equity investments:

JATEK (50%). A Japanese company that sells various products into the Asia Pacific Rim market, including many of the company's specialty service tool products.

Promec (40%). A Mexican company which, through its subsidiaries, manufactures and distributes piston ring and cylinder liner products in Mexico.

IBS Filtran (50%). A German company that manufacturers and distributes automotive transmission filters to the European market.

During the fourth quarter, the company sold its 50% interest in RSV, a Japanese company that utilizes the company's technology to develop and manufacture solenoid valves for the Pacific Rim markets, to the joint venture partner. The company maintains a royalty arrangement to license its solenoid valve technology to RSV.

The company has a cross-licensing agreement for piston rings with Riken Corporation.

The company's international operations are subject to the risk of possible currency devaluation and blockage, nationalization or restrictive legislation regulating foreign investments and other risks attendant to the countries in which they are located.

The company's total export sales, to both affiliated and unaffiliated customers, from the United States, were as follows:

	1995	1994	1993
	-----	-----	-----
	(IN MILLIONS)		
Export sales:			
To unaffiliated customers.....	\$ 83.0	\$ 95.7	\$ 74.4
To affiliated customers.....	27.9	26.9	34.9
	-----	-----	-----
Total.....	\$110.9	\$122.6	\$109.3
	=====	=====	=====

1993 export sales do not include export sales of SPT as it was not consolidated until December 31, 1993. Historically, SPT's export sales were less than 10% of its total sales.

RESEARCH AND DEVELOPMENT

The company is actively engaged in research and development programs designed to improve existing products and manufacturing methods and to develop new products. These engineering efforts encompass all of the company's products with divisional engineering teams coordinating their resources.

Particular emphasis has been placed on the development of new products that are compatible with, and build upon, the manufacturing and marketing capabilities of the company. To assist the company in meeting customer requirements, computer aided design (CAD) systems, that provide rapid integration of computers in mechanical design, model testing and manufacturing control, are used extensively.

The company expended approximately \$26.3 million on research activities relating to the development and improvement of its products in 1995, \$26.4 million in 1994 and \$17.6 million in 1993. There was no customer sponsored research activity in these years. Research and development expenditures for 1993 do not include SPT as it was not consolidated until December 31, 1993. SPT's research and development expenditures were \$3.4 million in 1993.

PATENTS/TRADEMARKS

The company owns numerous domestic and foreign patents covering a variety of its products and methods of manufacture and owns a number of registered trademarks. Although in the aggregate its patents and trademarks are of considerable importance in the operation of its businesses, the company does not consider any single patent or trademark to be of such material importance that its absence would adversely affect the company's ability to conduct its businesses as presently constituted.

RAW MATERIALS

The company's manufactured products are made predominately from iron, steel, aluminum, magnesium, plastics and electronic components. These raw materials are generally purchased from multiple sources of supply and the company has not experienced any significant disruptions in its businesses due to shortages.

OTHER MATTERS

At the end of 1995, the company's employment was 8,296 persons. Approximately one-third of the company's 3,927 U.S. production and maintenance employees are covered by collective bargaining agreements with various unions. These agreements expire at different times over the next several years. The company's collective bargaining agreement with Local 473 of the International Association of Bridge, Structural and Ornamental Iron Workers covering approximately 218 employees expires in April 1996. In addition, the company's collective bargaining agreement with Local 2492 of the International Association of Machinists and Aerospace Workers covering approximately 88 employees expires in September 1996. Also, the company's collective bargaining agreement with Local 7629 of the United Paperworkers International covering approximately 164 employees expiring in June 1996 has been extended until the plant is closed. Management believes it has generally good relations with its employees and anticipates that all of its collective bargaining agreements will be extended or renegotiated in the ordinary course of business. Certain contracts with OEM customers require the company to build inventories of critical components prior to the expiration of collective bargaining agreements.

Approximately 20% in 1995, 16% in 1994 and 9% in 1993 of the company's consolidated sales were made to General Motors Corporation and its various divisions, dealers and distributors. Approximately 12% in 1995, 12% in 1994 and 2% in 1993 of the company's consolidated sales were made to Ford Motor Company and its various divisions, dealers and distributors. Approximately 5% in 1995, 7% in 1994 and 6% in 1993 of the company's consolidated sales were made to Chrysler Corporation and its various divisions, dealers and distributors. No other customer or group of customers under common control accounted for more than 10% of consolidated sales for any of these years. On a proforma basis, approximately 17%, 10% and 8% of consolidated sales were to General Motors, Ford and Chrysler in 1993, respectively.

The company does not believe that order backlog is a significant factor in the specialty service tools segment. Within the original equipment components segment, long term contracts and the related level of new vehicle production are significant to future sales.

All of the company's businesses are required to maintain sufficient levels of working capital to support customer requirements, particularly inventory. Sales terms and payment terms are in line with the practices of the industries in which they compete, none of which are unusual.

The majority of the company's businesses tend to be nonseasonal and closely follow changes in vehicle design, vehicle production, and general economic conditions. However, specific markets such as air conditioning service and repair follow the seasonal trends associated with the weather (sales are typically higher in spring and summer). Government regulations, such as the Clean Air Act, can also impact the timing and level of certain specialty service tool sales.

ITEM 2. PROPERTIES

UNITED STATES -- The principal properties used by the company for manufacturing, administration and warehousing consist of 46 separate facilities totaling approximately 3.8 million square feet. These facilities are

located in Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Pennsylvania. All facilities are owned, except for 9, which are leased (all non manufacturing). These leased facilities aggregate 361,000 square feet and have an average lease term of 4+ years.

The company also has 30 distribution and service centers located throughout the United States for distribution and servicing of its Specialty Service Tools. These distribution and service centers aggregate 126,000 square feet and all are leased. No single distribution and service center is of material significance to the company's business.

INTERNATIONAL -- The company owns approximately 113,000 square feet and leases approximately 944,000 square feet of manufacturing, administration and distribution facilities in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom.

The company's properties used for manufacturing, administration and warehousing are adequate to meet its needs as of December 31, 1995. The company configures and maintains these facilities as required by their business use. At December 31, 1995, the company believes that it does not have significant excess capacity at any of its major facilities. Three facilities are directly affected by the current restructuring process. Two of these facilities in Michigan, a 110,000 square foot manufacturing plant and a 98,000 square foot distribution center, will be closed during 1996 as activity will be combined with other facilities. Both of these facilities are owned and the company believes that the facilities can be readily sold. The other facility, a 157,000 square foot manufacturing plant in Pennsylvania, will be closed in late 1996 or early 1997 as activity will be combined with another facility. This facility is not considered to be readily marketable and its carrying value has been reserved for as part of the restructuring charge.

ITEM 3. LEGAL PROCEEDINGS

Certain claims, including environmental matters, suits and complaints arising in the ordinary course of business, have been filed or are pending against the company. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the company if disposed of unfavorably.

The company has, for at least the last two and one-half years, been engaged in discussions with Snap-on Corporation regarding claims which the company has against Snap-on and which Snap-on believes it has against the company. As of August 26, 1993, the company had asserted a number of patent infringement claims against Snap-on, relating to products marketed either by Snap-on or by Sun Electric Corporation, a company whose stock Snap-on purchased in 1992. As of August 26, 1993, Snap-on had asserted claims of violation of securities laws against one of its executives arising out of his former employment with Sun Electric and against the company as an aider and abettor of those violations. On that date, a Standstill Agreement was executed between the parties which preserved the parties' rights while permitting settlement discussions. Since that time, Snap-on has raised patent infringement claims against the company which, by agreement, are covered by the August 26, 1993 Standstill Agreement, as well as another independent patent infringement claim for which a lawsuit was filed in California in late December 1995. On January 8, 1996, after extensive but unsuccessful negotiations to resolve all asserted claims, Snap-on Corporation and Sun Electric Corporation notified the company of the termination of the Standstill Agreement. Under the terms of that Agreement, the standstill will terminate March 8, 1996. The company has been advised that after that date, Snap-on and Sun will initiate litigation and assert their claims. If they do not do so, the company intends to begin litigation of its claims against Snap-on and Sun. The company has what it believes to be meritorious defenses as well as counterclaims which it will raise and intends to vigorously prosecute any litigation. The asserted value of the claims against the company and those to be brought by the company are in the multiple millions of dollars. It is not, however, possible to assess the ultimate outcome of the claims at this point.

The company's operations and properties are subject to federal, state, local, and foreign regulatory requirements relating to environmental protection. It is the company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and

regulations and the company is not aware of any violation that could have a material adverse effect on the business, financial conditions, results of operations, or cash flows of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future.

In addition, it is the company's practice to reduce use of environmentally sensitive materials as much as possible. First, it reduces the risk to the environment in that such use could result in adverse environmental affects either from operations or utilization of the end product. Second, a reduction in environmentally sensitive materials reduces the ongoing burden and resulting cost of handling, controlling emissions, and disposing of wastes that may be generated from such materials.

The company is also subject to potential liability for the costs of environmental remediation. This liability may be based upon the ownership or operation of industrial facilities where contamination may be found as well as contribution to contamination existing at offsite, non-owned facilities. These offsite remediation costs cannot be quantified with any degree of certainty. At this time, management can estimate the environmental remediation costs only in terms of possibilities and probabilities based on available information.

The company is involved as a potentially responsible party ("PRP") under the Comprehensive, Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, or similar state superfund statutes in ten proceedings involving off-site waste disposal facilities. At seven of these sites it has been established that the company is a de minimis contributor. A determination has not been made with respect to the remaining three sites, but the company believes that it will be found to be a de minimis contributor at two of them. Of these remaining sites, one is approaching settlement with the Environmental Protection Agency with an expected cost to the company of approximately \$200,000, another is expected to be resolved at a cost not to exceed \$50,000, and the final site is under investigation with an expected cost of approximately \$150,000. Based on information available to the company, which in most cases includes estimates from PRPs and/or federal or state regulatory agencies for the investigation, clean up costs at those sites, and data related to the quantities and characteristics of materials generated at or shipped to each site, the company believes that the costs for each site are not material and in total the anticipated clean up costs of current PRP actions would not have a material adverse effect on the company's business, financial condition, results of operations, or cash flows.

In the case of contamination existing upon properties owned or controlled by the company, the company has established reserves which it deems adequate to meet its current remediation obligations.

There can be no assurance that the company will not be required to pay environmental compliance costs or incur liabilities that may be material in amount due to matters which arise in the future or are not currently known to the company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM -- EXECUTIVE OFFICERS OF REGISTRANT

The following table sets forth with respect to each executive officer or other significant employee of the company, his name, age, all positions and offices with the company held by him, the term during which he has been an officer of the company and, if he has been an officer of the company for less than five years, his business experience during the past five years.

NAME AND AGE	OFFICER	EXECUTIVE OFFICE SINCE
John B. Blystone (42)	Chairman, President and Chief Executive Officer	1995(1)
Robert C. Huff (46)	Vice President, Procurement	1994(2)
Stephen A. Lison (55)	Vice President, Human Resources	1989
James M. Sheridan (55)	Vice President, Administration and General Counsel and Secretary	1976
William L. Trubeck (49)	Senior Vice President, Finance, Treasurer and Chief Financial Officer	1994(3)
John D. Tyson (58)	Vice President, Corporate Relations	1988
Albert A. Zagotta (61)	Executive Vice President	1994(4)

See page 58 for a complete list of all executive compensation plans and arrangements.

- (1) Effective November 1995, Mr. Blystone was elected Chairman, President and Chief Executive Officer. From September 1994 through November 1995, he served as President and Chief Executive Officer, Nuovo Pignone, an 80% owned subsidiary of General Electric Company. From November 1991 through August 1994 he served as Vice President, General Manager, Superabrasives of General Electric Company. From October 1988 through November 1991 he served as Senior Vice President, Components Division of J.I. Case Division, Tenneco, Inc.
- (2) Effective February 1996, Mr. Huff was appointed Vice President, Procurement. From February 1994 through February of 1996, he was Treasurer. From April 1989 through February of 1994, he was Vice President, Finance of SPT.
- (3) Effective November 1994, Mr. Trubeck was elected Senior Vice President Finance, Chief Financial Officer. In February of 1996, he assumed the additional position as Treasurer. From June 1993 through October 1994, he served as Senior Vice President and Chief Financial Officer at Honeywell, Inc. From February 1991 through May 1993 he served as Chief Financial Officer at White & Case, a New York law firm. From March 1989 through October 1990 he served as Executive Vice President, Finance and Chief Financial Officer of NWA, Inc. and Northwest Airlines.
- (4) Effective February 1994, Mr. Zagotta was elected Executive Vice President. From October 1991 through February 1994, he served as President and Chief Executive Officer of SPT. Prior to October 1991, he served as Vice President, General Manager of the Sealed Power Division.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The company's common stock is traded on the New York Stock Exchange and Pacific Stock Exchange under the symbol "SPW".

Set forth below are the high and low sales prices for the company's common stock as reported on the New York Stock Exchange composite transaction reporting system and dividends paid per share for each quarterly period during the past two years:

	HIGH ----	LOW ---	DIVIDENDS PER SHARE -----
1995			
4th Quarter.....	\$17	\$14 1/8	\$.10
3rd Quarter.....	16	11 1/8	.10
2nd Quarter.....	15 1/8	10 3/4	.10
1st Quarter.....	17 3/8	14 1/4	.10
1994			
4th Quarter.....	\$18 1/2	\$14 1/8	\$.10
3rd Quarter.....	18	15 1/8	.10
2nd Quarter.....	16 3/4	13 7/8	.10
1st Quarter.....	18	15 1/4	.10

The approximate number of record holders of the company's Common Stock as of December 31, 1995 was 7,592.

The company is subject to a number of restrictive covenants under various debt agreements. Please see Note 18 to the consolidated financial statements for further discussion.

Future dividends will depend upon the earnings and financial condition of the company and other relevant factors. The revolving credit agreement includes a covenant that limits dividends. Please see Note 18 to the consolidated financial statements for further explanation. The company has no present intention to discontinue its dividend policy and believes that dividends will continue at current levels during 1996.

ITEM 6. SELECTED FINANCIAL DATA

	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
Revenues.....	\$1,098.1	\$1,079.9	\$ 747.2(2)	\$801.2	\$673.5
Operating income (loss).....	34.1(1)	57.4	(48.3)(3)	49.1	(11.9)(5)
Interest expense, net.....	(35.7)	(35.2)	(15.9)	(15.1)	(16.9)
Gain on sale of businesses.....	--	--	105.4(4)	--	--
	-----	-----	-----	-----	-----
Income (loss) before income taxes.....	(1.6)	22.2	41.2	34.0	(28.8)
Income taxes.....	0.2	(9.1)	(28.1)	(13.4)	7.2
	-----	-----	-----	-----	-----
Income (loss) from continuing operations.....	\$ (1.4)	\$ 13.1	\$ 13.1	\$ 20.6	\$(21.6)
	=====	=====	=====	=====	=====
Per share of common stock:					
Income (loss) from continuing operations.....	\$ (0.10)	\$ 1.02	\$ 1.04	\$ 1.48	\$(1.56)
Weighted average number of common shares outstanding.....	13.2	12.8	12.6	13.9	13.8
Dividends paid.....	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.70
Other Financial Data:					
Working capital.....	\$ 152.5	\$ 151.9	\$ 119.4	\$182.2	\$195.1
Total assets.....	831.4	929.0	1,024.4	560.3	579.3
Long-term debt.....	318.9	414.1	336.2	160.3	199.7
Shareholders' equity.....	162.2	158.7	145.4	185.5	180.7
Capital expenditures.....	31.0	48.5	15.1	20.4	19.4
Depreciation and amortization...	43.5	38.5	24.4	25.3	23.8

(1) Includes a restructuring charge of \$10.7 million. Refer to Note 7 to the consolidated financial statements for explanation.

(2) In 1993, the company acquired Allen Testproducts and Sealed Power Technologies Limited Partnership and divested the Sealed Power Replacement and Truth divisions. Refer to Note 5 to the consolidated financial statements for explanation.

(3) Includes a restructuring charge of \$27.5 million. Refer to Note 7 to the consolidated financial statements for explanation.

(4) Reflects the gain on the divestitures of the Sealed Power Replacement and Truth divisions. Refer to Note 5 to the consolidated financial statements for explanation.

(5) Includes a restructuring charge of \$18.2 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

OVERVIEW

Significant 1995 Events and Initiatives

During 1995, the following significant events and initiatives were undertaken:

- At the end of the first quarter, the company reduced the cost structure at the Automotive Diagnostics division by reducing headcount by approximately 140 people. This resulted in a severance charge of approximately \$1.1 million, but generated an estimated \$7 million in annual savings.
- The company completed the sale of SPX Credit Corporation in the third quarter. The buyer will continue to provide the company's customers with a lease financing option for the company's products. The company believes it has a strong relationship with the buyer. Additionally, proceeds from this sale, over \$70 million, were used to reduce the company's debt.
- During the fourth quarter, the company initiated a significant restructuring within the Specialty Service Tool segment that consolidated five divisions into two divisions. The company combined the Kent-Moore division, the Dealer Equipment Service Division and the program tool portion of the OTC division to form the OE Tool and Equipment division and combined the Automotive Diagnostics division, the Robinair division and the aftermarket tool portion of the OTC division to form the Aftermarket Tool and Equipment division. The restructuring includes closing two manufacturing facilities, a distribution facility and an operation in Europe. Additionally, the restructuring will combine sales, marketing, engineering and administrative functions at these units. The estimated overall cost of this restructuring is approximately \$18 million, and annual savings are estimated to be \$23 million by 1998.
- During the fourth quarter, the company decided to close its unprofitable foundry operation at SP Europe Germany. The company recorded a \$3.7 million restructuring charge to accrue for termination benefits for the 200 employees that are affected by the closing. The company obtained significant wage concessions and improved work rule flexibility from the employees that will continue to produce piston rings and cylinder liners at this plant. Additionally, the company obtained a reduction in the cost of utilities and other locally provided services to the plant. The company anticipates that the cumulative effect of these actions will improve this operation in the future.

Revenues

Overall revenues for 1995, while up 1.7% from 1994, reflect mixed strengths and weakness. The market for Specialty Service Tools was solid for essential program tools, dealer equipment, aftermarket tools and high-pressure hydraulics. However, sales of environmentally driven products did not reach expectations. Uncertainties in implementation of various state auto emission programs and limited enforcement of environmental laws led to lower sales of gas emission testing equipment and refrigerant recovery and recycling equipment. Revenues of Original Equipment Components suffered from lower production volumes (especially in the last half of 1995), softness in the replacement aftermarket and delays in replacing significant lost valve train component business.

Current prospects for 1996 look sound for most of the company's business lines. Program tool sales will be down slightly from 1995 due to fewer new model introductions. U.S. vehicle production forecasts anticipate slightly lower levels from 1995. Market indications include improvements in the component aftermarket. Of course, this presumes a continuing stable U.S. economy. Upsides to 1996 revenues include the realization of replacement business for valve train components and increased dealer equipment business due to new customers. The realization of environment related equipment sales remains a major uncertainty. While several

states and regions still indicate initiation of enhanced gas emissions testing programs in 1996, previous experience indicates that this could change.

Operating Income from Continuing Operations

Operating income from continuing operations in 1995 was \$31.1 million compared to \$57.4 million in 1994. Without the \$10.7 million restructuring charge, the 1995 operating income would have been \$41.8 million. This still falls \$15.6 million short of 1994 operating income. This shortfall was primarily attributable to lower production volume for the original equipment market, and softness in the aftermarket. Additionally, continued pricing pressures by original equipment manufacturers and the lost valve train business contributed to the reduced operating income from 1994.

1996 operating income will be significantly impacted by additional incremental costs to be recorded for the Specialty Service Tool restructuring, which are currently estimated at \$11 million.

Cash Flow and Debt Levels

During 1995, the company reduced its total debt levels by \$95.4 million and cash balances increased by \$7.2 million. The majority of the reduction in total debt was a result of the proceeds from the sale of SPX Credit Corporation and receipt of tax refunds. Cash generated by operations was approximately \$66.4 million, which included approximately \$28 million in tax refunds. Capital expenditures were approximately \$31 million, which was slightly less than depreciation. No significant cash expenditures related to the restructurings were made in 1995.

1996 cash flow will be impacted as expenditures related to the restructurings are made. Management is closely monitoring planned 1996 capital expenditures which are anticipated to be approximately \$30 million.

RESULTS OF OPERATIONS -- COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 1995,
1994 AND 1993

In the following discussion, references to 1993 "proforma" information are included in certain instances to enhance the comparative discussion. This proforma information refers to unaudited 1993 proforma financial information and is based upon the assumption that certain transactions occurred as of the beginning of 1993. Please refer to Note 6 to the consolidated financial statements for further explanation of the proforma financial information.

CONSOLIDATED

	1995	1994	1993
	-----	-----	-----
	(IN MILLIONS)		
Revenues:			
Specialty Service Tools.....	\$ 572.3	\$ 550.6	\$ 503.6
Original Equipment Components.....	525.8	\$ 529.3	\$ 26.7
Businesses sold in 1993.....	--	--	216.9
	-----	-----	-----
Total.....	\$1,098.1	\$1,079.9	\$ 747.2
	=====	=====	=====
Operating income (loss):			
Specialty Service Tools.....	\$ 24.4	\$ 29.4	\$ (10.9)
Original Equipment Components.....	26.2	48.0	(46.8)
Businesses sold in 1993.....	--	--	25.2
General Corporate expenses.....	(19.5)	(20.0)	(13.3)
	-----	-----	-----
Total.....	\$ 31.1	\$ 57.4	\$ (45.8)
Other expense (income), net.....	(3.0)	0.0	2.5
Interest expense, net.....	35.7	35.2	15.9
(Gain) on sale of businesses.....	--	--	(105.4)
	-----	-----	-----
Income (loss) before income taxes.....	\$ (1.6)	\$ 22.2	\$ 41.2
Provision (benefit) for income taxes.....	(.2)	9.1	28.1
	-----	-----	-----
Income (loss) from continuing operations.....	\$ (1.4)	\$ 13.1	\$ 13.1
Income (loss) from discontinued operation.....	\$ (2.8)	\$ 1.0	\$ 2.1
	-----	-----	-----
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss.....	\$ (4.2)	\$ 14.1	\$ 15.2
Cumulative effect of change in accounting methods, net of taxes.....	--	--	(31.8)
Extraordinary loss, net of taxes.....	(1.1)	--	(24.0)
	-----	-----	-----
Net income (loss).....	\$ (5.3)	\$ 14.1	\$ (40.6)
	=====	=====	=====
Capital expenditures.....	\$ 31.0	\$ 48.5	\$ 15.1
Depreciation and amortization.....	43.5	38.5	24.4
Identifiable assets.....	831.4	929.0	1,024.4

On the following pages, revenues, operating income (loss) and related items are discussed by segment. The following provides an explanation of general corporate expenses and other consolidated items that are not allocated to the segments.

General Corporate expense (SG&A) -- These expenses represent general unallocated expenses. 1995 expenses included a \$1.8 million charge related to the early retirement costs of three officers and severance costs associated with six employees at the corporate office. The 1995 expense was reduced due to lower incentive compensation and the impact of cost reductions. 1994 expenses increased over 1993 primarily as a result of additional corporate expenses resulting from the consolidation of SPT. 1993 also included favorable long-term employee benefit adjustments.

Other expense (income), net -- Represents expenses not included in the determination of operating results, including gains or losses on currency exchange, translation gains or losses due to translation of financial

statements in highly inflationary countries, the fees incurred on the sale of accounts receivable under the company's accounts receivable securitization program, gains or losses on the sale of fixed assets and unusual non-operational gains or losses.

1995 reflects a \$1.5 million gain on the sale of the company's aftermarket export distribution business, a \$.9 million gain on the sale of the company's 50% investment in RSV, and a \$.6 million gain on the sale of a company airplane. 1994 included a \$2.1 million charge for the settlement of a dispute regarding the sale of a non-core business in 1989.

Interest expense, net -- A portion of interest expense has been allocated to the discontinued operation, SPX Credit Corporation, for all years. 1995 interest expense was comparable to 1994 and reflects the debt structure in place after the early 1994 refinancing. 1994 interest expense, net was substantially higher than 1993 due to the higher debt levels associated with the purchase of SPT and Allen Testproducts in 1993. The increase in debt levels was partially offset by the proceeds from the sales of the Sealed Power Replacement and Truth divisions in 1993.

Gain on Sale of Businesses -- A \$105.4 million pretax gain on the sale of the Sealed Power Replacement (\$52.4 million) and the Truth (\$53.0 million) divisions was recorded in 1993. The results of these units were included through their divestitures in the fourth quarter of 1993.

Provision (benefit) for income taxes -- The 1995 effective income tax rate of 14.4% was impacted by a \$1.3 million benefit recorded on the sale of the company's 50% interest in RSV and by not being able to tax benefit the minority interest charge of \$4.8 million recorded in the fourth quarter. Without these unusual items, the 1995 effective income tax rate would have been approximately 41%, which was comparable to the 1994 effective income tax rate. The 1995 effective income tax rate, before the unusual items, and the 1994 effective income tax rate of approximately 41%, exceed the 35% U.S. federal income tax rate due primarily to the effect of non-deductible goodwill and intangibles amortization and the net effect of not being able to tax benefit certain foreign losses because certain foreign operations are in net operating loss carryforward positions. The 1993 effective income tax rate of 68.2% was high due to the inability to tax benefit the \$21.5 million of SP Europe's equity losses as its foreign subsidiaries were in net operating loss carryforward positions, because certain items within the Automotive Diagnostics restructuring charge were not tax benefited, and because of the cumulative effect of adjusting net deferred tax liabilities for the change in the U.S. federal income tax rate from 34% to 35% in 1993.

Income (loss) from discontinued operations -- The results of operations of SPX Credit Corporation, net of allocated interest and income taxes, are presented as a discontinued operation. In 1995, the company recorded a loss on the sale and on costs to close the operation of \$4.8 million.

Cumulative effect of change in accounting methods, net of tax -- In 1993, the company adopted two new accounting methods relating to its ESOP and postretirement benefits other than pensions. See Note 2 to the Consolidated Financial Statements for a detailed explanation of these changes.

Extraordinary loss, net of taxes -- During 1995, the company purchased \$31.7 million of its 11 3/4% senior subordinated notes. These notes were repurchased in the market at a premium of \$1.1 million, net of income taxes.

During the fourth quarter of 1993, the company decided to refinance both SPX and SPT debt. As a result, the company recorded an extraordinary charge of \$37.0 million (\$24.0 million after-tax) for costs associated with the early retirement of approximately \$400 million (principal amount) of debt.

SPECIALTY SERVICE TOOLS

	1995	1994	1993	PROFORMA 1993
	-----	-----	-----	-----
	(IN MILLIONS)			
Revenues.....	\$572.3	\$550.6	\$503.6	\$529.2
Gross Profit.....	183.6	181.3	165.1	183.4
% of Revenues.....	32.1%	32.9%	32.8%	34.7%
Selling, general & administration.....	147.1	146.8	144.4	151.5
% of Revenues.....	25.7%	26.7%	28.7%	28.6%
Goodwill/intangible amortization.....	5.3	5.2	5.0	5.3
(Earnings) from equity interests.....	(.2)	(.1)	(.9)	(.9)
Restructuring charge.....	7.0	--	27.5	27.5
	-----	-----	-----	-----
Operating income (loss).....	\$ 24.4	\$ 29.4	\$(10.9)	\$ --
	=====	=====	=====	=====
Capital expenditures.....	\$ 7.4	\$ 10.6	\$ 7.5	\$ 7.5
Depreciation and amortization.....	\$ 14.9	\$ 14.4	\$ 14.5	\$ 14.8
Identifiable assets.....	\$390.3	\$397.9	\$409.2	N/A

Revenues

1995 revenues were up \$21.7 million, or 3.9%, over 1994 revenues, primarily from increased program service tool, high-pressure hydraulics and refrigeration related tool sales. However, sales of electronic diagnostic equipment and service tools to the aftermarket were down from 1994.

1994 revenues were up \$47 million, or 9.3%, over 1993 revenues, principally due to the inclusion of a full year of Allen Testproducts revenues in 1994, whereas, 1993 included only seven months of revenues. Allen Testproducts was acquired in June of 1993. 1994 revenues also increased over 1993 revenues due to overall improved revenues of specialty service tools, particularly dealer equipment programs and high-pressure hydraulics.

1994 revenues show general improvements over proforma 1993 revenues due to the improvement in essential tool programs, electronic hand-held diagnostics, mechanical tools, and hydraulics sales. These improved sales have been offset, however, by gradually declining sales of higher priced electronic diagnostic equipment.

Gross Profit

1995 gross profit as a percentage of revenues ("gross margin") of 32.1% was slightly lower than the 32.9% in 1994. This decrease was attributable to a higher portion of revenues consisting of product purchased for resale in 1995. Such purchased product tends to carry lower gross margin than manufactured product. 1994 gross margin of 32.9% was comparable to 1993 gross margin of 32.8%.

1994 gross margin of 32.9% was less than proforma 1993 gross margin of 34.7%. The decrease in 1994 was principally due to the higher portion of revenues represented by dealer equipment programs than in proforma 1993. Note that the proforma 1993 gross margin includes estimates of cost reductions from the combination of Bear Automotive and Allen Testproducts.

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

1995 SG&A was 25.7% of revenues compared to 26.7% in 1994. This decrease resulted from the effect of lower sales of electronic diagnostic equipment which have higher proportionate selling costs and from cost reductions in 1995. 1994 SG&A was 26.7% of revenues compared to 28.7% in 1993. This decrease from 1993 was primarily the result of increased dealer equipment program sales which have lower SG&A as a percentage of revenues and the impact of cost reductions achieved through the combination of Bear Automotive and Allen Testproducts. Also, 1994 SG&A included a full year of Allen Testproducts' SG&A, whereas 1993 only

included seven months. Allen Testproducts' SG&A as a percentage of revenues was higher than overall historical percentages.

1994 SG&A as a percentage of revenues compares favorably to proforma 1993 due to higher dealer equipment revenues in 1994 and due to general cost reductions. Note that the proforma 1993 SG&A includes estimates of cost reductions from the combination of Bear Automotive and Allen Testproducts.

Goodwill/Intangible amortization

Noncash goodwill and intangible amortization generally results from excess purchase price over fair value of assets in acquisition. The increase in 1995 and 1994 amortization over 1993 was the effect of additional goodwill recorded to acquire Allen Testproducts in June 1993.

Earnings from Equity Interests

Included in this segment are the equity earnings of JATEK, a 50% owned joint venture in Japan. JATEK's 1995 and 1994 earnings were negatively impacted by economic conditions in the Pacific Rim, particularly Japan.

Restructuring Charge

In the fourth quarter of 1995, the company initiated the aforementioned restructuring of its Specialty Service Tool segment. The charge included \$7.0 million of restructuring costs to recognize severance and benefits for the employees to be terminated (\$4.4 million), estimated holding costs of vacated facilities (\$1.1 million), and to reflect the estimated fair market value of one manufacturing facility (\$1.5 million).

In the third quarter of 1993, the company recorded a \$27.5 million restructuring charge to combine the existing Bear Automotive division with Allen Testproducts into the new Automotive Diagnostics division. The restructuring charge included approximately \$16.0 million for work force reductions and related costs. The restructuring charge also included approximately \$9.3 million of facility duplication and shutdown costs, including the writedown of excess assets of \$4.2 million (non-cash).

Operating Income (Loss)

1995 operating income of \$31.4 million (excluding the \$7.0 restructuring charge) was up over 1994 operating income of \$29.4 million. The improvement was primarily attributable to the higher revenue.

1994 operating income of \$29.4 million was up significantly over 1993 operating income of \$16.6 million (excluding the \$27.5 million restructuring charge). This improvement was attributable to increased revenues and associated gross profit levels, while holding SG&A at comparable levels to 1993. The cost reductions associated with the combination of Bear Automotive and Allen Testproducts contributed to achieving the SG&A levels in 1994.

1994 operating income of \$29.4 million was comparable to proforma 1993 operating income of \$27.5 million (excluding the \$27.5 million restructuring charge).

Capital Expenditures

Capital expenditures for 1995 of \$7.4 million were approximately \$3 million lower than in 1994 due to incremental spending to improve manufacturing capability and systems to better support customers in 1994. Management estimates that annual capital expenditures of approximately \$5 million are required to maintain the company's specialty service tool operations. 1996 capital expenditures are expected to approximate \$10 million which will include approximately \$2 million of incremental spending to support the restructuring.

Identifiable Assets

Identifiable assets decreased in 1995 from 1994 levels as a result of inventory reductions and capital expenditures being less than depreciation and amortization. The company believes that additional working

capital reductions, particularly inventory, are available and will continue to pursue programs to enhance working capital utilization.

ORIGINAL EQUIPMENT COMPONENTS:

	1995	1994	1993	PROFORMA 1993
	-----	-----	-----	-----
	(IN MILLIONS)			
Revenues.....	\$525.8	\$529.3	\$ 26.6	\$458.8
Gross Profit.....	61.0	77.1	4.2	51.9
% of Revenues.....	11.6%	14.6%	15.8%	11.3%
Selling, general & administration.....	27.8	31.3	1.9	36.9
% of Revenues.....	5.3%	5.9%	7.1%	8.0%
Goodwill/intangible amortization.....	3.6	2.6	--	1.5
Minority interest (income).....	3.3	(2.2)	--	(4.3)
(Earnings) from equity interests.....	(3.6)	(2.6)	.7	.4
Restructuring charge.....	3.7	--	--	--
SPT equity losses.....	--	--	26.9	--
SP Europe equity losses.....	--	--	21.5	--
Operating income (loss).....	\$ 26.2	\$ 48.0	\$(46.8)	\$ 17.4
Capital expenditures.....	\$ 23.2	\$ 35.9	\$ 1.0	\$ 23.0
Depreciation and amortization.....	\$ 26.3	\$ 22.8	\$ 1.8	\$ 23.1
Identifiable assets.....	\$361.8	\$367.9	\$343.8	N/A

Revenues

Revenues for 1995 were down \$3.5 million from 1994 revenues principally due to the significant loss of hydraulic valve train business with a major customer. Mitigating this significant loss of revenue, were higher European revenues and increased metal costs passed on to customers. Revenues for 1994 were up significantly over 1993 revenues due to the inclusion of SPT and SP Europe revenues in 1994 (SPT and SP Europe were consolidated as of December 31, 1993). 1993 revenues include the company's solenoid valve operation.

1994 revenues were up significantly over proforma 1993 revenues (which include SPT and SP Europe). The significant increase was attributable to strong increases in sales to original equipment manufacturers as vehicle production increased significantly in 1994. Revenues from sales to aftermarket customers also increased in 1994.

Gross Profit

1995 gross profit as a percentage of revenues ("gross margin") was 11.6% compared to 14.6% in 1994. Several factors contributed to this decrease as follows:

- The valve train business reduced production and incurred downsizing costs due to the loss of business with a major customer.
- The die-cast metal cost pass through to customers reduced gross margin percentage as the increase in revenues equaled the increase in cost.
- During the first quarter of 1995, the company purchased approximately \$6 million of inventory from an aftermarket customer and began to package this inventory for the customer. A \$1.2 million charge was taken in connection with this purchase to reduce the inventory to cost.
- SP Europe incurred approximately \$1 million in severance costs, incurred additional costs associated with the ongoing process to achieve profitability, and realized poor efficiencies and increased costs while rumors regarding the closure of the German plant circulated during the last two months of 1995.

1994 gross margin was not comparable to 1993 gross margin as 1994 includes SPT and SP Europe while 1993 does not include SPT and SP Europe.

1994 gross margin of 14.6% was significantly higher than proforma 1993 gross margin of 11.3%. The primary reason for this increase was the significant increase in production volumes and productivity associated with the higher revenues. Proforma 1993 gross margin was negatively impacted by \$5 million or 1.1% of revenues due to costs relating to a strike at a foundry, costs associated with closing that foundry and an adjustment to writedown manufacturing assets used in the production of a product line that was discontinued.

Selling, General, & Administrative Expense

1995 SG&A of \$27.8 million, or 5.3% of revenues, compares to 1994 SG&A of \$31.3 million, or 5.9% of revenues. The reduction reflects continuing cost controls. 1994 SG&A as a percentage of revenues decreased from proforma 1993 levels due primarily to the increased revenues.

Goodwill and Intangible Amortization

1995 and 1994 goodwill and intangible amortization was a result of the excess purchase price over fair value of the assets recorded upon the acquisition of 51% of SPT at the end of 1993. 1994 amortization was lower than 1995 as the company was recording income related to negative goodwill associated with SP Europe. The recognition of negative goodwill amortization was completed during the second quarter of 1994.

Minority Interest (Income)

1995 and 1994 results reflect the 30% partner's minority interest in SP Europe. SP Europe incurred significant losses in 1995, 1994 and proforma 1993. In the fourth quarter of 1995, the company's partner in SP Europe stated that it will limit its participation by not fully funding its 30% share of this partnership. Due to this limited participation, the company recorded a \$4.8 million charge for the cumulative losses previously attributed to this partner to minority interest. Prospectively, the company will record 100% of SP Europe's income or loss.

Earnings from Equity Interests

Earnings from equity interests includes the company's equity share of earnings or losses in RSV, Promec, IBS Filtran and Allied Ring Corporation ("ARC"). Promec, IBS Filtran and ARC interests were acquired as part of the company's purchase of 51% of SPT at the end of 1993. Through the end of 1993, RSV and ARC were in various stages of development and were incurring losses. In 1995 and 1994, ARC generated operating profits. In December of 1995, the company's 50% interest in RSV was sold to the joint venture partner.

Restructuring Charge

During the fourth quarter of 1995, the company initiated the aforementioned restructuring at SP Europe. The \$3.7 million restructuring charge accrued severance that will be paid to affected employees. Additional costs to complete this restructuring in 1996 are not expected to be significant.

SPT Equity Losses and SP Europe Equity Losses

SPT and SP Europe were consolidated as of December 31, 1993. The 1993 amounts reflect the company's equity losses in these units prior to the consolidation.

Operating Income (Loss)

1995 operating income of \$26.2 million was down significantly from 1994 operating income of \$48.0 million. The reduction was a result of the lower gross margins, recording of \$3.3 million of minority interest loss in 1995 compared to \$2.2 of minority interest income in 1994, and the \$3.7 million restructuring charge.

1994 operating income exceeds proforma 1993 operating income principally from the significant increase in revenues. Additionally, cost reduction efforts, including the charges in proforma 1993 to writeoff nonproductive capacity, benefited 1994.

Capital Expenditures

Capital expenditures for 1995 of \$23.2 million were approximately \$12.7 million lower than in 1994 as 1994 included the purchase of an additional solenoid valve assembly line, additional die-casting capacity for high strength heat treated aluminum die-castings for air bag steering columns, additional hydraulic lash adjuster capacity, significant additional automated cylinder liner casting and machining capacity to meet the demand for aluminum block engines and productivity enhancing equipment. Management estimates that annual capital expenditures of approximately \$15 million are required to maintain the company's original equipment component operations. 1996 capital expenditures are expected to approximate \$20 million and will be focused upon cost reductions and maintenance of the operations.

Identifiable Assets

1995 identifiable assets decreased approximately \$6 million over 1994 due principally to decreases in accounts receivable. The decrease in accounts receivable was due to lower revenue activity in the fourth quarter of 1995 when compared to the fourth quarter of 1994.

BUSINESSES SOLD IN 1993:

	1995 -----	1994 -----	1993 -----
	(IN MILLIONS)		
Revenues.....	\$ --	\$ --	\$216.9
Operating income.....	\$ --	\$ --	\$ 25.2
Capital expenditures.....	\$ --	\$ --	\$ 6.4
Depreciation and amortization.....	\$ --	\$ --	\$ 7.5
Identifiable assets.....	\$ --	\$ --	\$ --

During the fourth quarter of 1993, the company recorded a \$105.4 million pretax gain on the sale of the SPR and Truth divisions. The results of these operations are included in the consolidated results of operations through their dates of divestiture.

FACTORS THAT MAY AFFECT FUTURE RESULTS

General Business Conditions -- The company operates within the motor vehicle industry and future results may be affected by a number of factors including industry conditions, economic conditions in principally the U.S. and Europe, and the economic strength of motor vehicle dealerships. The majority of the company's revenues are not subject to seasonal variation. Revenues within the Original Equipment Component segment are predominantly dependent upon domestic and foreign motor vehicle production which is cyclical and dependent on general economic conditions and other factors. Revenues within the Specialty Service Tool segment are dependent upon new vehicle introductions, environmental regulations, and the general economic status of motor vehicle dealerships and aftermarket maintenance facilities. These factors can, therefore, affect the company's working capital requirements. However, as the company receives production forecasts from original equipment manufacturers and is knowledgeable about new vehicle introductions, it is able to anticipate and manage these requirements.

Automotive Diagnostics Goodwill -- At December 31, 1995, \$69.2 million of goodwill relates to the Automotive Diagnostics operating unit. This operating unit has incurred significant operating losses in 1995 and in prior years. The company projects that, in the near future, the cost savings, market synergies and other factors which, in part, will be realized from the Bear Automotive and Allen Testproducts combination and the 1995 restructuring described in Note 7 will result in non-discounted operating income sufficient to exceed goodwill amortization.

The market for certain portions of the Automotive Diagnostics operating unit's products is highly cyclical. The demand for vehicle emissions test equipment is significantly impacted by changes in U.S. federal and state government regulations designed to improve air quality by imposing more stringent limitations on emissions and discharges to the environment from motor vehicles. Management also believes that these regulations have a related impact on the market for engine performance testing equipment. Certain of the company's products perform tests of both engine performance and emissions.

The company's projections for this operating unit over the near term (after 1996) include significant incremental revenues, operating profit and cash flows associated with market opportunities that will be created by enacted federal and state regulations mandated by the 1990 Clean Air Act Amendment (the "Act"). Over the longer term, the company's projections include the cyclical impact of further legislation in the U.S. and in certain international markets in which the company participates. As a result of the Act, certain geographic regions were designated as "enhanced emissions areas." Areas so designated are required to implement more rigorous testing standards. This change creates additional market opportunity for the company, in particular, for testing equipment capable of testing for nitrites of oxygen. However, due to politically driven factors, various states have delayed implementation of the provisions of the Act in these "enhanced emissions areas." To date, no changes have been made to the Act for implementation or enforcement. Further, the company expects debate to continue during 1996 at both the federal and state level over the merits of this legislation. Future changes in legislation could significantly diminish or eliminate these incremental market opportunities for motor vehicle gas emissions testing equipment.

It is not possible to predict the extent to which the company or the market for motor vehicle gas emissions testing equipment in general might be affected by the matters described above. However, should the company's projections require downward revisions based upon changed events, circumstances or legislation, this operating unit's goodwill may require writedown. Although having no cash flow impact, the resulting charge, if any, could materially reduce the company's future reported results of operations and shareholders' equity. At this time, based upon present information, projections and strategic plans, the company has concluded that there has been no permanent impairment of the Automotive Diagnostics operating unit's tangible or intangible assets.

Financial Leverage of the Company -- The company is highly levered with indebtedness. Should economic and general business conditions deteriorate and impact the company's business activity, thereby creating increased borrowing costs, the company might not be able to adequately service its indebtedness or maintain current dividend levels.

Impact of Inflation -- The company believes that inflation has not had a significant impact on operations during the period 1993 through 1995 in any of the countries in which the company operates.

Environmental -- The company's operations and properties are subject to federal, state, local, and foreign regulatory requirements relating to environmental protection. It is the company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and regulations and the company is not aware of any violation that could have a material adverse effect on the business, financial condition, or results of operations of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future. See Note 17 of the consolidated financial statements for further discussion.

Accounting Pronouncements -- As of the beginning of 1996, the company must adopt Statement of Financial Accounting Standards, No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This standard requires long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The effect of adopting this statement is not expected to have a significant impact on the company's consolidated financial position or results of operations.

LIQUIDITY AND FINANCIAL CONDITION

The company's liquidity needs arise primarily from capital investment in new equipment, funding working capital requirements and to meet interest costs.

The company is highly levered with indebtedness. This financial leverage requires management to focus on cash flows to meet interest costs and to maintain dividends. Management believes that operations and the credit arrangements will be sufficient to supply funds needed by the company in 1996.

Cash Flow

	YEAR		
	1995	1994	1993
	-----	-----	-----
	(IN MILLIONS)		
Cash flows from operating activities.....	\$ 66.3	\$ 34.5	\$ 25.0
Cash flows from investing activities.....	43.0	(85.0)	44.3
Cash flows from financing activities.....	(101.5)	(54.5)	39.2
Effect of exchange rate changes.....	(.6)	(3.0)	(.4)
	-----	-----	-----
Net cash flow.....	\$ 7.2	\$(108.0)	\$108.1
	=====	=====	=====

1995 operating cash flow was positively impacted by \$28 million of federal income tax refunds received, reductions in accounts receivable and inventory, and the non-cash (in current year) unusual items included in the net loss, principally the restructuring charges and the minority interest loss. Negatively impacting 1995 operating cash flow was the reduction in accounts payable as the ending 1994 balance was high due to significant capital expenditures.

1994 operating cash flow was positively impacted by the improved operating income, inventory reductions of \$10.7 million principally from inventory consolidation at Automotive Diagnostics, and significantly higher accounts payable levels due to year-end purchasing activity (particularly capital expenditures). 1994 operating cash flow was reduced due to the \$7 million (including interest) settlement with the U.S. Internal Revenue Service to resolve a dispute regarding the company's tax deferred treatment of the 1989 transaction in which several operating units were contributed to SPT. 1994 operating cash flow was also reduced due to cash outflows related to the restructuring combination of Bear Automotive and Allen Testproducts (\$12.5 million).

1995 cash flows from investing activities include the \$73.2 million received from the sale of SPX Credit Corporation and \$31.0 million of capital expenditures. The 1995 capital expenditures were \$17.5 million less than 1994 as 1994 included significant investments made to expand manufacturing capacity, including cylinder liners, die-casting, and other new business opportunities. Planned 1996 capital expenditures are expected to be approximately \$30 million.

1994 cash flows from investing activities reflect high capital expenditures and a \$39 million payment to Riken to purchase the additional ownership of SPT. 1993 cash flows from investing activities reflect the net proceeds from the divestiture of SPR and Truth of approximately \$189 million and the purchase of Allen Testproducts and Allen Group Leasing for approximately \$102 million. In addition, 1993 includes \$19.9 million of advances to SP Europe prior to it being consolidated into the balance sheet.

1995 cash flows from financing activities principally reflect the reduction of debt by approximately \$95 million. This reduction was made possible by the proceeds from the sale of SPX Credit Corporation and cash from operations. 1994 cash flows from financing activities reflect the changes in the company's debt

structure resulting from the debt refinancing that occurred in the first half of 1994, including the payment of approximately \$34 million in fees related to the restructuring.

Capitalization

	DECEMBER 31		
	1995	1994	1993

	(IN MILLIONS)		
Notes payable and current maturities of long-term debt...	\$.9	\$ 1.1	\$ 94.0
Long-term debt.....	318.9	414.1	336.2

Total Debt.....	\$319.8	\$415.2	\$430.2
Shareholders' equity.....	162.2	158.7	145.4

Total Capitalization.....	\$482.0	\$573.9	\$575.6
	=====		
Total debt to capitalization ratio.....	66.3%	72.3%	74.7%

At December 31, 1995, the company's total debt was comprised primarily of borrowings on its \$225 million revolving credit facility obtained in March of 1994 and on its \$228.3 million of 11-3/4% senior subordinated notes issued during the second quarter of 1994. At December 31, 1995, the weighted average interest rate on outstanding revolving credit borrowing was 7.0%. The company has three interest rate cap agreements which entitle the company to receive the amounts, if any, by which LIBOR exceeds 8.5% on \$25 million and 9.0% on \$75 million. These agreements expire in 1997 and 1998.

As of December 31, 1995, the following summarizes the debt outstanding and unused credit availability:

	TOTAL COMMITMENT	AMOUNT OUTSTANDING	UNUSED CREDIT AVAILABILITY

	(IN MILLIONS)		
Revolving credit.....	\$225.0	\$ 60.0	\$ 147.5(a)
Swingline loan facility.....	5.0	2.0	3.0
Senior Subordinated Notes.....	228.3	228.3	--
Industrial Revenue Bonds.....	15.1	15.1	--
Other.....	18.7	14.4	4.3

Total.....	\$492.1	\$ 319.8	\$ 154.8
	=====		

(a) Decreased by \$17.5 million of facility letters of credit outstanding at December 31, 1995 which reduce the unused credit availability.

At December 31, 1995, the company was in compliance with all restrictive covenants contained in the revolving credit agreement, as amended, and the senior subordinated note indenture. Under the most restrictive of these covenants, the company was required to:

- Maintain a leverage ratio, as defined, of 78% or less, declining on a graduated scale to 65% in 1999. The leverage ratio at December 31, 1995 was 69%.
- Maintain an interest expense coverage ratio, as defined, of 1.70:1 or greater in 1995 rising on a graduated scale to 3.50:1 or greater in 1998 and thereafter. The interest expense coverage ratio as of December 31, 1995 was 2.13:1.
- Maintain a fixed charge coverage ratio, as defined, of 1.50:1 or greater in 1995 and 1996, and 2:1 or greater thereafter. The fixed charge coverage ratio as of December 31, 1995 was 1.78:1.
- Limit dividends paid during the preceding twelve months to 10% of

operating income plus depreciation and amortization (EBITDA) for the twelve month period. Dividends paid for the twelve month period ended December 31, 1995 were \$5.3 million and 10% of EBITDA for the period was \$7.6 million.

Covenants also limit capital expenditures, investments and transactions with affiliates. The amended revolving credit agreement also limits the company's prospective purchase of 11-3/4% senior subordinated

notes to \$15 million. The company is currently negotiating an amendment with the revolving credit facility lenders to increase the amount of notes that can be purchased to \$50 million. These negotiations also include the reduction of the revolving credit facility's commitment from \$225 million to \$175 million. It is anticipated that this amendment will be obtained by mid to late March 1996.

Management believes that the unused credit availability is sufficient to meet operating cash needs including working capital requirements and capital expenditures planned for 1996. Aggregate future maturities of total debt are not material for 1996 through 1998 (see Note 18 to the consolidated financial statements). In 1999, the revolving credit agreement expires and borrowings on the revolver would become due, however, management believes that the revolving credit agreement would likely be extended or that alternate financing will be available to the company.

The foregoing discussion in "Management's Discussion and Analysis of Financial Conditions 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 under the caption "Factors That may Affect Future Results" above and under Part I, Item 3, "Legal Proceedings." 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.

ITEM 8.

SPX CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1995

	PAGE

Report of Independent Public Accountants.....	27
Consolidated Financial Statements --	
Consolidated Balance Sheets -- December 31, 1995 and 1994.....	28
Consolidated Statements of Income for the three years ended December 31, 1995.....	29
Consolidated Statements of Shareholders' Equity for the three years ended December 31, 1995.....	30
Consolidated Statements of Cash Flows for the three years ended December 31, 1995...	31
Notes to Consolidated Financial Statements.....	32
Schedules omitted	
No schedules are submitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.	

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
SPX Corporation:

We have audited the accompanying consolidated balance sheets of SPX CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPX Corporation and subsidiaries as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 1993, the company changed its method of Employee Stock Ownership Plan (ESOP) accounting and Sealed Power Technologies Limited Partnership changed its method of accounting for postretirement benefits other than pensions.

ARTHUR ANDERSEN LLP

Chicago, Illinois,
February 9, 1996

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	----- 1995	----- 1994
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	
CURRENT ASSETS:		
Cash and temporary investments.....	\$ 17,069	\$ 9,859
Receivables (Note 10).....	130,171	128,529
Inventories (Note 11).....	150,851	151,821
Deferred income tax asset and refunds (Note 12).....	47,246	55,843
Prepaid and other current assets.....	18,191	25,148
	-----	-----
Total current assets.....	\$363,528	\$371,200
NET ASSETS OF DISCONTINUED OPERATION.....	--	79,596
INVESTMENTS (Note 13).....	18,885	16,363
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 14).....	\$425,636	\$408,236
Less: Accumulated depreciation.....	212,672	193,450
	-----	-----
Net property, plant and equipment.....	\$212,964	\$214,786
OTHER ASSETS.....	43,647	47,954
COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED (Note 15).....	192,334	199,145
	-----	-----
TOTAL ASSETS.....	\$831,358	\$929,044
	=====	=====
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt (Note 18).....	\$ 893	\$ 1,133
Accounts payable.....	71,379	82,947
Accrued liabilities (Note 16).....	135,387	132,073
Income taxes payable (Note 12).....	3,352	3,100
	-----	-----
Total current liabilities.....	\$211,011	\$219,253
LONG-TERM LIABILITIES (Note 9).....	113,737	120,641
DEFERRED INCOME TAXES (Note 12).....	25,489	16,376
COMMITMENTS AND CONTINGENCIES (Note 17).....	--	--
LONG-TERM DEBT (Note 18).....	318,894	414,082
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value, authorized 3,000,000 shares; no shares issued (Note 20).....	--	--
Common stock, \$10 par value, authorized 50,000,000 shares; issued 15,947,893 in 1995 and 15,647,799 in 1994 (Note 20).....	159,474	156,478
Paid in capital.....	57,668	58,072
Retained earnings.....	18,997	29,411
	-----	-----
Total shareholders' equity.....	\$236,139	\$243,961
Less: Common stock held in treasury (Note 20).....	50,000	50,000
Unearned compensation (Notes 9 and 20).....	26,888	31,073
Minority interest (Note 13).....	--	3,278
Cumulative translation adjustments.....	(2,976)	918
	-----	-----
Total shareholders' equity.....	\$162,227	\$158,692
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$831,358	\$929,044
	=====	=====

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31		
	1995	1994	1993
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
REVENUES (Note 3).....	\$1,098,103	\$1,079,870	\$ 747,171
COSTS AND EXPENSES:			
Cost of products sold.....	853,537	821,505	508,032
Selling, general and administrative.....	194,485	198,032	204,116
Goodwill/intangibles amortization.....	8,824	7,767	5,168
Minority interest (income) loss.....	3,278	(2,198)	--
Earnings from equity interests.....	(3,836)	(2,692)	(178)
Restructuring charge (Note 7).....	10,724	--	27,500
SPT equity losses (Note 5).....	--	--	26,845
SP Europe equity loss (Note 13).....	--	--	21,500
OPERATING INCOME (LOSS).....	\$ 31,091	\$ 57,456	\$ (45,812)
Other expense (income), net.....	(3,060)	32	2,534
Interest expense, net.....	35,729	35,220	15,877
(Gain) on sale of businesses (Note 5).....	--	--	(105,400)
INCOME (LOSS) BEFORE INCOME TAXES.....	\$ (1,578)	\$ 22,204	\$ 41,177
PROVISION (BENEFIT) FOR INCOME TAXES (Note 12).....	(227)	9,121	28,063
INCOME (LOSS) FROM CONTINUING OPERATIONS.....	\$ (1,351)	\$ 13,083	\$ 13,114
DISCONTINUED OPERATION (Note 4):			
Income from discontinued operation, net of tax.....	\$ 140	\$ 1,017	\$ 2,086
Loss on sale, net of tax.....	(2,987)	--	--
Income (loss) from discontinued operation, net of tax.....	\$ (2,847)	\$ 1,017	\$ 2,086
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS AND EXTRAORDINARY LOSS.....	\$ (4,198)	\$ 14,100	\$ 15,200
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS, NET OF TAXES (Note 2).....	--	--	(31,800)
EXTRAORDINARY LOSS, NET OF TAXES (Note 8).....	(1,078)	--	(24,000)
NET INCOME (LOSS).....	\$ (5,276)	\$ 14,100	\$ (40,600)
INCOME (LOSS) PER SHARE OF COMMON STOCK:			
From continuing operations.....	\$ (0.10)	\$ 1.02	\$ 1.04
From discontinued operation.....	(0.22)	0.08	0.16
Cumulative effect of change in accounting methods, net of taxes.....	--	--	(2.52)
Extraordinary loss, net of taxes.....	(0.08)	--	(1.90)
Net income (loss).....	\$ (0.40)	\$ 1.10	\$ (3.22)
Weighted average number of common shares outstanding (Notes 1 and 20).....	13,174	12,805	12,604

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK - \$10 PAR VALUE	PAID IN CAPITAL	RETAINED EARNINGS	OTHER ACCOUNTS
	-----	-----	-----	-----
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
BALANCE, DECEMBER 31, 1992.....	\$ 155,360	\$60,199	\$ 65,732	\$(95,801)
Net loss.....	--	--	(40,600)	--
Cash dividends (\$.40 per share).....	--	--	(5,040)	--
Net shares sold under stock option plans.....	198	82	--	--
Earned ESOP shares.....	--	(1,355)	--	3,046
Tax benefit on dividends paid to ESOP trust.....	--	--	190	--
Minority interest in SP Europe.....	--	--	--	(1,080)
Translation adjustment.....	--	--	--	(779)
Cumulative effect of change in ESOP accounting method, net of taxes (Note 2).....	--	--	--	5,100
Vesting of restricted stock.....	--	--	--	135
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1993.....	\$ 155,558	\$58,926	\$ 20,282	\$(89,379)
Net income.....	--	--	14,100	--
Cash dividends (\$.40 per share).....	--	--	(5,131)	--
Net shares sold under stock option plans.....	920	390	--	--
Earned ESOP shares.....	--	(1,244)	--	4,692
Tax benefit on dividends paid to ESOP trust.....	--	--	160	--
Minority interest in SP Europe.....	--	--	--	(2,198)
Translation adjustment.....	--	--	--	1,481
Vesting of restricted stock.....	--	--	--	135
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1994.....	\$ 156,478	\$58,072	\$ 29,411	\$(85,269)
Net loss.....	--	--	(5,276)	--
Cash dividends (\$.40 per share).....	--	--	(5,274)	--
Net shares sold under stock option plans.....	1,061	374	--	--
Earned ESOP shares.....	--	(1,977)	--	6,065
Tax benefit on dividends paid to ESOP trust.....	--	--	136	--
Minority interest in SP Europe.....	--	--	--	3,278
Translation adjustment.....	--	--	--	3,894
Issuance of stock under incentive program....	685	480	--	--
Issuance of restricted stock	1,250	719	--	(1,969)
Vesting of restricted stock.....	--	--	--	89
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1995.....	\$ 159,474	\$57,668	\$ 18,997	\$(73,912)
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31		
	1995	1994	1993
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) from operating activities.....	\$ (5,276)	\$ 14,100	\$(40,600)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities--			
Cumulative effect of change in accounting methods.....	--	--	31,800
Extraordinary loss.....	1,078	--	24,000
Depreciation and amortization.....	43,522	38,515	24,370
(Earnings) loss from equity interests.....	(3,836)	(2,692)	48,167
(Income) loss applicable to minority interest.....	3,278	(2,198)	--
Increase (decrease) in deferred income tax assets, refunds and liabilities.....	18,773	(5,765)	(15,306)
Decrease (increase) in receivables.....	5,303	(2,430)	(15,639)
Decrease in inventories.....	2,761	10,743	11,609
Decrease in prepaid assets.....	7,211	975	2,212
Decrease (increase) in net assets of discontinued operation.....	1,276	1,157	(5,114)
Increase (decrease) in accounts payable.....	(12,268)	20,123	(2,568)
Increase (decrease) in accrued liabilities.....	(7,209)	(27,305)	(10,385)
Increase (decrease) in income taxes payable.....	(58)	(9,247)	4,529
(Increase) decrease in other assets.....	866	(2,550)	(2,479)
Gain on sale of businesses, net of taxes.....	--	--	(64,200)
Restructuring charges.....	10,724	--	27,500
Increase (decrease) in long-term liabilities.....	(6,904)	(2,594)	6,803
Compensation recognized under employee stock plan.....	3,026	2,778	1,925
Other, net.....	4,105	873	(1,619)
Net cash provided by operating activities.....	\$ 66,372	\$ 34,483	\$ 25,005
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in affiliates.....	\$ --	\$ --	\$(19,900)
Payments for purchase of businesses.....	--	(39,000)	(108,971)
Net proceeds from sale of businesses.....	73,183	--	189,078
Capital expenditures.....	(31,009)	(48,451)	(15,116)
Sale of property, plant and equipment, net.....	801	2,422	(797)
Net cash provided (used) by investing activities.....	\$ 42,975	\$ (85,029)	\$ 44,294
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) borrowings -- revolving credit agreement.....	\$ (63,000)	\$ 95,000	\$(17,000)
Long-term debt borrowings.....	--	260,000	19,937
Long-term debt payments.....	(32,621)	(278,272)	(12,207)
Increase (decrease) in notes payable and current maturities of long-term debt.....	(266)	(93,214)	53,283
Payment of fees related to debt restructuring.....	(1,797)	(34,170)	--
Net shares sold under stock option plans.....	1,435	1,310	280
Dividends paid.....	(5,274)	(5,131)	(5,040)
Net cash provided (used) by financing activities.....	\$(101,523)	\$ (54,477)	\$ 39,253
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	(614)	(2,961)	(438)
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS.....	\$ 7,210	\$(107,984)	\$108,114
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF PERIOD.....	\$ 9,859	\$ 117,843	\$ 9,729
CASH AND TEMPORARY INVESTMENTS, END OF PERIOD.....	\$ 17,069	\$ 9,859	\$117,843
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash payments for interest.....	\$ 40,237	\$ 40,260	\$ 18,347
Cash payments (refunds), net, for income taxes.....	\$ (21,631)	\$ 23,992	\$ 40,454

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1995

(1) SUMMARY OF ACCOUNTING POLICIES

All dollar amounts in the Notes to Consolidated Financial Statements are in thousands, except per share amounts.

The accounting and financial policies which affect significant elements of the consolidated financial statements of SPX Corporation (the "company") and which are not apparent on the face of the statements, or in other notes to the consolidated financial statements, are described below.

Basis of Presentation -- The preparation of the company's consolidated 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation -- The consolidated financial statements include the accounts of the company and all of its majority-owned subsidiaries after the elimination of all significant intercompany accounts and transactions. Amounts representing the company's percentage interest in the underlying net assets of less than majority-owned companies in which a significant equity ownership interest is held are included in "Investments."

Foreign Currency Translation -- Translation of the company's subsidiaries results in unrealized translation adjustments being reflected as cumulative translation adjustment in shareholders' equity.

Revenue Recognition -- The company recognizes revenues from product sales upon shipment to the customer. Revenue from service contracts and long-term maintenance arrangements is deferred and is recognized as revenue on a pro rata basis over the agreement periods.

Research and Development Costs -- The company expenses currently all costs for development of products. Research and development costs were \$26,300 in 1995, \$26,400 in 1994, and \$17,600 in 1993.

Environmental Remediation Costs -- Costs incurred to investigate and remediate environmental conservation issues are expensed unless the costs incurred extend the economic useful life of related assets employed by the company. Liabilities are recorded and expenses are reported when it is probable that an obligation has been incurred and the amounts can be reasonably estimated.

Earnings Per Share -- Primary earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Common shares outstanding includes issued shares less shares held in treasury and unallocated and uncommitted shares held by the ESOP trust. The potential dilutive effect from the exercise of stock options is not material.

Property, Plant and Equipment -- The company uses principally the straight line method for computing depreciation expense over the useful lives of the property, plant and equipment. For income tax purposes, the company uses accelerated methods where permitted. Asset additions and improvements are added to the property accounts while maintenance and repairs, which do not renew or extend the lives of the respective assets, are expensed currently. Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the property accounts. The net gain or loss on disposition of property is reflected in income.

Derivatives -- Premiums paid for purchased interest rate cap agreements are amortized to interest expense over the terms of the caps. Unamortized premiums are included in other assets in the consolidated balance sheets. Amounts receivable under cap agreements, if any, are accrued as a reduction of interest expense. Gains and losses related to qualifying hedges of firm commitments or anticipated

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

transactions are deferred and are recognized in income or as adjustments of carrying amounts when the hedged transaction occurs.

Reclassifications -- Certain 1994 and 1993 amounts have been reclassified to conform to the 1995 presentation. This reclassification had no effect on net income for any period.

(2) CHANGES IN ACCOUNTING METHODS

In 1993, the company adopted two new accounting methods relating to its Employee Stock Ownership Plan ("ESOP") and postretirement benefits. The effect of the change to these new accounting methods have been reflected in the consolidated statements of income as "Cumulative effect of change in accounting methods."

Effective January 1, 1993, the company elected to adopt new accounting for its ESOP in accordance with Statement of Position 93-6 of the Accounting Standards Division of the American Institute of Certified Public Accountants, issued in November of 1993. As part of this change, the company recorded a cumulative charge of \$5,100 pretax, or \$3,300 after-tax. This charge recognizes the cumulative difference of expense since the inception of the ESOP until January 1, 1993 to reflect the shares allocated method of accounting for ESOPs.

Effective January 1, 1993, Sealed Power Technologies Limited Partnership adopted Statement of Financial Accounting Standards (SFAS) No. 106 -- "Employers' Accounting for Postretirement Benefits Other Than Pensions," using the immediate recognition transition option. SFAS No. 106 requires recognition, during the employees' service with the company, of the cost of their retiree health and life insurance benefits. At that date, the full accumulated postretirement benefit obligation was \$89,500 pretax. The company recorded its 49% share of this transition obligation, \$28,500, net of deferred taxes of \$15,400 in the first quarter.

As of the beginning of 1996, the company must adopt Statement of Financial Accounting Standards, No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This standard requires long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The effect of adopting this statement is not expected to have a significant impact on the company's consolidated financial position or results of operations.

As of the beginning of 1996, the company must adopt Statement of Financial Accounting Standards, No. 123, "Accounting for Stock-Based Compensation." This standard recommends the adoption of the fair value based method for stock-based compensation. The standard allows the company to continue to measure stock-based compensation cost using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The company has elected to continue to measure stock-based compensation cost using APB No. 25, as such, the effect of this new statement will be limited to additional required disclosures beginning in 1996.

(3) BUSINESS DESCRIPTION

The company is comprised of two business segments. Specialty Service Tools includes operations that design, manufacture and market a wide range of specialty service tools and diagnostic equipment primarily to the motor vehicle industry, principally in North America and Europe. Major customers of this segment are franchised dealerships of motor vehicle original equipment manufacturers, aftermarket vehicle service facilities, and independent distributors. Original Equipment Components includes operations that design, manufacture and market engine, transmission and steering component parts for light and heavy duty vehicle markets, principally in North America and Europe. Major customers of this segment are vehicle manufacturers and aftermarket private brand distributors.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

Revenues by business segment represent sales to unaffiliated customers. Intercompany sales between segments are not significant. Operating income (loss) by segment does not include general unallocated corporate expense, other expense (income), net, interest expense, income taxes and extraordinary items.

Identifiable assets by business segment are those used in company operations in each segment. General corporate assets are principally cash, deferred tax assets, and certain prepaid expenses.

BUSINESS SEGMENTS	1995	1994	1993

Revenues:			
Specialty Service Tools.....	\$ 572,270	\$ 550,557	\$ 503,600
Original Equipment Components.....	525,833	529,313	26,657
Businesses sold in 1993.....	--	--	216,914
	-----	-----	-----
Total.....	\$1,098,103	\$1,079,870	\$ 747,171
	=====	=====	=====
Operating income (loss):			
Specialty Service Tools(a).....	\$ 24,364	\$ 29,408	\$ (10,913)
Original Equipment Components(b).....	26,158	48,038	(46,816)
Businesses sold in 1993.....	--	--	25,249
General Corporate expenses.....	(19,431)	(19,990)	(13,332)
	-----	-----	-----
Total.....	\$ 31,091	\$ 57,456	\$ (45,812)
	=====	=====	=====
Capital expenditures:			
Specialty Service Tools.....	\$ 7,385	\$ 10,616	\$ 7,479
Original Equipment Components.....	23,193	35,856	1,014
Businesses sold in 1993.....	--	--	6,439
General Corporate.....	431	1,979	184
	-----	-----	-----
Total.....	\$ 31,009	\$ 48,451	\$ 15,116
	=====	=====	=====
Depreciation and amortization:			
Specialty Service Tools.....	\$ 14,884	\$ 14,420	\$ 14,485
Original Equipment Components.....	26,336	22,760	1,796
Businesses sold in 1993.....	--	--	7,462
General Corporate.....	2,302	1,335	627
	-----	-----	-----
Total.....	\$ 43,522	\$ 38,515	\$ 24,370
	=====	=====	=====
Identifiable assets:			
Specialty Service Tools.....	\$ 390,332	\$ 397,920	\$ 409,237
Original Equipment Components.....	361,782	367,871	343,816
Discontinued operation.....	--	79,596	85,165
General Corporate(c).....	79,244	83,657	186,183
	-----	-----	-----
Total.....	\$ 831,358	\$ 929,044	\$1,024,401
	=====	=====	=====

(a) 1995 includes a \$7,000 restructuring charge to combine five divisions into two divisions. 1993 includes a \$27,500 restructuring charge to merge Allen Testproducts and Bear Automotive into Automotive Diagnostics.

(b) 1995 includes a \$3,724 restructuring charge to close a foundry operation in Germany. 1993 includes \$26,845 of SPT equity losses and \$21,500 of SP Europe equity losses.

(c) Decrease in 1994 was primarily due to the use of \$108,100 in cash to purchase SPT and to complete the debt refinancing in 1994.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

GEOGRAPHIC AREAS	1995	1994	1993

Revenues -- Unaffiliated customers:			
United States(a).....	\$ 915,717	\$ 915,071	\$ 628,169
Other North America.....	15,096	11,444	21,719
Other.....	167,290	153,355	97,283
	-----	-----	-----
Total	\$1,098,103	\$1,079,870	\$ 747,171
	=====	=====	=====
Revenues -- Between affiliated customers:			
United States.....	\$ 27,886	\$ 26,903	\$ 34,934
Other North America.....	128	134	--
Other.....	91	817	1,708
Eliminations.....	(28,105)	(27,854)	(36,642)
	-----	-----	-----
Total.....	\$ --	\$ --	\$ --
	=====	=====	=====
Operating income (loss):			
United States(b).....	\$ 39,409	\$ 57,828	\$ (22,466)
Other North America.....	683	464	(224)
Other(c).....	(9,001)	(836)	(23,122)
	-----	-----	-----
Total.....	\$ 31,091	\$ 57,456	\$ (45,812)
	=====	=====	=====
Total assets:			
United States.....	\$ 661,722	\$ 783,446	\$ 893,172
Other North America.....	8,161	7,875	8,591
Other.....	161,475	137,723	122,638
	-----	-----	-----
Total.....	\$ 831,358	\$ 929,044	\$1,024,401
	=====	=====	=====

(a) Included in the United States revenues are export sales to unconsolidated customers of \$83,000 in 1995, \$95,700 in 1994 and \$74,400 in 1993.

(b) 1995 includes a \$7,000 restructuring charge to merge five specialty service tool divisions into two divisions. 1993 includes a \$27,500 restructuring charge to merge Allen Testproducts and Bear Automotive into Automotive Diagnostics and \$26,845 of SPT equity losses.

(c) 1995 includes a \$3,724 restructuring charge to close a foundry operation in Germany. 1993 includes \$21,500 of SP Europe equity losses.

Approximately 20% in 1995, 16% in 1994 and 9% in 1993 of the company's consolidated sales were made to General Motors Corporation and its various divisions, dealers and distributors. Approximately 12% in 1995, 12% in 1994 and 2% in 1993 of the company's consolidated sales were made to Ford Motor Company and its various divisions, dealers and distributors. Approximately 5% in 1995, 7% in 1994 and 6% in 1993 of the company's consolidated sales were made to Chrysler Corporation and its various divisions, dealers and distributors. No other customer or group of customers under common control accounted for more than 10% of consolidated sales for any of these years. On a proforma 1993 basis, approximately 17%, 10% and 8% of consolidated sales were to General Motors, Ford and Chrysler, respectively.

(4) DISCONTINUED OPERATION

On September 29, 1995, the company sold the majority of its SPX Credit Corporation operations and lease financing receivables to Textron Financial Corporation ("TFC"), a subsidiary of Textron Inc. The sales

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

proceeds were \$73,183. The company recorded a \$2,987 after-tax loss (\$4,817 pretax) on the sale on costs associated with closing the remaining leasing operation. Proceeds from the sale were used to reduce a portion of the company's debt. TFC will provide SPX customers with financing previously provided by SPX Credit Corporation. SPX's agreement with TFC includes provisions for the company to repurchase equipment resulting from future lease defaults. See Note 19 for further explanation of repurchase and recourse provisions of this agreement.

The results of operations, net of taxes, and the net assets of SPX Credit Corporation are presented in the accompanying consolidated financial statements as a discontinued operation through the end of the third quarter of 1995. Consolidated interest expense has been allocated based upon the ratio of the net assets of the discontinued operation to the consolidated capitalization of the company. Income taxes have been allocated to the discontinued operation at approximately 41% of pretax income. No general corporate expenses have been allocated to the discontinued operation. The results of the discontinued operation are not necessarily indicative of the results of operations which may have been obtained had continuing and discontinued operations been operating independently.

The following summarizes the results of operations for the nine months ended September 29, 1995 and the twelve months ended December 31, 1994 and 1993 and net assets of SPX Credit Corporation at December 31, 1994:

	1995 -----	1994 -----	1993 -----
Revenues.....	\$9,163	\$12,877	\$8,974
Operating income.....	4,622	7,361	5,483
Interest expense.....	4,391	5,665	2,005
	-----	-----	-----
Income before income taxes.....	\$ 231	\$ 1,696	\$3,478
Provision for income taxes.....	91	679	1,392
	-----	-----	-----
Income from operations.....	\$ 140	\$ 1,017	\$2,086
	=====	=====	=====

	DECEMBER 31, 1994 -----
Lease finance receivables -- current.....	\$ 35,026
Other current assets.....	55
Lease finance receivables -- long-term.....	47,042
Other noncurrent assets.....	92
Current liabilities.....	(2,619)

Net assets.....	\$ 79,596
	=====

(5) ACQUISITIONS AND DIVESTITURES

ACQUISITIONS

Allen Testproducts ("ATP") and Allen Group Leasing ("AGL") -- On June 10, 1993, the company acquired ATP and its related leasing company, AGL, from the Allen Group, Inc. for \$102,000. ATP is a manufacturer and marketer of vehicular test and service equipment. This acquisition was recorded using the purchase method of accounting, and the results of ATP and AGL have been included in the company's consolidated statements of income since June 10, 1993.

Sealed Power Technologies Limited Partnership ("SPT") -- Effective December 31, 1993, the company acquired Riken Corporation's 49% and management's 2% interests in SPT for \$39,000 and \$2,700,

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

respectively. The company previously owned 49% of SPT. Accordingly, the net assets of SPT have been included in the accompanying consolidated balance sheet as of December 31, 1993. Prior to this acquisition, the company accounted for its investment using the equity method. Beginning in the first quarter of 1994, results of operations of SPT are reflected in the consolidated statements of income and cash flows. Prior to 1994, the pro rata share of earnings or losses and the amortization of the company's investment in SPT is reflected as "SPT equity losses" on the consolidated statements of income.

DIVESTITURES

Sealed Power Replacement ("SPR") -- On October 22, 1993, the company sold SPR to Federal-Mogul Corporation for approximately \$141,000 in cash. SPR distributed engine and undervehicle parts into the U.S. and Canadian aftermarket. Net proceeds, after income taxes, were approximately \$117,500. The company recorded a pretax gain of \$52,400 after transaction and facility reduction expenses, or \$32,400 after-tax.

Truth -- On November 5, 1993, the company sold Truth to Danks America Corporation, an affiliate of FKI Industries, Inc. for approximately \$92,500 in cash. In addition, the company will receive an annual royalty ranging from 1.0% to 1.5% of Truth's annual sales for a five year period following the closing (cumulatively not to exceed \$7,500) which will be recorded as other income as received. Truth manufactures and markets window and door hardware primarily in the U.S. and Canada. Net proceeds, after income taxes, were approximately \$71,600. The company recorded a pretax gain of \$53,000 after transaction expenses, or \$31,800 after-tax.

(6) PROFORMA RESULTS OF OPERATIONS (UNAUDITED)

The following 1993 unaudited proforma selected financial data reflects the acquisition of Allen Testproducts and related restructuring, the divestiture of the SPR and Truth divisions, the acquisition of 51% of SPT, and the consolidation of SP Europe as if they had occurred as of January 1, 1993.

Revenues.....	\$ 988,000
Costs and expenses	
Cost of products.....	752,700
SG&A.....	204,700
Goodwill/intangibles amortization.....	6,800
Minority interest (income).....	(4,300)
Earnings from equity interest.....	(500)
Restructuring charge.....	27,500

Operating income.....	\$ 1,100
Other expense (income), net.....	2,200
Interest, net.....	34,700

Income before income taxes.....	\$ (35,800)
Provision (benefit) for income taxes.....	(7,400)

Income (loss) from continuing operations.....	\$ (28,400)
	=====
Income (loss) per share.....	\$ (2.25)
Weighted average number of common shares outstanding.....	12,604,000

The unaudited proforma selected results of operations does not purport to represent what the company's results of continuing operations would actually have been had the above transactions in fact occurred as of January 1, 1993 or project the results of operations for any future date or period.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(7) RESTRUCTURING CHARGES

1995 RESTRUCTURING CHARGE

During the fourth quarter of 1995, management authorized and committed the company to undertake two significant restructurings and recorded a combined restructuring charge of \$10,724. The first restructuring plan will consolidate five Specialty Service Tool divisions into two divisions. The second restructuring plan will close SP Europe's German foundry operation and transfer certain piston ring operations to other manufacturing facilities.

Specialty Service Tool Restructuring -- In order to improve customer service, reduce costs and improve productivity and asset utilization, the company decided to consolidate five existing Specialty Service Tool divisions into two divisions. This restructuring plan involves closing two company owned manufacturing facilities, a company owned distribution facility, four leased service centers and a leased sales facility in France. Additionally, the plan includes combining selling, engineering and administrative functions. This restructuring plan is expected to be completed by the end of 1996. The plan includes the termination of approximately 570 employees which will result in a net reduction of approximately 310 employee positions after considering staffing requirements at remaining facilities.

The company recorded a \$7,000 restructuring charge to recognize severance and benefits for the employees to be terminated (\$4,400), estimated holding costs of vacated facilities (\$1,100), and to reflect the fair market value of one manufacturing facility to be closed (\$1,500). The other company owned manufacturing facility and the distribution facility are expected to be sold at prices in excess of their net carrying value (\$3,000). Also, the charge for severance and benefits for the employees to be terminated is net of a \$3,127 curtailment gain for pension and postretirement health care benefits. At December 31, 1995, no costs have been charged against these restructuring accruals.

The company is also estimating that approximately \$11,000 of incremental costs associated with this restructuring will be incurred in 1996. These incremental costs will benefit future operations and do not qualify for accrual in 1995. Examples of these incremental costs include machinery and equipment and inventory moving costs, employee relocation costs, etc. Also, the company will record an approximate \$1,000 restructuring charge in the first quarter of 1996 to reflect incremental early retirement costs for 55 of these employees who elected (in January 1996) to participate in an early retirement program.

SP Europe Restructuring -- German Plant -- The company will close its unprofitable foundry operations at SP Europe and transfer certain piston ring operations to other facilities. This closing will result in the elimination of approximately 200 employees and is planned to be completed by the end of the third quarter of 1996. The company recorded a \$3,724 restructuring charge to accrue severance that will be paid to these affected employees. Additional costs to complete this restructuring in 1996 are not expected to be significant. At December 31, 1995, no costs have been charged against this restructuring accrual.

1993 RESTRUCTURING CHARGE

In the third quarter of 1993, the company initiated the merger of Allen Testproducts (acquired in June of 1993) with the company's Bear Automotive division to form a single business unit called Automotive Diagnostics. The company recorded a pretax \$27,500 restructuring charge (\$18,500 after-tax) to provide for substantial reduction in workforce and facilities related to the merger. Of the \$27,500 restructuring charge, approximately \$16,000 related to workforce reduction of approximately 600 employees and associated costs. The charge also included \$9,300 of facility duplication and shutdown costs, including the write down of excess assets of \$4,200 (non-cash).

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(8) EXTRAORDINARY LOSS

1995 -- Beginning in the first quarter of 1995, the company began to purchase some of its 11 3/4% senior subordinated notes. As of December 31, 1995, \$31,690 of these notes had been purchased at a premium of \$1,797. This premium, net of income taxes of \$719, has been recorded as the extraordinary loss.

1993 -- In the fourth quarter of 1993, the company recorded an extraordinary charge of \$37,000 (\$24,000 after-tax) for early retirement extinguishment costs associated with debt refinanced in 1994. During the first half of 1994, approximately \$400,000 (December 31, 1993 principal amount) of debt was refinanced. As of the end of the second quarter of 1994, the refinancing was completed and all costs to extinguish this debt were charged to the reserve established at the end of 1993.

(9) EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

The company has defined benefit pension plans which cover substantially all domestic employees. These plans provide pension benefits that are principally based on the employees' years of credited service and levels of earnings. Contributions in excess of pension expense are considered prepayments for financial accounting purposes. The company has determined that foreign defined benefit pension plans are immaterial to the consolidated financial statements. Net periodic pension cost (benefit) included the following components:

	1995	1994	1993
	-----	-----	-----
Service cost-benefits earned during the period.....	\$ 7,711	\$ 7,906	\$ 4,585
Interest cost on projected benefit obligation.....	16,738	14,920	6,852
Actual (gain) loss on assets.....	(64,439)	1,069	(19,633)
Net amortization and deferral.....	42,294	(23,973)	8,440
	-----	-----	-----
Net periodic pension cost (benefit).....	\$ 2,304	\$ (78)	\$ 244
	=====	=====	=====
Actuarial assumptions used:			
Discount rate.....	7.5%	8.25%	7.5%
Rate of increase in compensation levels.....	5.0	5.5	5.0
Expected long-term rate of return on assets.....	9.5	9.5	9.5

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

Plan assets principally consist of equity and fixed income security investments. The following table sets forth the plans' funded status and amounts recognized in the company's consolidated balance sheets as Other Assets for its U.S. pension plans:

	DECEMBER 31, 1995		DECEMBER 31, 1994	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
Actuarial present value of benefit obligations:				
Vested benefit obligation.....	\$ 184,953	\$ 1,866	\$ 147,551	\$ 6,866
	=====	=====	=====	=====
Accumulated benefit obligation.....	\$ 203,980	\$ 2,276	\$ 162,811	\$ 7,476
	=====	=====	=====	=====
Projected benefit obligation.....	\$ 230,085	\$ 2,276	\$ 193,562	\$ 7,476
Plan assets at fair value.....	283,191	1,826	227,137	6,552
	-----	-----	-----	-----
Projected benefit obligation less (greater) than plan assets.....	\$ 53,106	\$ (450)	\$ 33,575	\$ (924)
Unrecognized net (gain) loss.....	(39,417)	(137)	(16,248)	(5)
Prior service cost not yet recognized in net periodic pension cost.....	9,146	327	6,421	556
Remaining unamortized net (asset) liability at transition.....	(2,637)	--	(3,220)	28
	-----	-----	-----	-----
Prepaid pension cost recognized in the consolidated balance sheets.....	\$ 20,198	\$ (260)	\$ 20,528	\$ (345)
	=====	=====	=====	=====

In the fourth quarter of 1995, the company recorded a curtailment gain of \$1,853 associated with employee terminations included in the Specialty Service Tool restructuring and the gain has been included in the restructuring charge. As part of the 1993 divestitures of the SPR and Truth divisions, the company recorded curtailment gains of \$4,100 and the gain was included in the gain recognized on the sale of these divisions.

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE

Postretirement health and life insurance expense was as follows:

	1995	1994	1993
	-----	-----	-----
Benefit cost for service during the year -- net of employee contributions.....	\$ 1,096	\$ 1,472	\$ 317
Net amortization and deferral.....	(2,709)	(2,057)	(64)
Actual return on assets.....	(148)	--	--
Interest cost on accumulated postretirement benefit obligation.....	6,261	6,674	1,338
	-----	-----	-----
Postretirement benefit cost.....	\$ 4,500	\$ 6,089	\$ 1,591
	=====	=====	=====

The accumulated postretirement benefit obligation was actuarially determined based on assumptions regarding the discount rate and health care trend rates. The health care trend assumption applies to postretirement medical and dental benefits. Different trend rates are used for pre-age 65 and post-age 65 medical claims and for expected dental claims. The trend rate used for the medical plan was 13% in 1995, grading to a 6% ultimate rate by 1% each year for pre-65 claims; and 9.5% in 1995 grading to 6% by .5% each year for post-age 65 claims. The trend rate for the dental plan was 6% each year. The liability was discounted using the pension rates. Increasing the health care trend rate by one

percentage point would increase the

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

accumulated postretirement benefit obligation by \$4,700 and would increase the 1995 postretirement benefit cost by \$400.

The following table summarizes the accumulated benefit obligation (in thousands):

	DECEMBER 31,	
	1995	1994
Accumulated postretirement benefits obligation ("APBO")		
Retirees.....	\$ 56,605	\$ 52,314
Actives fully eligible.....	9,131	10,871
	-----	-----
APBO fully eligible.....	65,736	63,185
Actives not fully eligible.....	18,692	22,049
	-----	-----
Total APBO.....	\$ 84,428	\$ 85,234
Assets.....	(1,024)	(943)
	-----	-----
Unfunded status.....	\$ 83,404	84,291
Unrecognized:		
Net reduction in prior service costs.....	27,044	26,075
Net gain (loss).....	1,764	3,902
	-----	-----
Accrued APBO included in long-term liabilities.....	\$112,212	\$114,268
	=====	=====

In the fourth quarter of 1995, the company recorded a curtailment gain of \$1,274 associated with employee terminations included in the Specialty Service Tool restructuring and the gain has been included in the restructuring charge.

RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN ("KSOP")

Beginning in 1994, the company combined its former Retirement Savings Plan and its Employee Stock Ownership Plan ("ESOP") into a single plan, the KSOP. The plan provides benefits to approximately 3,000 domestic employees. These employees can contribute up to 15% of their earnings. The company matches a portion of the employee's contribution with shares from the plan's trust. In 1995 and 1994, 211,882 and 163,908 shares, respectively, were allocated to employees under the plan. In 1993, 114,588 shares were allocated to eligible employees under the ESOP plan and cash contributions to the participants of the former Retirement Savings Plan were \$875. Compensation expense is recorded based upon the market value of shares as the shares are allocated to the employees. In 1995, 1994 and 1993, \$3,027, \$2,778 and \$1,925 was recorded as compensation expense, respectively.

The ESOP was established in 1989 when the ESOP borrowed \$50,000, which was guaranteed by the company, and used the proceeds to purchase 1,746,725 shares of common stock issued directly by the company. Employees may vote allocated shares directly, while the ESOP trustee will vote the unallocated shares proportionally on the same basis as the allocated shares were voted. At December 31, 1995, there were 870,555 unallocated shares in the ESOP trust. The fair market value of the unallocated shares was \$13,800 at December 31, 1995. Also, the company recorded third party interest expense incurred by the ESOP trust for third party borrowings of \$950 in 1994 and \$3,902 in 1993. The third party borrowings of the ESOP trust were extinguished during the first half of 1994 and replaced by a loan from the company to the ESOP trust.

OTHER

The company provides defined contribution pension plans for substantially all employees not covered by defined benefit pension plans. Collectively, the company's contributions to these plans were \$1,519 in 1995, \$1,308 in 1994 and \$683 in 1993.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

The company provides a Retirement Savings Plan for certain eligible domestic employees that are not included in the KSOP. These employees can contribute up to 15% of their earnings. The company matches a portion of the employee's contribution with cash. The company's cash contribution to this plan was \$1,033 in 1995 and \$1,019 in 1994.

(10) RECEIVABLES

Changes in the reserve for losses on receivables were as follows:

	DECEMBER 31,		
	1995	1994	1993
Balance at beginning of year.....	\$ 7,968	\$ 9,177	\$10,789
Recorded in acquisition of SPT and due to consolidation of SP Europe.....	--	--	747
Amount charged to income.....	1,614	3,358	3,609
Accounts written off, net of recoveries.....	(1,981)	(2,000)	(2,398)
Reduction resulting from sale of SPR and Truth divisions.....	--	--	(3,588)
Reclassifications and other.....	757	(2,567)	18
Balance at end of year.....	\$ 8,358	\$ 7,968	\$ 9,177

(11) INVENTORIES

Domestic inventories, amounting to \$111,300 and \$116,100 at December 31, 1995 and 1994, respectively, are based on the last-in, first-out (LIFO) method. Such inventories, if priced on the first-in, first-out (FIFO) method, would have been approximately \$18,900 and \$18,200 greater at December 31, 1995 and 1994, respectively. During 1995, 1994 and 1993, certain inventory quantities were reduced resulting in liquidations of LIFO inventory quantities carried at lower costs prevailing in prior years. The effect was to increase net income in 1995 by \$173, in 1994 by \$223 and in 1993 by \$455. Substantially all foreign inventories are valued at FIFO costs. Inventories include material, labor and factory overhead costs. None of the inventories exceed realizable values.

The components of inventory at year-end were as follows:

	DECEMBER 31,	
	1995	1994
Finished products.....	\$ 87,235	\$ 83,332
Work in process.....	28,711	32,820
Raw materials and supplies.....	34,905	35,669
	\$150,851	\$151,821

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(12) INCOME TAXES

Income (loss) before income taxes and the related provision (benefit) for income taxes from continuing operations consists of the following:

	1995	1994	1993
	-----	-----	-----
Income (loss) before income taxes			
Domestic.....	\$ 10,136	\$25,135	\$ 64,776
Foreign.....	(11,714)	(2,931)	(23,599)
	-----	-----	-----
Total.....	\$ (1,578)	\$22,204	\$ 41,177
	=====	=====	=====
Provision (benefit) for income taxes			
U.S. Federal:			
Current.....	\$ 4,329	\$10,535	\$ 31,425
Deferred.....	(1,896)	(2,981)	(9,521)
State.....	290	1,967	4,411
Foreign.....	(2,950)	(400)	1,748
	-----	-----	-----
Total.....	\$ (227)	\$ 9,121	\$ 28,063
	=====	=====	=====

A reconciliation of the effective rate for income taxes shown in the consolidated statements of income with the U.S. statutory rate of 35% is shown below:

	1995	1994	1993
	-----	-----	-----
Amount computed at statutory rate.....	(35.0)%	35.0%	35.0%
Increase (decrease) in taxes resulting from:			
U.S. rate change on net deferred taxes.....	--	--	2.0
Tax credits and incentives.....	--	(1.1)	(0.5)
Net effect of foreign operations.....	72.9	2.8	21.0
State income taxes, net of federal income tax benefit.....	11.9	5.8	5.8
Amortization of goodwill and other acquisition costs.....	99.0	6.9	3.6
Capital loss on sale of investment in RSV.....	(82.1)	--	--
Tax benefit of the Foreign Sales Corporation.....	(32.3)	(2.2)	(2.0)
Earnings from equity interests.....	(70.4)	(3.0)	(0.1)
Other, net.....	21.6	(3.1)	3.4
	-----	-----	-----
	(14.4)%	41.1%	68.2%
	=====	=====	=====

No provision has been made for income and withholding taxes which would become payable upon distribution of the undistributed earnings of foreign subsidiaries and affiliates. It is the company's present intention to permanently reinvest these earnings in its foreign operations. The amount of undistributed earnings which have been reinvested in foreign subsidiaries and affiliates at December 31, 1995, was \$31,700. It is not practical to determine the hypothetical U.S. federal income tax liability if all such earnings were remitted, but distribution as dividends at the end of 1995 would have resulted in payment of withholding taxes of approximately \$2,100.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

The components of the net deferred income tax assets (liabilities) were as follows:

	DECEMBER 31,	
	1995	1994
Deferred income tax asset:		
Receivables reserve.....	\$ 7,566	\$ 6,883
Inventory.....	6,007	5,938
Compensation and benefit-related.....	9,644	10,362
Restructuring reserves.....	3,738	627
Warranty reserve.....	1,069	1,916
Other liabilities.....	8,952	11,108
Current deferred tax asset.....	\$ 36,976	\$ 36,834
Non-current deferred tax:		
Depreciation.....	\$(28,553)	\$(27,670)
Postretirement health and life.....	39,893	40,436
Book basis investment greater than tax basis investment in affiliates.....	(37,802)	(30,195)
Other.....	973	1,053
Net operating loss carryforwards.....	8,200	17,400
Valuation allowance.....	(8,200)	(17,400)
Non-current deferred tax liability.....	\$(25,489)	\$(16,376)
Net deferred tax asset.....	\$ 11,487	\$ 20,458

Included on the consolidated balance sheets are U.S. federal income tax refunds and receivables of \$10,270 in 1995 and \$19,009 in 1994.

At December 31, 1995, the company has net operating loss carryforwards attributable to foreign operations of \$18,200 available to offset future taxable income. These loss carryforwards expire as follows: \$0 in 1996, \$600 in 1997, \$2,400 in 1998, \$100 in 1999, \$300 in 2000 and \$14,800 thereafter. During 1995, the company utilized \$2,600 of net operating loss carryforwards attributable to foreign operations, resulting in tax benefits of \$1,000. The deferred tax asset related to the net operating loss carryforwards has been reserved in the valuation allowance.

(13) INVESTMENTS AND SP EUROPE

INVESTMENTS

As of December 31, 1995, investments, as shown on the consolidated balance sheet, include equity investments in non-majority owned subsidiaries. These investments include the company's 50% owned interest in a U.S. joint venture, a 50% owned interest in a joint venture in Japan, a 40% interest in a Mexican company and a 50% interest in a German company. All of these investments are accounted for using the equity method. These investments, both individually and collectively, are not material to the company's consolidated financial statements.

In the fourth quarter of 1995, the company sold its 50% ownership in RSV, a Japanese joint venture, to the joint venture partner. The company recorded a gain of \$950, which represented equity losses previously recorded in excess of the original investment. Additionally, the company recorded a \$1,295 tax benefit to reflect the utilization of the capital loss generated by selling the investment.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

SP EUROPE

In the fourth quarter of 1995, the company's partner in SP Europe announced its decision to limit its participation by not fully funding its 30% share of this partnership. The company had accounted for this minority partner's 30% share of SP Europe's losses as minority interest income and recorded the cumulative losses attributed to the partner as "minority interest" in the equity section of the consolidated balance sheets. Although the company's partner in SP Europe currently retains a 30% interest in this partnership, the company will receive 100% of the income or losses of SP Europe until such time as the deficit in the partners' capital accounts is recovered. Due to the partner's decision to not fully fund its 30% share and inherent uncertainties associated with the future recovery of this deficit, the company recorded a \$4,767 charge for the cumulative losses previously attributed to this partner to minority interest (income) loss.

Until December 31, 1993, the company reported that it held a 50% interest in SP Europe. As of December 31, 1993, Riken's pending 20% participation in SP Europe reverted to the company in connection with the transaction to acquire Riken's 49% in SPT. SP Europe had not been previously consolidated due to the company's deemed temporary control and because nonrecourse (to the partners) financing was being pursued. Up to December 31, 1993, the company carried its investment in SP Europe at zero. Due to the resulting 70% ownership, the company recorded its share of cumulative losses since the partnership formation in mid-1991 of \$21,500. As of December 31, 1993, the balance sheet of this partnership is included in the consolidated financial statements, reflecting the company's 70% ownership and Mahle GmbH's 30% minority interest. Beginning in the first quarter of 1994, results of operations of SP Europe are reflected in the consolidated statements of income and cash flows.

(14) PROPERTY, PLANT AND EQUIPMENT

The major classes are as follows:

	DECEMBER 31,	
	1995	1994
	(IN THOUSANDS)	
Land.....	\$ 10,064	\$ 9,715
Buildings.....	91,916	86,740
Machinery and Equipment.....	314,618	286,298
Construction in Progress.....	9,038	25,483
Total.....	\$ 425,636	\$ 408,236
Less: Accumulated Depreciation.....	(212,672)	(193,450)
Net.....	\$ 212,964	\$ 214,786

(15) COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED

At December 31, 1995 and 1994, total costs in excess of net assets of businesses acquired was \$224,291, and accumulated amortization of costs in excess of net assets of businesses acquired was \$31,957 and \$25,146, respectively. Amortization was \$6,811 in 1995, \$6,007 in 1994 and \$3,382 in 1993.

The company amortizes costs in excess of the net assets of businesses acquired ("goodwill") on a straight-line method over the estimated periods benefited, not to exceed 40 years. 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

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

amortization over the remaining life of the goodwill, to determine whether a writedown of goodwill to recoverable value is appropriate.

At December 31, 1995, \$69,217 of goodwill relates to the Automotive Diagnostics operating unit. This operating unit has incurred significant operating losses in 1995 and in prior years. The company projects that, in the near future, the cost savings, market synergies and other factors which, in part, will be realized from the Bear Automotive and Allen Testproducts combination and the 1995 restructuring described in Note 7 will result in non-discounted operating income sufficient to exceed goodwill amortization.

The market for certain portions of the Automotive Diagnostics operating unit's products is highly cyclical. The demand for vehicle emissions test equipment is significantly impacted by changes in U.S. federal and state government regulations designed to improve air quality by imposing more stringent limitations on emissions and discharges to the environment from motor vehicles. Management also believes that these regulations have a related impact on the market for engine performance testing equipment. Certain of the company's products perform tests of both engine performance and emissions.

The company's projections for this operating unit over the near term (after 1996) include significant incremental revenues, operating profit and cash flows associated with market opportunities that will be created by enacted federal and state regulations mandated by the 1990 Clean Air Act Amendment (the "Act"). Over the longer term, the company's projections include the cyclical impact of further legislation in the U.S. and in certain international markets in which the company participates. As a result of the Act, certain geographic regions were designated as "enhanced emissions areas." Areas so designated are required to implement more rigorous testing standards. This change creates additional market opportunity for the company, in particular, for testing equipment capable of testing for nitrites of oxygen. However, due to politically driven factors, various states have delayed implementation of the provisions of the Act in these "enhanced emissions areas." To date, no changes have been made to the Act for implementation or enforcement. Further, the company expects debate to continue during 1996 at both the federal and state level over the merits of this legislation. Future changes in legislation could significantly diminish or eliminate these incremental market opportunities for motor vehicle gas emissions testing equipment.

It is not possible to predict the extent to which the company or the market for motor vehicle gas emissions testing equipment in general might be affected by the matters described above. However, should the company's projections require downward revisions based upon changed events, circumstances or legislation, this operating unit's goodwill may require writedown. Although having no cash flow impact, the resulting charge, if any, could materially reduce the company's future reported results of operations and shareholders' equity. At this time, based upon present information, projections and strategic plans, the company has concluded that there has been no permanent impairment of the Automotive Diagnostics operating unit's tangible or intangible assets.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(16) ACCRUED LIABILITIES

Details of accrued liabilities is as follows:

	DECEMBER 31,	
	1995	1994
	-----	-----
Accrued payroll and benefits.....	\$ 55,082	\$ 53,175
Warranty reserves.....	4,270	5,218
Restructuring reserve.....	12,629	1,992
Interest payable.....	2,597	3,836
Deferred revenue -- service contracts.....	12,338	9,028
Repossession reserves.....	1,664	6,475
Other.....	46,807	52,349
	-----	-----
	\$135,387	\$132,073
	=====	=====

(17) COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES

The company leases certain offices, warehouses and equipment under lease agreements which expire at various dates through 2007. Future minimum rental commitments under non-cancelable operating leases are \$12,100 for 1996, \$8,900 for 1997, \$6,200 for 1998, \$4,800 for 1999, \$3,700 for 2000 and aggregate \$11,100 thereafter. Rentals on these leases were \$14,800 in 1995, \$11,400 in 1994 and \$12,900 in 1993.

GENERAL

Certain claims, including environmental matters, suits and complaints arising in the ordinary course of business, have been filed or are pending against the company. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the company if disposed of unfavorably.

The company has, for at least the last two and one-half years, been engaged in discussions with Snap-on Corporation regarding claims which the company has against Snap-on and which Snap-on believes it has against the company. As of August 26, 1993, the company had asserted a number of patent infringement claims against Snap-on, relating to products marketed either by Snap-on or by Sun Electric Corporation, a company whose stock Snap-on purchased in 1992. As of August 26, 1993, Snap-on had asserted claims of violation of securities laws against one of its executives arising out of his former employment with Sun Electric and against the company as an aider and abettor of those violations. On that date, a Standstill Agreement was executed between the parties which preserved the parties' rights while permitting settlement discussions. Since that time, Snap-on has raised patent infringement claims against the company which, by agreement, are covered by the August 26, 1993 Standstill Agreement, as well as another independent patent infringement claim for which a lawsuit was filed in California in late December 1995. On January 8, 1996, after extensive but unsuccessful negotiations to resolve all asserted claims, Snap-on Corporation and Sun Electric Corporation notified the company of the termination of the Standstill Agreement. Under the terms of that Agreement, the standstill will terminate March 8, 1996. The company has been advised that after that date, Snap-on and Sun will initiate litigation and assert their claims. If they do not do so, the company intends to begin litigation of its claims against Snap-on and Sun. The company has what it believes to be meritorious defenses as well as counterclaims which it will raise and intends to vigorously prosecute any litigation. The asserted value of the claims against the company and those to be brought by the company are in the multiple millions of dollars. It is not, however, possible to assess the ultimate outcome of the claims at this point.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

During the first quarter of 1995, the company reached agreement to settle a dispute involving a non-core business sold in 1989. As of December 31, 1994, the company recorded a \$2,100 charge for this settlement. The company expects this agreement to resolve all issues pertaining to the sale of this business.

ENVIRONMENTAL

The company's operations and properties are subject to federal, state, local, and foreign regulatory requirements relating to environmental protection. It is the company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and regulations and the company is not aware of any violation that could have a material adverse effect on the business, financial conditions, results of operations, or cash flows of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future.

The company is also subject to potential liability for the costs of environmental remediation. This liability may be based upon the ownership or operation of industrial facilities where contamination may be found as well as contribution to contamination existing at offsite, non-owned facilities. These offsite remediation costs cannot be quantified with any degree of certainty. At this time, management can estimate the environmental remediation costs only in terms of possibilities and probabilities based on available information.

The company is involved as a potentially responsible party ("PRP") under the Comprehensive, Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, or similar state superfund statutes in ten proceedings involving off-site waste disposal facilities. At seven of these sites it has been established that the company is a de minimis contributor. A determination has not been made with respect to the remaining three sites, but the company believes that it will be found to be a de minimis contributor at two of them. Of these remaining sites, one is approaching settlement with the Environmental Protection Agency with an expected cost to the company of approximately \$200, another is expected to be resolved at a cost not to exceed \$50, and the final site is under investigation with an expected cost of approximately \$150. Based on information available to the company, which in most cases includes estimates from PRPs and/or federal or state regulatory agencies for the investigation, clean up costs at those sites, and data related to the quantities and characteristics of materials generated at or shipped to each site, the company believes that the costs for each site are not material and in total the anticipated clean up costs of current PRP actions would not have a material adverse effect on the company's business, financial condition, results of operations, or cash flows.

In the case of contamination existing upon properties owned or controlled by the company, the company has established reserves which it deems adequate to meet its current remediation obligations.

There can be no assurance that the company will not be required to pay environmental compliance costs or incur liabilities that may be material in amount due to matters which arise in the future or are not currently known to the company.

EXECUTIVE SEVERANCE AGREEMENTS

During 1988, the company's Board of Directors adopted executive severance agreements which create certain liabilities in the event of the termination of the covered executives following a change of control of the company. The aggregate commitment under these executive severance agreements should all eight covered employees be terminated is approximately \$12,800. Additionally, should a change in control occur, restrictions

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

on any outstanding restricted stock and stock options granted under the 1992 Stock Compensation Plan would lapse.

(18) NOTES PAYABLE AND DEBT

	DECEMBER 31,	
	1995	1994
Revolving Credit Agreement.....	\$ 60,000	\$125,000
Swingline loan facility.....	2,000	--
Senior Subordinated Notes, 11.75%.....	228,310	260,000
Industrial Revenue Bonds, with interest rates established monthly based on an index of short-term municipal bond interest rates, due 2010 to 2025.....	15,100	15,100
Other.....	14,377	15,115
Total Consolidated debt.....	\$319,787	\$415,215
Less -- Notes payable and current maturities of long-term debt.....	893	1,133
Total Long-Term Debt.....	\$318,894	\$414,082

Aggregate maturities of total debt are \$893 in 1996, \$9,017 in 1997, \$3,393 in 1998, \$62,000 in 1999, \$0 in 2000 and \$244,484 thereafter.

REVOLVING CREDIT AGREEMENT -- The company has a credit agreement, as amended, with a syndicate of banks which provides unsecured revolving credit commitments in an aggregate amount not to exceed \$225,000. The agreement, dated March 24, 1994, has a termination date of March 15, 1999 with mandatory revolving credit commitment reductions of \$12,500 in June and December of 1997 and 1998, respectively. At the option of the company, revolving credit advances may be Floating rate advances or Eurodollar advances. Floating rate advances bear interest at the prime rate, and Eurodollar advances bear interest at LIBOR plus 1.0% for an interest period of one, two, three or six months, selected by the company prior to each Eurodollar advance. At December 31, 1995, the weighted average interest rate on outstanding revolving credit borrowings was 7.0%.

The agreement also provides a letter of credit facility, which is available for the issuance of standby letters of credit in an aggregate amount of \$35,000. Standby letters of credit issued under this facility reduce the aggregate amount available under the revolving credit commitment.

The company must pay a commitment fee of .375% per annum on the aggregate revolving credit commitment, minus the sum of the outstanding balance of the revolving credit loans and the letter of credit facility obligations.

The company also has a \$5,000 swingline loan facility to assist in managing daily cash requirements. Loans under the swingline bear interest at the prime rate and are due in 90 days.

SENIOR SUBORDINATED NOTES -- In May 1994, the company issued \$260,000 of senior subordinated notes which bear interest of 11.75%, payable semi-annually and are due June 1, 2002. The notes are redeemable at the option of the company after June 1, 1998 at a premium which declines to par in the year 2000. In addition, up to \$78,000 of the notes are redeemable prior to June 1, 1996, at the option of the company, within 45 days of the sale of capital stock in a public equity offering from the net proceeds of such sale at a redemption price equal to 110.75% of the principal amount to be redeemed, together with accrued and unpaid interest, if any, thereon to the date of redemption.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

RESTRICTIVE COVENANTS -- The company's revolving credit agreement and senior subordinated note indenture contain covenants. Late in 1995 and in the first quarter of 1996, the revolving credit agreement was amended to adjust certain covenants. At December 31, 1995, the company was in compliance with such amended covenants. Under the most restrictive of these covenants, the company was required to:

- Maintain a leverage ratio, as defined, of 78% or less, declining on a graduated scale to 65% in 1999. The leverage ratio at December 31, 1995 was 69%.
- Maintain an interest expense coverage ratio, as defined, of 1.70:1 or greater in 1995 rising on a graduated scale to 3.50:1 or greater in 1998 and thereafter. The interest expense coverage ratio as of December 31, 1995 was 2.13:1.
- Maintain a fixed charge coverage ratio, as defined, of 1.50:1 or greater in 1995 and 1996, and 2:1 or greater thereafter. The fixed charge coverage ratio as of December 31, 1995 was 1.78:1.
- Limit dividends paid during the preceding twelve months to 10% of operating income plus depreciation and amortization (EBITDA) for the twelve month period. Dividends paid for the twelve month period ended December 31, 1995 were \$5,274 and 10% of EBITDA for the period was \$7,613.

Covenants also limit capital expenditures, investments and transactions with affiliates. The amended revolving credit agreement also limits the company's prospective purchase of 11-3/4% senior subordinated notes to \$15 million. The company is currently negotiating an amendment with the revolving credit facility lenders to increase the amount of notes that can be purchased to \$50 million. These negotiations also include the reduction of the revolving credit facility's commitment from \$225 million to \$175 million. It is anticipated that this amendment will be obtained by mid to late March 1996.

(19) FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

The company has only limited involvement with derivative financial instruments and does not use them for trading purposes. They are used to manage well-defined interest rate and transaction specific foreign exchange risks.

Interest rate cap agreements are used to reduce the potential impact of increases in interest rates on floating rate long-term debt. At December 31, 1995, the company was party to three interest rate cap agreements which expire in 1997 and 1998. The agreements entitle the company to receive from the counterparties on a quarterly basis the amounts, if any, by which LIBOR exceeds 8.5% on \$25,000 and 9.0% on \$75,000.

The company enters into foreign exchange contracts to hedge specific purchase and sale transactions involving more than one currency. The company's forward exchange contracts and futures hedge transactions are principally denominated in European currencies. Some of the contracts involve the exchange of two foreign currencies, according to local needs in foreign subsidiaries. The term of the currency derivatives is rarely more than six months. The purpose of the company's foreign currency hedging activities is to protect the company from the risk that the eventual total dollar net cash inflows resulting from transactions will be adversely affected by changes in exchange rates. At December 31, 1995, the company had no foreign exchange contracts outstanding. At December 31, 1994, the company had foreign exchange contracts maturing during 1995 to sell the equivalent of \$718 and to purchase the equivalent of \$718 in foreign currency.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

OFF-BALANCE SHEET RISK

As collateral for performance on contracts and as credit guarantees to banks and insurers, the company is contingently liable under standby letters of credit in the amount of \$22,467 and \$26,406 at December 31, 1995 and 1994, respectively. These standby letters of credit are generally in force for one year, for which the company pays fees to various banks that generally range from 0 to 1.25 percent per annum of their face value. If the company was required to obtain replacement standby letters of credit as of December 31, 1995 for those currently outstanding, it is the company's opinion that the replacement costs for such standby letters of credit would not significantly vary from the present fee structure.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the company's financial instruments at December 31 are as follows:

	1995		1994	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and temporary investments.....	\$ 17,069	17,069	\$ 9,859	\$ 9,859
Receivables.....	130,171	130,171	128,544	128,544
Other assets (derivative).....	159	11	431	950
Notes payable and current maturities of long-term debt and Long-term debt.....	(319,787)	(336,376)	(415,215)	(413,915)
Off-Balance Sheet Financial Instruments: Letters of Credit.....	--	(22,467)	--	(26,406)

The following methods and assumptions were used by the company in estimating its fair value disclosures:

- Cash and temporary investments, and receivables: The carrying amount reported on the consolidated balance sheet approximates its fair value because of the short maturity of those instruments.
- Other assets (derivatives): The amount reported relates to the interest rate cap agreements. The carrying amount comprises the unamortized premiums paid for the contracts. The fair value is estimated using option pricing models and essentially values the potential for the cap to become in-the-money through changes in interest rates during the remaining term.
- Notes payable and current maturities of long-term debt and Long-term debt: The fair value of the company's debt either approximates its carrying value or is estimated based on quoted market prices.
- Letters of credit: The company utilizes letters of credit to back certain financing instruments and insurance policies. The letters of credit reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the marketplace.

RECEIVABLES SOLD WITH REPURCHASE AND RECOURSE PROVISIONS

The company retained certain repurchase and recourse liability related to lease receivables sold to Textron Financial Corporation ("TFC"). As of December 31, 1995, approximately \$12,000 of lease receivables held by TFC are subject to recourse equal to their net lease balance. The company's allowance for this recourse liability, net of the estimated recoverable value, was \$3,200 at December 31, 1995. Additionally, as of December 31, 1995, TFC holds approximately \$55,500 of net lease receivables that provide for limited

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

repurchase liability to the company. The company's analysis indicates that this limited repurchase liability approximates the estimated recoverable value.

The company retained limited recourse liability related to certain lease receivables which were sold to financial institutions prior to 1994. In the event of default by a lessee, the financial institution has recourse equal to their net lease receivable. In return, the company receives the collateralized lease equipment. At December 31, 1995 and 1994, financial institutions held lease receivables, which are subject to limited recourse, of \$7,586 and \$20,365, respectively. Correspondingly, allowances for recourse liabilities, net of recoverable value, were \$455 and \$1,470 at December 31, 1995 and 1994.

The company has a three year agreement, expiring in April 1997, with a financial institution whereby the company agreed to sell undivided fractional interests in designated pools of domestic trade accounts receivable, in an amount not to exceed \$30,000. In order to maintain the balance in the designated pools of trade accounts receivable sold, the company sells participating interests in new receivables as existing receivables are collected. At December 31, 1995 and 1994, the company had sold \$25,950 of trade accounts receivable under this and previous programs. Under the terms of this agreement, the company is obligated to pay fees which approximate the purchasers' cost of issuing a like amount in commercial paper plus certain administrative costs. The amount of such fees in 1995, 1994 and 1993 were \$1,860, \$1,390 and \$1,215 respectively and are included in other expense, net.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the company to significant concentrations of credit risk consist principally of cash and temporary investments, trade accounts receivable and its interest rate cap agreements.

Cash and temporary investments are placed with various high credit quality financial institutions throughout the world and exposure is limited at any one institution. The company periodically evaluates the relative credit standing of these financial institutions.

Concentrations of credit risk arising from trade accounts receivable are due to the company selling to a large number of customers operating in the motor vehicle industry, particularly in the United States. The company performs ongoing credit evaluations of its customers' financial conditions and does obtain collateral or other security when appropriate. The company's three largest customers including their divisions, dealers and distributors, General Motors Corporation, Ford Motor Company and Chrysler Corporation, accounted for approximately 37% of sales in 1995.

The company is exposed to credit losses in the event of nonperformance by counterparties to its interest rate cap agreements, but has no off-balance-sheet credit risk of accounting loss. The company anticipates, however, that counterparties will be able to fully satisfy their obligations under the contracts. The company does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of counterparties.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(20) CAPITAL STOCK

Authorized shares of common stock (par value \$10.00) total 50,000,000 shares. Common shares issued and outstanding are summarized in the table below.

	DECEMBER 31,		
	1995	1994	1993
	(IN THOUSANDS)		
Issued.....	15,948	15,648	15,556
In treasury.....	(1,633)	(1,633)	(1,633)
Outstanding.....	14,315	14,015	13,923
ESOP trust -- unallocated.....	871	1,082	1,246

The company's treasury stock was purchased in 1989 at an average cost of \$30 5/8 per share. The company has 3,000,000 shares of preferred stock, no par value, authorized, but no shares have been issued.

In June 1989, the company established an employee stock ownership plan (ESOP). 1,746,725 shares of common stock were issued to the ESOP trust in exchange for \$50,000. These shares were issued at market value (\$28 5/8 per share) and are included in common stock and paid in capital.

The company restated, amended and renamed its 1982 Stock Option Plan to the 1992 Stock Compensation Plan, effective December 15, 1992. Under the new Stock Compensation Plan, up to 700,000 shares of the company's common stock may be granted to key employees with those shares still available for use under the 1982 Stock Option Plan being carried forward and forming a part of the 700,000 shares. Awards of incentive stock options, nonqualified stock options, stock appreciation rights (SAR's), performance units and restricted stock may be made under the Plan although no more than 200,000 shares may be granted in the form of restricted stock. The Plan also authorizes the granting of stock options to directors.

Stock options may be granted to key employees in the form of incentive stock options or nonqualified stock options at an option price per share of no less than the fair market value of the common stock of the company on the date of grant. The options become exercisable six months after the date of the grant and expire no later than 10 years from the date of grant (or 10 years and 1 day with respect to nonqualified stock options).

SAR's may be granted to key employees either in conjunction with the awarding of nonqualified stock options or on a stand-alone basis. The SAR's entitle the holder to receive a cash payment equal to the excess of the fair market value of a share of common stock of the company over the exercise price of the right at the date of exercise of the right.

Performance units, which are equivalent to a share of common stock, may be granted to key employees and may be earned, in whole or in part, dependent upon the attainment of performance goals established at the time of grant.

Restricted stock may be granted to key individuals to recognize or foster extraordinary performance, promotion, recruitment or retention. At the time of the grant, restrictions are placed on ownership of the shares for a stated period of time during which a participant will not be able to dispose of the restricted shares. Upon lapse of the restriction period, complete ownership is vested in the participant and the shares become freely transferable.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

A summary of common stock options and restricted stock issued under the company's stock compensation plans is as follows:

	1995 -----	1994 -----	1993 -----
Stock Options:			
Outstanding at beginning of year.....	1,080,225	924,300	877,140
Granted.....	13,800	258,600	148,400
Exercised.....	(111,025)	(93,850)	(21,903)
Surrendered/canceled.....	(96,800)	(8,825)	(79,337)
	-----	-----	-----
Outstanding at end of year.....	886,200	1,080,225	924,300
	=====	=====	=====
Price of options exercised and outstanding per share.....	\$11.38- 28.00	11.38- 28.00	11.38- 28.00
Restricted Stock granted under 1992 Stock Compensation Plan.....	68,835	--	--
Shares reserved and available for future grants....	206,777	192,612	442,387

All options outstanding at December 31, 1995 can be exercised.

In 1995, the Board of Directors awarded the Chairman, President, and Chief Executive Officer of the company, as part of his employment agreement, a ten year non-qualified option to purchase 125,000 shares of common stock of the company at a price equal to the closing price on the New York Stock Exchange on the date of grant (\$15.75 per share). The options, which are not a part of the 1992 Stock Compensation Plan, cannot be exercised until May 1996.

The company issued 125,000 shares of restricted common stock to the Chairman, President, and Chief Executive Officer of the company, as part of his employment agreement, in November 1995. The restricted shares will vest twenty percent per year beginning December 1, 1996. These shares carry voting and dividend rights; however, sale of the shares is restricted prior to vesting. The restricted shares were recorded at their fair market value on the date of grant with a corresponding charge to shareholders' equity representing the unearned portion of the award. The unearned portion is being amortized as compensation expense on a straight-line basis over the vesting period. The shares are not a part of the 1992 Stock Compensation Plan.

Preferred stock is issuable in series with the Board of Directors having the authority to determine, among other things, the stated value of each series, dividend rate, conversion rights and preferences in liquidation or redemption.

On June 25, 1986, the company entered into a Rights Agreement which was amended and restated as of October 20, 1988. Pursuant to the Rights Agreement, in July 1986, the company issued a dividend of one preferred stock purchase right on each outstanding share of common stock. Each right entitles the holder, upon the occurrence of certain events, to purchase one one-hundredth of a share of a new series of junior participating preferred stock for \$100. Furthermore, if the company is involved in a merger or other business combination at any time after the rights become exercisable, the rights will entitle the holder to buy the number of shares of common stock of the acquiring company having a market value of twice the then current exercise price of each right. Alternatively, if a 20% or more shareholder acquires the company by means of a reverse merger in which the company and its stock survive, or engages in self-dealing transactions with the company, or if any person acquires 20% or more of the company's common stock, then each right not owned by a 20% or more shareholder will become exercisable for the number of shares of common stock of the company having a market value of twice the then current exercise price of each right. The rights, which do not have voting rights, expire on July 15, 1996, and may be redeemed by the company at a price of \$.05 per right at any time prior to their expiration.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

(21) SPT AND SP EUROPE

The company consolidated SPT and SP Europe (unaudited) at December 31, 1993. Selected 1993 financial information on these entities was as follows:

	SPT	SP EUROPE
	-----	-----
Revenues.....	\$391,600	\$ 40,600
Gross profit.....	53,800	(4,000)
Selling, general & admin. expense.....	28,200	9,100
Other (income), net.....	(2,000)	500
	-----	-----
Earnings before interest.....	\$ 27,600	\$(13,600)
Interest expense, net.....	27,100	900
	-----	-----
Income (loss) before cumulative effect of change in accounting method.....	\$ 500	\$(14,500)
Cumulative effect of change in accounting method for postretirement benefits.....	(89,500)	--
	-----	-----
Income (loss).....	\$(89,000)	\$(14,500)
	=====	=====
Depreciation and amortization.....	20,400	(1,000)
Capital expenditures, net.....	17,800	4,200

(22) QUARTERLY RESULTS (UNAUDITED)

	1995				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
	-----	-----	-----	-----	-----
Revenues.....	\$275,769	\$293,376	\$268,790	\$260,168	\$1,098,103
Gross profit.....	58,556	68,490	63,752	53,768	244,566
Income (loss) from continuing operations.....	201	3,572	4,204	(9,328)*	(1,351)
Income (loss) from discontinued operation.....	121	63	(3,031)	--	(2,847)
Extraordinary loss.....	(72)	(206)	(471)	(329)	(1,078)
Net income (loss).....	250	3,429	702	(9,657)	(5,276)
Income (loss) per share:					
Continuing operations.....	\$.01	\$.28	\$.32	\$ (.70)	\$ (.10)
Discontinued operation.....	.01	.00	(.23)	.00	(.22)
Extraordinary loss.....	.00	(.02)	(.04)	(.03)	(.08)
Net income (loss).....	.02	.26	.05	(.73)	(.40)

* Includes a pretax restructuring charge of \$10,724 (\$6,972 after-tax).

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1995

	1994				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Revenues.....	\$274,084	\$285,807	\$249,805	\$270,174	\$1,079,870
Gross profit.....	64,749	70,013	62,658	60,945	258,365
Income from continuing operations.....	2,675	6,651	3,032	725	13,083
Income from discontinued operation.....	425	249	168	175	1,017
Net income.....	3,100	6,900	3,200	900	14,100
Income per share:					
Continuing operations.....	\$.21	\$.52	\$.24	\$.06	\$ 1.02
Discontinued operation.....	.03	.02	.01	.01	.08
Net income.....	.24	.54	.25	.07	1.10

	1993				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Revenues.....	\$178,682	\$210,760	\$191,786	\$165,943	\$ 747,171
Gross profit.....	56,906	69,060	61,972	51,201	239,139
Income (loss) from continuing operations.....	283	4,875	(20,811)*	28,767**	13,114
Income from discontinued operation.....	74	553	555	904	2,086
Cumulative effect of change in accounting methods.....	(31,800)	--	--	--	(31,800)
Extraordinary loss.....	--	--	--	(24,000)	(24,000)
Net income (loss).....	(31,443)	5,428	(20,256)	5,671	(40,600)
Income (loss) per share:					
Continuing operations.....	\$.02	\$.39	\$ (1.65)	\$ 2.27	\$ 1.04
Discontinued operation.....	.00	.04	.04	.07	.16
Cumulative effect of change in accounting methods.....	(2.52)	--	--	--	(2.52)
Extraordinary loss.....	--	--	--	(1.90)	(1.90)
Net income (loss).....	(2.50)	.43	(1.61)	.44	(3.22)

* Includes a pretax restructuring charge of \$27,500 (\$18,500 after-tax).

** Includes SP Europe equity losses, \$21,500 after-tax, and a pretax gain on the sale of businesses of \$105,400 (\$64,200 after-tax).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

(a) Directors of the company.

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Election of Directors".

(b) Executive Officers of the company.

See Part I of this Form 10-K at page 10.

ITEM 11. MANAGEMENT REMUNERATION AND TRANSACTIONS

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the headings "Compensation of Executive Officers" and "Directors' Compensation".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Stock Ownership of Management and Certain Beneficial Owners".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Peter H. Merlin, a Director of the company, is a Partner of the law firm of Gardner, Carton & Douglas which the company has retained in 1995 and many prior years and anticipates retaining in 1996 and thereafter.

Albert A. Zagotta and Robert C. Huff were elected executive officers of the company in 1994 as part of the transactions in which the company acquired full ownership of Sealed Power Technologies Limited Partnership ("SPT") from Riken Corporation. In April 1995, the company made payments for the shares of SPT owned by Mr. Zagotta and Mr. Huff, who were formerly executive officers of SPT, as well as four other managers of the former SPT businesses all as part of the reacquisition transactions. Mr. Zagotta received \$242,760.00, and Mr. Huff received \$277,440.00. The amounts were determined on the same basis per share as was paid to Riken Corporation for its interests in SPT.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed, or incorporated by reference, as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements on page 26 of this Form 10-K.
2. Financial Statement Schedules. None required. See page 26 of this Form 10-K.
3. Exhibits

ITEM NO.	DESCRIPTION
2	Acquisition Agreement between SPX Corporation and Riken Corporation, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1993.
3(i)	Restated Certificate of Incorporation, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1987.
(ii)	Certificate of Ownership and Merger dated April 25, 1988, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(iii)	By-Laws as amended through October 25, 1995, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended September 30, 1995.
4(i)	Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of March 24, 1994, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1993.
(ii)	11 3/4% Senior Subordinated Notes due 2002, incorporated herein by reference from the company's Amendment No. 2 to Form S-3 Registration Statement 33-52833, filed on May 27, 1994.
(iii)	Indenture, dated as of June 6, 1994, between the company and The Bank of New York, as trustee, relating to the 11 3/4% Senior Subordinated Notes due 2002, incorporated herein by reference from the company's Amendment No. 2 to Form S-3 Registration Statement 33-52833, filed on May 27, 1994.
(iv)	Waiver and amendment No. 1 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of June 3, 1994, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended March 31, 1995.
(v)	Waiver and amendment No. 2 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of April 20, 1995, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended March 31, 1995.
(vi)	Waiver and amendment No. 3 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of December 12, 1995.
(vii)	Waiver and amendment No. 4 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of February 28, 1996.
10(i)	Sealed Power Corporation Executive Performance Unit Plan, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.

ITEM NO.	DESCRIPTION
(ii)	SPX Corporation Retirement Plan for Directors, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(iii)	SPX Corporation Supplemental Retirement Plan for Top Management, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(iv)	SPX Corporation Excess benefit Plan No. 3, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(v)	SPX Corporation Executive Severance Agreement, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(vi)	SPX Corporation Trust Agreement for Supplemental Retirement Plan for Top Management, Excess Benefit Plan No. 3, and Retirement Plan for Directors, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(vii)	SPX Corporation Trust Agreement for Participants in Executive Severance Agreements, Special Separation Pay Plan for Corporate Staff Executive Personnel Agreements and Special Separation Pay Plan for Corporate Staff Management and Administrative Personnel Agreements, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(viii)	SPX Corporation Stock Compensation Plan Limited Stock Appreciation Rights Award, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(ix)	SPX Corporation Stock Ownership Plan, incorporated herein by reference from the company's Current Report on Form 8-K, file No. 1-6948, filed on July 26, 1989.
(x)	SPX Corporation Stock Ownership Trust, incorporated herein by reference from the company's Current Report on Form 8-K, file No. 1-6948, filed on July 26, 1989.
(xi)	SPX Corporation 1992 Stock Compensation Plan, incorporated herein by reference from Exhibit 10(iii)(n) to the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1992.
(xii)	SPX Corporation Supplemental Employee Stock Ownership Plan, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1990.
(xiii)	Sealed Power Technologies L.P. Retirement Fund, incorporated herein by reference from Exhibit 10(viii) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989.
(xiv)	Sealed Power Technologies L.P. Pension Plan No. 302, incorporated herein by reference from Exhibit 4(ix) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989.
(xv)	Employment agreement, and related Nonqualified Stock Option Agreement and Restricted Shares Agreement, between SPX Corporation and John B. Blystone dated as of November 24, 1995.
11	Statement regarding computation of earnings per share. See Consolidated Statements of Income, page 29 of this Form 10-K.
21	Subsidiaries.

ITEM NO.	DESCRIPTION
23	Consent of Independent Public Accountants.
27	Financial data schedule.
99	Consolidated Financial Statements of SPT and SPT Corp., incorporated herein by reference from SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1993.

(b) Reports on Form 8-K.

The Company, on October 11, 1995, filed Form 8-K which provided the information regarding the sale of SPX Credit Corporation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 27th day of March, 1996.

SPX CORPORATION
(Registrant)

By /s/ WILLIAM L. TRUBECK

William L. Trubeck
Senior Vice President, Finance,
Chief Financial Officer and
Accounting Officer

POWER OF ATTORNEY

The undersigned officers and directors of SPX Corporation hereby severally constitute John B. Blystone, James M. Sheridan or William L. Trubeck and each of them singly our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below the Annual Report on Form 10-K filed herewith and any and all amendments thereto, and generally to do all such things in our name and on our behalf in our capacities as officers and directors to enable SPX Corporation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any one of them, on the Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the undersigned have signed this report on this 27th day of March, 1996.

/s/ JOHN B. BLYSTONE

/s/ WILLIAM L. TRUBECK

John B. Blystone
Chairman, President and
Chief Executive Officer
Director

William L. Trubeck
Senior Vice President,
Finance, Chief Financial
and Accounting Officer

/s/ J. KERMIT CAMPBELL

/s/ SARAH R. COFFIN

J. Kermit Campbell
Director

Sarah R. Coffin
Director

/s/ FRANK A. EHMANN

/s/ EDWARD D. HOPKINS

Frank A. Ehmman
Director

Edward D. Hopkins
Director

/s/ CHARLES E. JOHNSON II

/s/ RONALD L. KERBER

Charles E. Johnson II
Director

Ronald L. Kerber
Director

/s/ PETER H. MERLIN

/s/ DAVID P. WILLIAMS

Peter H. Merlin
Director

David P. Williams
Director

AMENDMENT NO. 3 TO CREDIT AGREEMENT

This Amendment No. 3 to Credit Agreement ("Amendment No. 3") dated as of December 12, 1995 is made by and among SPX Corporation, a Delaware corporation (the "Borrower"), each of the Lenders and The First National Bank of Chicago, individually and as agent for the Lenders.

RECITALS

A. The parties hereto are party to a certain Credit Agreement dated as of March 24, 1994 (as heretofore amended, the "Credit Agreement"). Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

B. The parties hereto desire to enter into this Amendment No. 3 in order to give effect to and permit certain restructuring changes contemplated by the Borrower.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the Agent, the Lenders and the Borrower agree as follows:

1. AMENDMENTS.

1.1 Amendment of Section 6.29.2. Section 6.29.2(b) of the Credit Agreement is amended by deleting the ratio of 2.5 to 1.0 set forth therein opposite the period "as of the end of the fourth fiscal quarter in fiscal year 1995, for the trailing four fiscal quarter period then ended" and inserting in lieu thereof the ratio "1.70 to 1.0."

1.2 Amendment of Section 6.29.3. Section 6.29.3(b) of the Credit Agreement is deleted in its entirety and the following is added in substitution therefor:

"(b) During the Alternate Permanent Facility Term, maintain a Fixed Charge Coverage Ratio of not less than the following for the following respective periods:

Period -----	Ratio -----
As of the end of the fourth fiscal quarter in fiscal year 1995, for the trailing four fiscal quarter period then ended	1.50 to 1.0
As of the end of each fiscal quarter in fiscal year 1996, for the trailing four fiscal quarter period then ended	2.0 to 1.0."

1.3 Amendment of Section 6.32. Section 6.32 of the Credit Agreement is deleted in its entirety and the following is added in substitution therefor:

"6.32. Subordinated Debt Documents. The Borrower will not make any amendment or modification of any Subordinated Debt Documents, nor shall the Borrower, on or after December 12, 1995, directly or indirectly voluntarily prepay, defease, or in substance defease, purchase, redeem, retire, or otherwise acquire any of the Indebtedness evidenced by the Subordinated Notes in an aggregate amount exceeding \$15,000,000."

2. Representations and Warranties. The Borrower represents and warrants that: (a) this Amendment No. 3 is a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to (i) the effect of any

applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors, rights generally, and (ii) general principals of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and (b) after giving effect to the execution of this Amendment No. 3, no Default or Unmatured Default has occurred and is continuing.

3. Effective Date. The amendments contained in this Amendment No. 3 shall become effective only upon receipt by the Agent (with sufficient copies for the Lenders) of written agreement thereto by the Agent, the Required Lenders and the Borrower.

4. Effect of Amendment. Upon execution of this Amendment No. 3, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words like import, and each reference to the Credit Agreement in any of the other Loan Documents shall mean and be a reference to the Credit Agreement as amended hereby. Except as specifically set forth above, the Credit Agreement, the Exhibits and Schedules thereto and the Notes shall remain unaltered and in full force and effect and the respective terms, conditions or covenants thereof are hereby in all respects ratified and confirmed.

5. Counterparts. This Amendment No. 3 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

6. Governing Law. This Amendment No. 3 shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to federal laws applicable to national banks.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be executed by their duly authorized representatives as of the date first written above.

SPX CORPORATION

By: W. L. Trubeck

Title: Sr. Vice President, Finance

and Chief Financial Officer

THE FIRST NATIONAL BANK OF
CHICAGO, individually as a Lender and
as Agent

By: Patricia N. Besser

Title: Vice President

THE BANK OF NEW YORK,
as Lender

By: John M. Lokay, Jr.

Title: Vice President

NBD BANK, N.A., as Lender

By: William C. Goodhue

Title: Vice President

THE BANK OF NOVA SCOTIA,
as Lender

By: F.C.H. Ashby

Title: Senior Manager
Loan Operations

MICHIGAN NATIONAL BANK,
as Lender

By: Joseph M. Redoutey

Title: Vice President

SUMITOMO BANK, as Lender

By: H. Iwami

Title: Joint General Manager

THE YASUDA TRUST & BANKING
CO., LTD., as Lender

By: Joseph C. Meek

Title: First Vice President
& Manager Corporate
Finance Department

MITSUBISHI TRUST & BANKING
CORPORATION, as Lender

By: Akira Suzuki

Title: General Manager

COMERICA BANK, as Lender

By: Renee D. Weinman

Title: Vice President

OLD KENT BANK & TRUST
COMPANY, as Lender

By: Richard K. Russo

Title: Vice President

BANK OF TOKYO TRUST, as
Lender

By: Friedrich N. Wilms

Title: Vice President

AMENDMENT NO. 4 TO CREDIT AGREEMENT

This Amendment No. 4 to Credit Agreement ("Amendment No. 4") dated as of February 28, 1996 is made by and among SPX Corporation, a Delaware corporation (the "Borrower"), each of the undersigned Lenders and The First National Bank of Chicago, individually and as agent for the Lenders.

RECITALS

A. The parties hereto are party to a certain Credit Agreement dated as of March 24, 1994 (as heretofore amended, the "Credit Agreement"). Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

B. The parties hereto desire to enter into this Amendment No. 4 in order to give effect to and permit certain restructuring changes contemplated by the Borrower.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the Agent, the Required Lenders and the Borrower agree as follows:

1. Amendments.

1.1 Amendment of Section 6.29.2. Section 6.29.2(b) of the Credit Agreement is deleted in its entirety and the following is added in substitution therefor:

"(b) During the Alternate Permanent Facility Term, maintain an Interest Expense Coverage Ratio of not less than the following for the following respective periods:

Period	Ratio
As of the end of each of the first three fiscal quarters ending in fiscal year 1996, for the trailing four fiscal quarter period then ended	1.75 to 1.0
As of the end of the fiscal quarter ending December 31, 1996, for the trailing four fiscal quarter period then ended	2.25 to 1.0
As of the end of each fiscal quarter ending thereafter	3.0 to 1.0"

1.2 Amendment of Section 6.29.3. Section 6.29.3(b) of the Credit Agreement is deleted in its entirety and the following is added in substitution therefor:

"(b) During the Alternate Permanent Facility Term, maintain a Fixed Charge Coverage Ratio of not less than the following for the following respective periods:

Period	Ratio
As of the end of each of the fiscal quarters ending in fiscal year 1996, for the trailing four fiscal quarter period then ended	1.5 to 1.0

As of the end of each fiscal quarter ending thereafter

2.0 to 1.0"

2. Representations and Warranties. The Borrower represents and warrants that: (a) this Amendment No. 4 is a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principals of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and (b) after giving effect to the execution of this Amendment No. 4, no Default or Unmatured Default has occurred and is continuing.

3. Effective Date. The amendments contained in this Amendment No. 4 shall become effective only upon receipt by the Agent (with sufficient copies for the Lenders) of written agreement thereto by the Agent, the Required Lenders and the Borrower.

4. Effect of Amendment. Upon execution of this Amendment No. 4, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words like import, and each reference to the Credit Agreement in any of the other Loan Documents shall mean and be a reference to the Credit Agreement as amended hereby. Except as specifically set forth above, the Credit Agreement, the Exhibits and Schedules thereto and the Notes shall remain unaltered and in full force and effect and the respective terms, conditions or covenants thereof are hereby in all respects ratified and confirmed.

5. Counterparts. This Amendment No. 4 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

6. Governing Law. This Amendment No. 4 shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to federal laws applicable to national banks.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 4 to be executed by their duly authorized representatives as of the date first written above.

SPX CORPORATION

By: W.L. Trubeck

Title: Sr. Vice President, Finance and Chief Financial Officer

THE FIRST NATIONAL BANK OF CHICAGO, individually as a Lender and as Agent

By: Patricia H. Besser

Title: Vice President

THE BANK OF NEW YORK, as Lender

By: John M. Lokay, Jr.

Title: Vice President

NBD BANK, N.A., as Lender

By: William C. Goodhue

Title: Vice President

THE BANK OF NOVA SCOTIA,
as Lender

By: F.C.H. Ashby

Title: Senior Manager Loan Operations

MICHIGAN NATIONAL BANK,
as Lender

By: Joseph M. Redoutey

Title: Vice President

SUMITOMO BANK, as Lender

By: James W. Semonchik

Title: Senior Vice President

THE YASUDA TRUST & BANKING
CO., LTD., as Lender

By: _____

Title: _____

MITSUBISHI TRUST & BANKING
CORPORATION, as Lender

By: Masaaki Yamagishi

Title: Chief Manager

COMERICA BANK, as Lender

By: James R. Grossett

Title: Vice President

OLD KENT BANK & TRUST
COMPANY, as Lender

By: _____

Title: _____

BANK OF TOKYO TRUST,
as Lender

By: Friedrich N. Wilms

Title: Vice President

SPX CORPORATION

700 Terrace Point Drive
P.O. Box 3301
Muskegon, MI 49443-3301Phone 616-724-5000
Fax 616-724-5720

Exhibit 10 (xv)

November 24, 1995

CONFIDENTIAL

Mr. John B. Blystone
Largo Olgista, 15
Isola 80/C1
00123 Olgista (Rome) Italy

Dear John:

On behalf of the Board of Directors of SPX Corporation, I am pleased to offer you the Chief Executive Officer position at SPX. The following are the specifics:

I. Title

Chairman, President and Chief Executive Officer and member of the Board of Directors

II. Base Salary

\$450,000; reviewed annually with any increase to become part of base salary.

III. Annual Bonus and Long-Term Incentives

The Company will be implementing the EVA (Economic Value Added) Performance Measurement System. The concept was approved by the Board of Directors at its November 15, 1995 meeting. Now, the senior management team will be responsible for developing the details of the plan that will affect you, as the new CEO, and other key executives of the Company. It is anticipated that the target pay-out for the CEO will be approximately \$500,000 annually paid in cash, stock options and/or restricted stock. For the year ending December 31, 1996, we will guarantee you a minimum \$250,000 cash award that will be paid during the first quarter of 1997.

IV. Stock Options

125,000 shares of common stock with an option price set at 100 percent of the fair market value on the date of the grant (the day you accept in writing this offer). The total option is exercisable any time after six months and will expire ten years from the date of the option grant.

V. Restricted Stock

125,000 shares of common stock that vest 20 percent per year on December 1, 1996 and each successive anniversary date. Therefore, 25,000 shares will vest December 1, 1996, another 25,000 shares on December 1, 1997, etc. Further, you will receive all dividends on all restricted shares as dividends are paid to all shareholders.

VI. Additional Benefits

You will receive a "make-whole" payment, in addition to the initial restricted stock award described above, of \$500,000 in cash; \$80,000 of this cash payment will not be paid if your current employer pays the forfeitable deferred bonus of \$80,000. Therefore, \$420,000 will be paid when you begin employment with SPX (anticipated to be December 18, 1995). If your current employer does not pay the \$80,000, it will be paid to you on February 29, 1996.

VII. Fringe Benefits

Effective with the date of your employment, you and your family will immediately enroll in all SPX fringe benefit programs, with no waiting periods under the company's health insurance programs.

VIII. Special Retirement Plans

A. Defined Benefit Qualified Plan plus Supplemental Executive Retirement Plan (SERP)

SERP provides opportunity to earn double years of service for up to 15 years (30 years of plan service for 15 years of actual service). Pension benefit for 30 years of plan service is 58 percent of final average pay less; Social Security, benefit from the SPX Qualified Plan and benefits (if any) from another employer's plan. Final average pay includes salary plus annual bonus (highest three years in last ten). Your SERP will vest after five years of plan service.

B. Retirement Savings Plan (RSP) plus Supplemental Retirement Savings Plan

- * Company match on first 6 percent of savings is 4.5 percent.
- * An additional 9 percent of savings (unmatched) allowed.

- * Supplemental Plan allows tax-deferred savings and company match to continue even when annual Qualified Plan limits are reached in the Qualified Plan.

IX. Perquisites

- * Company leased automobile.
- * Country Club membership (50 percent of full membership dues and full initiation fee).
- * Annual physical examination.
- * Officer vacation policy.

X. Termination Agreement

Mr. Blystone's employment may be terminated by SPX if the Board determines that "cause" for such termination exists, and SPX furnishes 30 days' prior written notice of such termination. The term "cause" refers only to any one or more of the following grounds:

- * Commission of an act materially and demonstrably detrimental to the good will of SPX or any subsidiary of SPX, which act constitutes gross negligence or willful misconduct by Mr. Blystone in the performance of his material duties to SPX;
- * Commission of any material act of dishonesty or breach of trust resulting or intending to result in material personal gain or enrichment of Mr. Blystone at the expense of SPX, or any subsidiary of SPX;
- * Mr. Blystone's conviction of a felony;

Mr. Blystone's employment may be terminated by SPX without cause and for any reason after January 31, 1999 subject to any then existing employment contract or other agreement covering his employment or his termination.

Mr. Blystone's employment may be terminated by him at any time prior to January 31, 1999 if he determines that "good reason" for such termination exists and he furnishes 30 days' prior written notice of such termination to SPX. The term "good reason" refers to any one or more of the following grounds:

- * Substantial reduction by SPX (over the objection of Mr. Blystone) in Mr. Blystone's duties, authority, title, status, or a reduction in Mr. Blystone's base salary.
- * The failure by SPX to pay the base salary, bonus or other compensation required hereunder.
- * The failure of SPX and Mr. Blystone to reach by October 31, 1998 a mutually satisfactory agreement with respect to the terms and conditions of his employment subsequent to January 31, 1999.
- * For any reason (or no reason) during the sixty-day period following the date of a "change of control" of SPX occurs. "Change of control" shall be deemed to have occurred if:
 - a) Any "person" (as defined in Section 13(d) and 14(d) of the Exchange Act), excluding for this purpose, the Company or any subsidiary of the Company, or any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of such plan which acquires beneficial ownership of voting securities of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities;
 - b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director (except for a director designated by a person who has entered into an agreement with the Company to effect a transaction described elsewhere in this section) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously approved, cease for any reason to constitute at least a majority thereof; or
 - c) The shareholders of the Company approve a plan of complete liquidation of the Company, an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, or a plan of merger or consolidation of the Company with any other corporation, except for a merger or consolidation in which the security owners of the Company immediately prior to the merger or consolidation continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such merger or consolidation;

- d) Any person, other than the Company, purchases securities pursuant to an exchange or tender offer for securities of the Company representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities.

If Mr. Blystone's employment is terminated for other than "cause" or if Mr. Blystone terminates his employment for "good reason," Mr. Blystone will

- * be paid a target bonus for the year of termination prorata through the date of termination;
- * be paid his base salary as then in effect for a three-year period;
- * be paid three times Mr. Blystone's target bonus for the year of termination payable prorata at the times bonuses are customarily paid;
- * immediately be fully vested in all unvested options to purchase shares of SPX stock which options shall be exercisable by Mr. Blystone for a period of two years after such date;
- * immediately be fully vested in all shares of restricted SPX stock and all restrictions shall terminate;
- * immediately be fully vested in any other equity or incentive compensation awards;
- * immediately be fully vested in his SERP benefits;
- * will during the three-year period following his termination continue to receive health, life and disability insurance benefits, but only to the extent that he does not obtain similar benefits paid by a third party;
- * will be provided with outplacement services from a provider reasonably selected by Mr. Blystone as are then customarily provided by other companies to their similarly situated executives.

SPX shall reimburse Mr. Blystone for the amount of any excise taxes paid by Mr. Blystone (net of any tax benefits received) pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, which taxes are so paid as respects payments to Mr. Blystone under the "change of control" provisions, including this provision.

XI. Death or Disability

If Mr. Blystone dies or becomes totally and permanently disabled, he will:

- * Immediately be fully vested in all unvested options to purchase shares of SPX stock which options shall be exercisable by Mr. Blystone or his estate for a period of two years after such date;
- * immediately be fully vested in all shares of restricted SPX stock and all restrictions shall terminate;
- * immediately be fully vested in any other equity or incentive compensation awards.

XII. Other

Mr. Blystone's salary, benefits and other terms and conditions of employment will not be less favorable than other executives at the time of this agreement. In no event will Mr. Blystone have less than 90 days following the termination of his employment (regardless of the reason) to exercise any stock options which were vested on the date of termination.

XIII. Relocation

SPX will pay all of the costs of relocating Mr. Blystone and his family to a new home in the greater Muskegon, Michigan area. (However, if his current employer pays all or part of the costs, SPX will pay only the difference.) Relocation is generally defined as the packing and shipping of household goods, the payment of real estate fees/commissions, as well as legal fees in the purchase of a new home in the greater Muskegon area. Before Mr. Blystone's family moves to the Muskegon area, interim housing will be provided by SPX. During this time, reasonable trips to Rome to be with his family will also be included.

John, while this letter is a little bit lengthy, I want to make sure that the details of our understanding are spelled out. Please sign a copy of this letter indicating that you accept our offer, and return it to me by fax.

Sincerely

/s/ Charles E. Johnson, II

Charles E. Johnson, II
Chief Executive Officer

ACCEPTED

/s/ John B. Blystone

John B. Blystone
Nov. 24, 1995

SPX CORPORATION/JOHN B. BLYSTONE
NONQUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT is made as of December 18, 1995, by and between SPX CORPORATION ("SPX") and JOHN B. BLYSTONE ("Executive").

1. Grant of Option. As an inducement to secure Executive's acceptance of the position of Chairman, president and Chief Executive Officer, SPX hereby grants to Executive an option (the "Option") to purchase 125,000 shares of its common stock, \$10 par value (the "Common Stock") at the purchase price of \$15.75 per share (the "Purchase Price"), in the manner and subject to the conditions hereinafter provided. The Compensation Committee of the Board of Directors (the "Committee") may make such determinations and reasonable interpretations with respect to this Option as it deems necessary or advisable.

2. Time of Exercise of Option. This Option may be exercised in whole or in part at any time and from time to time after June 18, 1996 and prior to its expiration date of December 17, 2005.

3. Manner of Exercise. The Option may be exercised by written notice which shall:

(a) state the election to exercise the Option and the number of shares in respect of which it is being exercised;

(b) be signed by Executive or such other person or persons entitled to exercise the Option;

(c) be in writing and delivered to SPX's Secretary; and

(d) be accompanied by payment in full of the Purchase Price for the shares to be purchased. Payment may be made by (i) check, bank draft, money order or other cash payment, or (ii) delivery of previously-acquired shares of Common Stock with a fair market value as of the exercise date equal to the Purchase Price (or a combination of (i) and (ii)). The fair market value of the Common Stock for this purpose shall be the closing price of a share of Common Stock as reported in the "NYSE-Composite Transactions" section of the Midwest Edition of The Wall Street Journal for the exercise date or, if no prices are quoted for such date, on the next preceding date on which such prices of Common Stock are so quoted.

4. Termination of Option. This Option shall terminate immediately if Executive's employment with SPX is terminated for cause as defined in Paragraph X of the letter agreement dated November 24, 1995. Any unexercised portion of this Option that has not terminated pursuant to the preceding sentences may be exercised by Executive within 24 months after the date on which Executive's employment relationship terminates, provided that in the event of Executive's death the Option may be exercised only by Executive's legally-appointed executor or administrator or other legal representative.

5. RIGHTS PRIOR TO EXERCISE OF OPTION. The Option may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. The Option shall be exercisable during the Executive's lifetime only by him. No person shall have any rights as a stockholder with respect to the shares of Common Stock until exercise of the Option and delivery of the shares as herein provided.

6. ADJUSTMENT IN EVENT OF HAPPENING OF CONDITION. In the event of any change in the outstanding shares of Common Stock that occurs by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares of Common Stock subject to the Option, and the Purchase Price, shall be appropriately adjusted by the Committee, whose determination shall be conclusive; provided, however, that fractional shares shall be rounded to the nearest whole share.

7. NO CONTRACT OF EMPLOYMENT. Nothing contained in this Agreement shall be construed as a contract of employment between SPX and Executive, or as a right of Executive to be continued in the employment of SPX or as a limitation of SPX's right to discharge Executive with or without cause. Except as expressly provided herein, this Agreement shall not be construed as a term or condition of his employment and, in particular, it shall neither confer upon Executive any additional rights or privileges over his existing terms and conditions of employment nor shall it entitle Executive to additional compensation or damages upon termination of employment.

8. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective executors, administrators, legal representatives, successors and assigns. This Agreement may be amended only by mutual agreement of the Committee and Executive.

9. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SPX CORPORATION

EXECUTIVE

/s/ James M. Sheridan

/s/ John B. Blystone

James M. Sheridan

John B. Blystone

Title: Vice President/Secretary

SPX / BLYSTONE
RESTRICTED SHARES AGREEMENT

AGREEMENT entered into December 18, 1995 by and between SPX CORPORATION, a Delaware corporation ("SPX") and John B. Blystone, hereinafter called "Blystone", and premised upon the following circumstances:

As an inducement to secure Blystone's acceptance of the position of Chairman, President and Chief Executive Officer of SPX Corporation, the Board of Directors has determined to award Blystone 125,000 shares of SPX Common Stock, \$10.00 par value, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises set forth above and of the mutual covenants of the parties hereinafter set forth, the adequacy of which is acknowledged, the parties agree as follows:

1. GRANT

SPX grants to Blystone 125,000 shares of common stock of SPX Corporation, \$10.00 par value, effective December 18, 1995, subject to the conditions hereinafter set forth.

2. VESTING PERIOD

Blystone's right, title and interest in the Restricted Shares shall become vested only as to, and to the extent, such Restricted Shares become distributable pursuant to Paragraph 6.

3. RESTRICTED PERIOD

The Restricted Shares held by the Secretary of SPX, as provided in Paragraph 5, and not yet distributed to Blystone, as provided in Paragraph 6, may not be sold, assigned, transferred, pledged or otherwise encumbered by Blystone.

4. RIGHTS TO RECEIVE DIVIDENDS AND TO VOTE SHARES

Notwithstanding the restrictions on the transfer provided for in Paragraph 3 and the vesting requirements under Paragraph 2, Blystone, as owner of such Restricted Shares, shall have all the rights of a holder of SPX Common Stock, including, but not limited to the right to receive dividends paid on such Restricted Shares and the right to vote such Restricted Shares.

5. DEPOSIT OF RESTRICTED SHARES WITH SPX

Each certificate issued in respect to the Restricted Shares granted under Paragraph 1 shall be registered in the name of Blystone and deposited by him, together with a stock power endorsed in blank, with the Secretary of SPX and shall bear the following legend:

"The transferability of this certificate and these shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in an Agreement entered into between the registered owner and SPX dated December 18, 1995. A copy of the Agreement is on file in the office of the Secretary of SPX."

6. DISTRIBUTION OF RESTRICTED SHARES

The Restricted Shares held by SPX pursuant to Paragraph 5 shall be distributed to Blystone or his legal representative as follows:

25,000 shares on December 1, 1996
25,000 shares on December 1, 1997
25,000 shares on December 1, 1998
25,000 shares on December 1, 1999
25,000 shares on December 1, 2000

provided, that all or any portion of such installment shall be deferred until the immediately following January 1 to the extent that the Company determines that the deferral, in and of itself, would reduce the amount of Blystone's compensation that would otherwise be nondeductible by the Company under Internal Revenue Code Section 162(m), or any successor provision.

Notwithstanding the provisions of Paragraphs 2 and 6, all Restricted Shares heretofore granted and not previously distributed shall become fully vested and shall be distributed immediately in the event of:

- (i) Blystone's employment is terminated prior to January 31, 1999 without "cause" as defined in Paragraph X of the letter agreement of November 24, 1995, a copy of which is attached hereto as "Exhibit A"; or
- (ii) Blystone elects to terminate his employment prior to January 31, 1999 for "good reason" as defined in Paragraph X of the letter agreement of November 24, 1995 (Exhibit A); or
- (iii) Blystone elects to terminate his employment at any time during the sixty-day period following the date a "change of control" of SPX as defined in Paragraph X of the letter agreement of November 24, 1995 (Exhibit A).

7. CONTINUED EMPLOYMENT

Except as set forth in Paragraph 6, in the event that Blystone's employment with SPX terminates for a reason other than Total and Permanent Disability (as defined by the SPX Corporation Long-Term Disability Plan) or death, all Restricted Shares heretofore granted to him and not previously distributed pursuant to Paragraph 6 shall be forfeited and returned to SPX for cancellation on the date of termination.

8. TOTAL AND PERMANENT DISABILITY OR DEATH

Notwithstanding any other provision of the Agreement to the contrary, in the event that Blystone, while an active employee of SPX, sustains a Total and Permanent Disability (as defined by the SPX Corporation Long-Term Disability Plan) or dies prior to the end of the Distribution Period described in Paragraph 6, the Restricted Shares not previously distributed shall be promptly distributed to Blystone, his legal representative or his estate.

9. GENERAL PROVISIONS

- (a) This Agreement is subject to all applicable securities and tax laws of the United States.
- (b) SPX shall have the right to deduct and withhold from all payments pursuant to this Agreement any amount required by law to satisfy all taxes with respect to such payments.

IN WITNESS WHEREOF, SPX has caused this Agreement to be executed by its duly authorized officers and Blystone has hereunto set his hand and seal the day and year first above set forth.

SPX CORPORATION

By: /s/ James M. Sheridan

Vice President, Secretary
and General Counsel

ATTEST:

/s/ Majorie M. Stauffer

Assistant Secretary

/s/ John B. Blystone

John B. Blystone

EXHIBIT A

APPLICABLE PORTION OF PARAGRAPH X OF THE LETTER
AGREEMENT DATED NOVEMBER 24, 1995 BETWEEN SPX
CORPORATION AND JOHN B. BLYSTONE FOR PURPOSES OF
THIS "SPX/BLYSTONE RESTRICTED SHARE AGREEMENT"

X. Termination Agreement

Mr. Blystone's employment may be terminated by SPX if the Board determines that "cause" for such termination exists, and SPX furnishes 30 days' prior written notice of such termination. The term "cause" refers only to any one or more of the following grounds:

- Commission of an act materially and demonstrably detrimental to the good will of SPX or any subsidiary of SPX, which act constitutes gross negligence or willful misconduct by Mr. Blystone in the performance of his material duties to SPX;
- Commission of any material act of dishonesty or breach of trust resulting or intending to result in material personal gain or enrichment of Mr. Blystone at the expense of SPX, or any subsidiary of SPX;
- Mr. Blystone's conviction of a felony;

Mr. Blystone's employment may be terminated by SPX without cause and for any reason after January 31, 1999 subject to any then existing employment contract or other agreement covering his employment or his termination.

Mr. Blystone's employment may be terminated by him at any time prior to January 31, 1999 if he determines that "good reason" for such termination exists and he furnishes 30 days' prior written notice of such termination to SPX. The term "good reason" refers to any one or more of the following grounds:

- Substantial reduction by SPX (over the objection of Mr. Blystone) in Mr. Blystone's duties, authority, title, status, or a reduction in Mr. Blystone's base salary.
- The failure by SPX to pay the base salary, bonus or other compensation required hereunder.
- The failure of SPX and Mr. Blystone to reach by October 31, 1998 a mutually satisfactory agreement with respect to the terms and conditions of his employment subsequent to January 31, 1999.
- For any reason (or no reason) during the sixty-day period following the date of a "change of control" of SPX occurs. "Change of control" shall be deemed to have occurred if:
 - a) Any "person" (as defined in Section 13(d) and 14(d) of the Exchange Act), excluding for this purpose, the Company or any subsidiary of the Company, or any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of such plan which acquires beneficial ownership of voting securities of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities;
 - b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director (except for a director designated by a person who has entered into an agreement with the Company to effect a transaction described elsewhere in this section) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously approved, cease for any reason to constitute at least a majority thereof, or
 - c) The shareholders of the Company approve a plan of complete liquidation of the Company, an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, or a plan of merger or consolidation of the Company with any other corporation, except for a merger or consolidation in which the security owners of the Company immediately prior to the merger or consolidation continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such merger or consolidation;
 - d) Any person, other than the Company, purchases securities pursuant to an exchange or tender offer for securities of the Company representing twenty-five (25%) or more of the combined voting power of the Company's then outstanding securities.

SUBSIDIARIES OF SPX CORPORATION

NAME OF SUBSIDIARY AND NAME UNDER WHICH IT DOES BUSINESS -----	STATE OR JURISDICTION OF INCORPORATION -----	PERCENTAGE OWNED BY REGISTRANT -----
SPX Canada, Inc.	Canada-Dominion	100%
SPX Australia Pty. Ltd.	Australia	100%
SPX Europe AG	Switzerland	100%
SPX U.K. Ltd.	United Kingdom	100%
SPX Deutschland GmbH	Germany	100%
SPX Italiana, S.R.L.	Italy	100%
Bear Automotive, S.A.	Switzerland	100%
Bear France S.A.	France	100%
SPX Netherlands, B.V.	The Netherlands	100%
Kent-Moore Do Brasil Industria & Commerce, Ltda.	Brazil	100%
Sealed Power Europe Limited Partnership	Delaware	70%
Sealed Power Technologies Limited Partnership	Delaware	100%
JATEK, Limited	Japan	50%
SPX Credit Corporation	Delaware	100%
SPX Iberica, S.A.	Spain	100%
Lowener GmbH	Germany	100%
SPX de Mexico, S.A. de C.V.	Mexico	100%
Promec	Mexico	40%

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 9, 1996, included in this Form 10-K for the year ended December 31, 1995, into the Company's previously filed registration statement on Form S-8 (File No. 33-24043).

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois,
March 27, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SPX CORPORATION FOR THE YEAR ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR		
	DEC-31-1995	
	DEC-31-1995	
		17,069
		0
		138,529
		(8,358)
		150,851
	363,528	
		425,636
	(212,672)	
	831,358	
211,011		
		228,310
	0	
		0
		159,474
		2,753
831,358		
		1,098,103
	1,098,103	
		853,537
		1,067,012
	(3,060)	
	0	
	35,729	
	(1,578)	
		(227)
(1,351)		
	(2,847)	
	(1,078)	
		0
		(5,276)
		(.40)
		(.40)