

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

For the quarterly period ended June 30, 1996

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

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

Commission File Number 1-6948

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

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

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

Yes X No

Common shares outstanding July 25, 1996 -- 14,560,218

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

	(000s omitted) (Unaudited)	
	June 30 1996	December 31 1995
	-----	-----
ASSETS		
Current assets:		
Cash and temporary investments	\$ 30,561	\$ 17,069
Receivables	168,305	130,171
Inventories	138,346	150,851
Deferred income tax asset and refunds	44,264	47,246
Prepaid and other current assets	24,347	18,191
	-----	-----
Total current assets	\$ 405,823	\$ 363,528
Investments	19,845	18,885
Property, plant and equipment, at cost	425,610	425,636
Accumulated depreciation	(224,109)	(212,672)
Net property, plant and equipment	\$ 201,501	\$ 212,964
Costs in excess of net assets of businesses acquired	189,078	192,334
Other assets	29,719	43,647
	-----	-----

Total assets	\$ 845,966	\$ 831,358
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 2,460	\$ 893
Accounts payable	90,873	71,379
Accrued liabilities	143,296	135,387
Income taxes payable	4,232	3,352
	-----	-----
Total current liabilities	\$ 240,861	\$ 211,011
Long-term liabilities	113,173	113,737
Deferred income taxes	25,659	25,489
Long-term debt	296,954	318,894
Shareholders' equity:		
Common stock	\$ 162,009	\$ 159,474
Paid in capital	57,812	57,668
Retained earnings	22,110	18,997
	-----	-----
Common stock held in treasury	(50,000)	(50,000)
Unearned compensation	(23,239)	(26,888)
Cumulative translation adjustments	627	2,976
	-----	-----
Total shareholders' equity	\$ 169,319	\$ 162,227
	-----	-----
Total liabilities and shareholders' equity	\$ 845,966	\$ 831,358
	=====	=====

SPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
(In thousands of dollars except per share amounts)  
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	----- 1996 -----	1995 -----	----- 1996 -----	1995 -----
Revenues	\$310,623	\$293,376	\$602,931	\$569,145
Costs and expenses				
Cost of products sold	236,615	224,886	465,348	442,099
Selling, general and admin.	51,596	52,151	99,538	103,008
Goodwill/Intangible amort.	1,788	2,271	3,665	4,509
Minority interest (income)	0	(483)	0	(1,249)
Restructuring charge	7,693	0	8,817	0
Earnings from equity interests	(1,690)	(1,097)	(2,583)	(2,331)
	-----	-----	-----	-----
Operating income from continuing operations	\$ 14,621	\$ 15,648	\$ 28,146	\$ 23,109
Other expense (income), net	640	475	745	(1,628)
Interest expense, net	8,292	9,123	17,106	18,353
	-----	-----	-----	-----
Income before income taxes	\$ 5,689	\$ 6,050	\$ 10,295	\$ 6,384
Provision for income taxes	2,162	2,478	4,004	2,611
	-----	-----	-----	-----
Income from continuing operations	\$ 3,527	\$ 3,572	\$ 6,291	\$ 3,773
Income from discontinued operation, net of tax	\$ -	\$ 63	\$ -	\$ 184
	-----	-----	-----	-----
Income before extraordinary loss	\$ 3,527	\$ 3,635	\$ 6,291	\$ 3,957
Extraordinary loss, net of tax	(379)	(206)	(379)	(278)
	-----	-----	-----	-----
Net income	\$ 3,148	\$ 3,429	\$ 5,912	\$ 3,679
	=====	=====	=====	=====
Income (loss) per share:				
From continuing operations	\$ 0.26	\$ 0.28	\$ 0.46	\$ 0.29
From discontinued operation	-	0.00	-	0.01
Extraordinary loss, net of tax	(0.03)	(0.02)	(0.03)	(0.02)
	=====	=====	=====	=====
Net income	\$ 0.23	\$ 0.26	\$ 0.43	\$ 0.28
	=====	=====	=====	=====
Dividends per share	\$ 0.10	\$ 0.10	\$ 0.20	\$ 0.20
Weighted average number of common shares outstanding	13,829	13,142	13,686	13,087

SPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(000s omitted)

	(Unaudited)	
	Six Months Ended	
	June 30	
	1996	1995
	-----	-----
Cash flows from operating activities:		
Net income	\$ 5,912	\$ 3,679
Adjustments to reconcile net income to net cash from operating activities -		
Extraordinary loss	379	278
Depreciation and amortization	21,469	22,186
(Earnings) from equity interests	(2,583)	(2,331)
Income applicable to minority interest	0	(1,249)
Decrease (increase) in net deferred income tax assets, refunds and liabilities	3,152	10,040
(Increase) in receivables	(38,134)	(8,410)
Decrease (increase) in inventories	12,505	(16,284)
Decrease (increase) in prepaid and other current asset	(6,156)	1,828
Increase in net assets of discontinued operation	0	(2,259)
Increase (decrease) in accounts payable	19,494	720
Increase (decrease) in accrued liabilities	5,043	3,886
Increase (decrease) in income taxes payable	1,112	1,542
(Increase) decrease in other assets	8,394	3,697
Restructuring charge	7,380	0
Increase (decrease) in long-term liabilities	(564)	(1,368)
Compensation recognized under employee stock plan	2,256	1,496
Other, net	1,590	4,672
	-----	-----
Net cash provided by operating activities	\$ 41,249	\$ 22,123
	-----	-----
Cash flows provided (used) by investing activities:		
Capital expenditures	\$ (7,845)	\$(18,976)
	-----	-----
Net cash provided (used) by investing activities	\$ (7,845)	\$(18,976)
Cash flows provided (used) by financing activities:		
Net borrowings (payments) under debt agreements	\$(12,073)	\$ 13,326
Purchase of senior subordinated notes	(8,300)	(9,500)
Payment of fees related to debt restructuring	(611)	(456)
Net shares sold under stock option plan	3,871	901
Dividends paid	(2,799)	(2,608)
	-----	-----
Net cash used by financing activities	\$(19,912)	\$ 1,663
	-----	-----
Net increase (decrease) in cash and temporary investments	\$ 13,492	\$ 4,810
Cash and temporary investments, beg. of period	17,069	9,859
	-----	-----
Cash and temporary investments, end of period	\$ 30,561	\$ 14,669
	=====	=====

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1996 (Unaudited)

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

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

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

	Three months ended June 30		Six months ended June 30	
	1996	1995	1996	1995
	-----	-----	-----	-----
	(in millions)			
<b>Revenues:</b>				
Specialty Service Tools	\$ 174.1	\$ 153.2	\$ 330.7	\$ 288.9
Original Equipment Components	136.5	140.2	272.2	280.2
	-----	-----	-----	-----
<b>Total</b>	<b>\$ 310.6</b>	<b>\$ 293.4</b>	<b>\$ 602.9</b>	<b>\$ 569.1</b>
	=====	=====	=====	=====
<b>Operating income (loss):</b>				
Specialty Service Tools	\$ 11.0	\$ 10.8	\$ 18.0	\$ 13.9
Original Equipment Components	9.3	11.0	20.8	20.0
General Corporate	(5.7)	(6.2)	(10.7)	(10.8)
	-----	-----	-----	-----
<b>Total</b>	<b>\$ 14.6</b>	<b>\$ 15.6</b>	<b>\$ 28.1</b>	<b>\$ 23.1</b>
	=====	=====	=====	=====
<b>Capital Expenditures:</b>				
Specialty Service Tools	\$ 0.9	\$ 0.9	\$ 1.4	\$ 3.9
Original Equipment Components	2.3	3.9	6.1	14.7
General Corporate	0.1	0.2	0.3	0.4
	-----	-----	-----	-----
<b>Total</b>	<b>\$ 3.3</b>	<b>\$ 5.0</b>	<b>\$ 7.8</b>	<b>\$ 19.0</b>
	=====	=====	=====	=====
<b>Depreciation and Amortization:</b>				
Specialty Service Tools	\$ 3.4	\$ 3.9	\$ 6.9	\$ 7.7
Original Equipment Components	6.8	6.8	13.7	13.5
General Corporate	0.5	0.4	0.9	1.0
	-----	-----	-----	-----
<b>Total</b>	<b>\$ 10.7</b>	<b>\$ 11.1</b>	<b>\$ 21.5</b>	<b>\$ 22.2</b>
	=====	=====	=====	=====

	June 30 1996	December 31 1995
	-----	-----
<b>Identifiable Assets:</b>		
Specialty Service Tools	\$ 406.1	\$ 390.3
Original Equipment Components	366.3	361.8
General Corporate	73.6	79.3
	-----	-----
<b>Total</b>	<b>\$ 846.0</b>	<b>\$ 831.4</b>
	=====	=====

SPX CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
JUNE 30, 1996 (Unaudited)

3. Restructuring

During the fourth quarter of 1995, the company initiated two significant restructurings. The first combines five Specialty Service Tool divisions into two divisions and the second closes a foundry at SP Europe.

During the second quarter of 1996, the company initiated two additional restructurings. The first includes realigning and downsizing the Specialty Service Tool international operations, primarily in Europe. The second involves an early retirement program at the Sealed Power division.

Specialty Service Tool Restructuring

As of June 30, 1996, the restructuring was progressing as planned. The closing of one manufacturing facility occurred in the second quarter and the closing of the other manufacturing facility will occur by year end. The closing of the distribution facility is currently scheduled to occur by the end of the third quarter. Approximately 300 positions of the net 310 employee positions identified in this restructuring have been eliminated as of June 30, 1996. At June 30, 1996, approximately \$4.1 million of accruals recorded in the fourth quarter of 1995 are available for the remaining severance periods.

As previously disclosed, the company estimates that approximately \$11 million of incremental costs associated with this restructuring will be incurred in 1996. These incremental costs did not qualify for accrual in 1995. During the first six months of 1996, approximately \$5.0 million of these incremental costs were expensed. Of this amount, \$1.1 million was recorded as a restructuring charge to reflect the incremental cost of an early retirement program that was accepted by approximately 60 people that were identified for termination in the fourth quarter of 1995. The balance of this amount, \$3.9 million, includes inventory and equipment relocation costs, underabsorbed manufacturing costs, costs to revise information systems, costs to retain employees and other miscellaneous costs.

SP Europe Restructuring - German Plant

The restructuring is progressing on schedule and the foundry was closed in July. As of June 30, 1996, approximately 75 of the 200 employee positions planned to be reduced have been eliminated. Approximately \$2.7 million of accruals recorded during the fourth quarter of 1995 for severance remain at June 30, 1996.

Specialty Service Tools - International Restructuring

During the second quarter of 1996, the company recorded a \$3.5 million restructuring charge principally to recognize severance associated with the termination of 113 international employees and the related operations downsizing costs. As of June 30, 1996, approximately 60 of these employees had been terminated and the balance will be terminated during the third quarter of 1996.

Sealed Power Division - Early Retirement Program

During the second quarter of 1996, the company recorded a \$4.2 million restructuring charge for an early retirement program at the Sealed Power division. 94 employees elected to participate in this program.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS  
AND FINANCIAL CONDITION

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

Update on Restructuring

Please refer to footnote 3 to the consolidated condensed financial statements.

CONSOLIDATED - Results of Operations:

	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
	(in millions)			
Revenues:				
Specialty Service Tools.....	\$ 174.1	\$ 153.2	\$ 330.7	\$ 288.9
Original Equipment Components.....	136.5	140.2	272.2	280.2
Total.....	<u>\$ 310.6</u>	<u>\$ 293.4</u>	<u>\$ 602.9</u>	<u>\$ 569.1</u>
Operating income (loss):				
Specialty Service Tools.....	\$ 11.0	\$ 10.8	\$ 18.0	\$ 13.9
Original Equipment Components.....	9.3	11.0	20.8	20.0
General corporate expense.....	(5.7)	(6.2)	(10.7)	(10.8)
Total.....	<u>\$ 14.6</u>	<u>\$ 15.6</u>	<u>\$ 28.1</u>	<u>\$ 23.1</u>
Other expense (income), net.....	0.6	0.4	0.7	(1.6)
Interest expense, net.....	8.3	9.1	17.1	18.3
Income before income taxes.....	\$ 5.7	\$ 6.1	\$ 10.3	\$ 6.4
Provision for income taxes.....	2.2	2.5	4.0	2.6
Income from continuing operations..	\$ 3.5	\$ 3.6	\$ 6.3	\$ 3.8
Income (loss) from discontinued operation.....	-	\$ 0.0	-	0.2
Extraordinary loss, net of taxes...	(0.4)	\$ (0.2)	(0.4)	(0.3)
Net income.....	<u>\$ 3.1</u>	<u>\$ 3.4</u>	<u>\$ 5.9</u>	<u>\$ 3.7</u>
Capital expenditures.....			\$ 7.8	\$ 19.0
Depreciation and amortization.....			21.5	22.2

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

Second Quarter 1996 vs. Second Quarter 1995

General Corporate expense

These expenses represent general unallocated expenses. In the second quarter of 1996, incentive compensation expense was greater than the second quarter of 1995. The second quarter of 1995 included a \$1.8 million charge related to early retirement of three officers and severance costs associated with six employees at the corporate office.

Other expense (income), net

Represents expenses not included in the determination of operating results, including gains or losses on currency exchange, 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.

Interest Expense, net

During the second quarter of 1995, a portion of interest expense was allocated to the discontinued operation, SPX Credit Corporation. Second quarter 1996 interest expense was less than the second quarter 1995 interest expense due to lower debt levels.

Provision for Income Taxes

The second quarter 1996 effective income tax rate was approximately 38% which reflects the company's current estimated rate for the balance of the year.



Income from Discontinued Operation

The second quarter of 1995 reflects the results of SPX Credit Corporation, net of allocated interest and income taxes, as a discontinued operation. SPX Credit Corporation was sold at the end of the third quarter of 1995.

Extraordinary Loss, net of taxes

During the second quarter of 1996, the company purchased \$8.3 million of its 11 3/4 senior subordinated notes. These were purchased in the market at a premium of \$379, net of income taxes. During the second quarter of 1995, the company purchased \$6.0 million of these at a market premium of \$206,000, net of income taxes.

First Six Months of 1996 vs. First Six Months of 1995

General Corporate expense

In the first six months of 1996, incentive compensation expense was greater than the first six months of 1995. The first six months of 1995 included a \$1.8 million charge related to early retirement of three officers and severance costs associated with six employees at the corporate office.

Other expense (income), net

In the first quarter of 1995, a \$1.5 million gain was recorded on the sale of the company's export aftermarket component distribution business.

Interest Expense, net

During the first six months of 1995, a portion of interest expense was allocated to the discontinued operation, SPX Credit Corporation. First six months of 1996 interest expense was less than the first six months of 1995 interest expense due to lower debt levels.

Provision for Income Taxes

The first six months of 1995 effective income tax rate was approximately 38%, which reflects the company's current estimated rate for the year.

Income from Discontinued Operation

The first six months of 1995 reflects the results of SPX Credit Corporation, net of allocated interest and income taxes, as a discontinued operation. SPX Credit Corporation was sold at the end of the third quarter of 1995.

Extraordinary Loss, net of taxes

During the first six months of 1996, the company purchased \$8.3 million of its 11 3/4 senior subordinated notes. These were purchased in the market at a premium of \$379, net of income taxes. During the first six months of 1995, the company purchased \$9.5 million of these at a market premium of \$278,000, net of income taxes.

SPECIALTY SERVICE TOOLS - Results of Operations:

	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
Revenues.....	\$ 174.1	\$ 153.2	\$ 330.7	\$ 288.9
Gross Profit.....	53.5	50.4	98.1	93.2
% of revenues.....	30.7%	32.9%	29.7%	32.3%
Selling, general & administrative...	38.1	38.4	73.4	76.9
% of revenues.....	21.9%	25.1%	22.2%	26.6%
Goodwill/intangible amortization....	1.1	1.4	2.2	2.7
(Earnings) from equity interests....	(0.2)	(0.2)	(0.1)	(0.3)
Restructuring charge.....	3.5	-	4.6	-
Operating income.....	\$ 11.0	\$ 10.8	\$ 18.0	\$ 13.9
Capital expenditures.....			\$ 1.4	\$ 3.9
Depreciation and amortization.....			6.9	7.7

Identifiable assets.....	\$ 406.1	\$ 390.3
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## Second Quarter 1996 vs. Second Quarter 1995

### Revenues

Second quarter 1996 revenues increased \$20.9 million, or 13.6%, over the second quarter of 1995. The most significant increase in revenues was approximately \$12 million of dealer equipment sales. These sales were principally to one customer and represent a large European equipment program during the quarter. Sales of refrigerant recovery and recycling equipment were above the second quarter of 1995. The balance of specialty service tool sales were comparable to the second quarter of 1995.

### Gross Profit

Second quarter 1996 gross profit as a percentage of revenues ("gross margin") of 30.7% was lower than the 32.9% gross margin in 1995. The decrease in the gross margin was a direct result of the significant increase in dealer equipment sales in 1996. Dealer equipment sales have a relatively low (less than 15%) gross margin. Also affecting the second quarter of 1996 gross margin was approximately \$0.9 million of incremental costs incurred as part of the restructuring of five divisions into two divisions. These incremental costs included inventory and equipment relocation costs and underabsorbed manufacturing costs in a plant being closed.

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

Second quarter 1996 SG&A expense was \$38.1 million, or 21.9% of revenues, compared to \$38.4 million, or 25.1% of revenues, in 1995. The reduction in second quarter SG&A reflects the company's continuing cost reduction efforts. The significant decrease in SG&A as a percentage of revenues also reflects the effect of the higher dealer equipment sales which have a relatively low SG&A as a percentage of revenues. Additionally, the second quarter of 1996 SG&A included approximately \$1.7 million of costs associated with the ongoing restructuring. These costs include costs to revise information systems, costs to retain employees during the restructuring period and other miscellaneous costs.

### Goodwill/Intangible Amortization

Non-cash goodwill and intangible amortization results primarily from excess purchase price over fair value of assets in acquisitions.

### (Earnings) from equity interests

Represents the equity (earnings) or losses of JATEK, a 50% owned joint venture in Japan. The second quarter of 1996 results were comparable to the second quarter of 1995.

### Restructuring Charge

During the second quarter of 1996, the company recorded a \$3.5 million restructuring charge to recognize severance associated with the termination of 113 international employees and the related operations downsizing costs. As of June 30, 1996, approximately 60 of these employees had been terminated and the balance will be terminated during the third quarter of 1996.

### Operating Income

Second quarter of 1996 operating income was \$11.0 million and second quarter 1995 operating income was \$10.8 million. The increase was primarily attributable to higher revenues and cost reductions in 1996. Second quarter 1996 was impacted by \$6.1 million of incremental costs due to the domestic and international restructurings.

## First Six Months of 1996 vs. First Six Months of 1995

### Revenues

First six months of 1996 revenues increased \$41.8 million, or 14.5%, over the first six months of 1995. The most significant explanation for the increased revenues was an increase of approximately \$32 million in dealer equipment sales. These sales were principally to one customer and represent a large domestic and international equipment program during the first six months. The balance of specialty service tool sales were comparable to the first six months of 1995.

### Gross Profit

First six months of 1996 gross profit as a percentage of revenues ("gross margin") of 29.7% was lower than the 32.3% gross margin in 1995. The decrease in the gross margin was a direct result of the significant increase in dealer equipment sales in 1996. Dealer equipment sales have a relatively low (less than 15%) gross margin. Also affecting the first six months of 1996 gross margin was approximately \$1.2 million of incremental costs incurred as part of the restructuring of five divisions into two divisions. These incremental costs included inventory and equipment relocation costs and underabsorbed

manufacturing costs in a plant being closed.

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

First six months of 1996 SG&A expense was \$73.4 million, or 22.2% of revenues, compared to \$76.9 million, or 26.6% of revenues, in 1995. The reduction in first six months SG&A reflects a \$1.5 million decrease in research and development costs which were high in 1995 due to the development of gas emissions testing and hand-held diagnostic products and reflects a \$1.1 million decrease for severance costs associated with approximately 140 people in 1995. However, the first six months of 1996 SG&A included approximately \$2.7 million of costs associated the ongoing restructurings. These costs include costs to revise information systems, costs to retain employees during the restructuring period and other miscellaneous costs.

#### Goodwill/Intangible Amortization

Non-cash goodwill and intangible amortization results primarily from excess purchase price over fair value of assets in acquisitions.

#### (Earnings) from equity interests

Represents the equity (earnings) or losses of JATEK, a 50% owned joint venture in Japan. The first six months of 1996 reflects costs associated with an inventory reduction and rationalization plan being implemented at JATEK.

#### Restructuring Charge

The company recorded \$4.6 million of restructuring charges in the first half of 1996. The charges included a second quarter \$3.5 million restructuring charge to recognize severance associated with the termination of 113 international employees and the related operations downsizing costs. Additionally, the company recorded a first quarter \$1.1 million restructuring charge to reflect the incremental cost associated with 60 employees electing to participate in an early retirement program. This early retirement program was initiated during the fourth quarter of 1995 and the employees accepted during the first quarter of 1996.

#### Operating Income

First six months of 1996 operating income was \$18.0 million and first six months of 1995 operating income was \$13.9 million. The increase was primarily attributable to higher revenues and cost reductions in 1996. First six months of 1996 was impacted by \$8.5 million of incremental costs due to the restructurings and the first quarter 1995 was impacted by the higher R&D level and the severance charge for 140 people.

#### Capital Expenditures

First six months of 1996 capital expenditures were \$1.4 million compared to first six months of 1995 capital expenditures of \$3.9 million. The company continues to invest in manufacturing capability and systems to better support customers. Full year 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 at June 30, 1996 increased approximately \$16 million from year-end 1995. The increase was predominately accounts receivable. The increase in accounts receivable was a result of higher revenues in May and June of 1996 compared to November and December of 1995. Days sales outstanding in accounts receivable are approximately 65 to 70 days for the segment.

ORIGINAL EQUIPMENT COMPONENTS - Results of Operations:

	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
Revenues.....	\$ 136.5	\$ 140.2	\$ 272.2	\$ 280.2
Gross Profit.....	20.4	18.1	39.4	33.8
% of revenues.....	14.9%	12.9%	14.5%	12.1%
Selling, general & administrative...	7.7	7.5	15.4	15.2
% of revenues.....	5.6%	5.3%	5.7%	5.4%
Goodwill/intangible amortization....	0.7	0.9	1.5	1.8
Minority interest (income).....	-	(0.4)	-	(1.2)
(Earnings) from equity interests....	(1.5)	(0.9)	(2.5)	(2.0)
Restructuring charge.....	4.2	-	4.2	-
Operating income.....	\$ 9.3	\$ 11.0	\$ 20.8	\$ 20.0
Capital expenditures.....			\$ 6.1	\$ 14.7
Depreciation and amortization.....			13.7	13.5

June 30, 1996      December 31, 1995  
(in millions)

Identifiable assets..... \$ 366.3                      \$ 361.8

Second Quarter 1996 vs. Second Quarter 1995

Revenues

Second quarter 1996 revenues were down \$3.7 million, or 2.6%, over second quarter 1995 revenues. The reduction in revenues was principally a result of softness in the demand by aftermarket customers, particularly for piston rings. First six months of 1995 revenues were also greater due to higher die-casting metal costs that are passed on to customers.

Gross Profit

Second quarter 1996 gross margin of 14.9% compares favorably to the second quarter 1995 gross margin of 12.9%. Several factors that contributed to relatively low gross margin in 1995 are (1) the previously mentioned die-casting metal pricing pass through to customers reduced gross margins as the increase in revenues equals the increase in costs, (2) SP Europe incurred additional costs associated with the ongoing process to achieve profitability, and (3) a die-casting facility incurred incremental costs associated with product change over.

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

SG&A was \$7.7 million, or 5.6% of revenues, in the second quarter of 1996 compared to \$7.5 million, or 5.3% of revenues, in 1995. This reflects the segment's continuing cost containment efforts as the dollar amounts of SG&A in the comparative quarters are essentially the same.

Goodwill/Intangible Amortization

Goodwill and intangible amortization was a result of the excess purchase price over the fair value of assets recorded upon the acquisition of 51% of SPT at the end of 1993.

Minority interest (income)

The second quarter of 1995 reflects the 30% partner's minority interest in the results of SP Europe. During the fourth quarter of 1995, the 30% partner limited its participation by not fully funding its share of SP Europe. Starting in the fourth quarter of 1995, the company records 100% of SP Europe's income or loss due to this limited participation.

(Earnings) from equity interests

Earnings from equity interests include the company's share of earnings or losses in Promec, IBS Filtran and Allied Ring Corporation ("ARC").

Restructuring charge

During the second quarter of 1996, the company recorded a \$4.2 million restructuring charge for an early retirement program at the Sealed Power division. 94 employees elected to participate in this program.

## Operating Income

Second quarter 1996 operating income was \$9.3 million and second quarter of 1995 operating income was \$11.0 million. The \$1.7 million decrease reflects the impact of the \$4.2 million restructuring charge for the early retirement program.

## First Six Months of 1996 vs. First Six Months of 1995

### Revenues

First six months of 1996 revenues were down \$8.0 million, or 2.9%, over the first six months of 1995 revenues. A portion of the decrease was attributable to lower March shipments to General Motors resulting from a strike experienced by that customer. The decrease in revenues was mitigated somewhat by strong demand for cylinder liners. Also, aftermarket demand weakened during the second quarter of 1996. First six months of 1995 revenues were also higher due to the effect of higher die-casting metal prices.

### Gross Profit

First six months of 1996 gross margin of 14.5% compares favorably to the first six months of 1995 gross margin of 12.1%. Several factors that contributed to relatively low gross margin in 1995 are (1) the previously mentioned die-casting metal pricing pass through to customers reduced gross margins as the increase in revenues equals the increase in costs, (2) during the first quarter of 1995, the company purchased approximately \$6 million of inventory from an aftermarket customer, began to package this inventory for the customer and recorded a \$1.2 million charge to state this inventory at the company's standard inventory cost, (3) SP Europe recorded approximately \$.8 million in severance charges and incurred additional costs associated with the ongoing process to achieve profitability, and (4) a die-casting facility incurred incremental costs associated with product change over.

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

SG&A was \$15.4 million, or 5.7% of revenues, in the first six months of 1996 compared to \$15.2 million, or 5.4% of revenues, in 1995. This reflects the segment's continuing cost containment efforts as the dollar amounts of SG&A in the comparative quarters are essentially the same.

### Goodwill/Intangible Amortization

Goodwill and intangible amortization was a result of the excess purchase price over the fair value of assets recorded upon the acquisition of 51% of SPT at the end of 1993.

### Minority interest (income)

The first six months of 1995 reflects the 30% partner's minority interest in the results of SP Europe. During the fourth quarter of 1995, the 30% partner limited its participation by not fully funding its share of SP Europe. Starting in the fourth quarter of 1995, the company records 100% of SP Europe's income or loss due to this limited participation.

### (Earnings) from equity interests

Earnings from equity interests include the company's share of earnings or losses in Promec, IBS Filtran and Allied Ring Corporation ("ARC").

### Restructuring charge

During the second quarter of 1996, the company recorded a \$4.2 million restructuring charge for an early retirement program at the Sealed Power division. 94 employees elected to participate in this program.

## Operating Income

First six months of 1996 operating income was \$20.8 million and first six months of 1995 was \$20.0 million. The \$.8 million increase was reduced by the impact of the \$4.2 million restructuring charge for the early retirement program in 1996. However, the first six months of 1995 included the \$1.2 million charge associated with the inventory purchase from the aftermarket customer and the \$.8 million of severance costs recorded at SP Europe.

## Capital Expenditures

Capital expenditures in the first six months of 1996 were \$6.1 million and \$14.7 million in the first six months of 1995. Significant capital improvements were in process during late 1994 and carried over into the first half of 1995. These projects include an additional solenoid valve assembly line, additional die-casting capacity for high strength heat treated aluminum die-castings for air bag steering columns and additional automated cylinder sleeve casting and machining capacity to meet the demand for aluminum block cylinder liners. Capital expenditures for 1996 are expected to approximate \$20

million and will be focused upon cost reductions and maintenance of the operations.

#### Identifiable Assets

Identifiable assets increased approximately \$4.5 million from year-end 1995. The increase was attributable to higher accounts receivable (\$14.7 million). The higher accounts receivable are due to higher revenue activity in the second quarter compared to the fourth quarter of 1995. As the normal cycle of business activity subsides later in the year, the accounts receivable should decrease. Offsetting the effect of the increase in accounts receivable, inventories decreased by \$8.2 million.

#### FACTORS THAT MAY AFFECT FUTURE RESULTS

Impact of the Clean Air Act and Other Environmental Regulations - During 1995, many delays by states in implementing Federally mandated emissions testing programs occurred. These delays or modifications in the state programs reduced the company's expected revenues from gas emissions test equipment in 1995. While uncertainties still exist as to when the states will proceed with these emissions testing programs, the company believes that the states will begin implementation within the next few quarters. At that time, the company should share in a significant portion of this substantial market.

Strategic Review of Operations - The company is currently performing a strategic review of each of its operations. This review may result in the divestiture of one or more of these operations. Additionally, the review may identify strategic acquisitions. At this time, no divestitures or acquisitions have been made.

#### 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

	Three months ended June 30,	
	1996	1995
	(in millions)	
Cash flow from:		
Operating activities.....	\$ 41.3	\$ 22.1
Investing activities.....	(7.8)	(19.0)
Financing activities.....	(19.9)	1.7
	-----	-----
Net Cash Flow.....	\$ 13.5	\$ 4.8
	=====	=====

Cash flow from operating activities in the first six months of 1996, \$41.3 million, compares favorably with the first six months of 1995, \$22.1 million. The first six months of 1996 cash flow from operating activities reflects improved working capital management, primarily inventory.

Cash flow from investing activities during the first six months of 1996 and 1995 represent capital expenditures of \$7.8 million and \$19.0 million, respectively. Capital expenditures for 1996 should approximate \$30 million for the year.

Cash flow from financing activities during the first six months of 1996 reflects the company's quarterly dividend payment and an \$20.4 million reduction in borrowings. During the first six months of 1995, cash flow from financing activities included the company's quarterly dividend payments and modest borrowings.

#### Capitalization

	June 30,	December 31,
	1996	1995
	(in millions)	
Notes payable and current maturities of long-term debt.....	\$ 2.5	\$ 0.9
Long-term debt.....	296.9	318.9
	-----	-----
Total debt.....	\$ 299.4	\$ 319.8
Shareholders' equity.....	169.3	162.2
	-----	-----
Total capitalization.....	\$ 468.7	\$ 482.0
	=====	=====

At June 30, 1996, the following summarizes the debt outstanding and unused credit availability:

	Total Commitment	Amount Outstanding (in millions)	Unused Credit Availability
Revolving credit.....	\$ 175.0	\$ 50.0	\$ 109.7(a)
Swingline loan facility.....	5.0	-	5.0
Senior subordinated notes...	220.0	220.0	-
Industrial revenues bonds...	15.1	15.1	-
Other.....	17.7	14.3	3.4
	-----	-----	-----
Total debt.....	\$ 432.8	\$ 299.4	\$ 118.1
	=====	=====	=====

(a) Decreased by \$15.3 million of facility letters of credit outstanding at June 30, 1996 which reduce the unused credit availability.

The company is required to maintain compliance with 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 is required to:

Maintain a leverage ratio, as defined, of 75% or less. The leverage ratio at June 30, 1996 was 67%. Maintain an interest expense coverage ratio, as defined, of 1.75:1 or greater. The interest expense coverage ratio at June 30, 1996 was 2.32:1.

Maintain a fixed charge coverage ratio, as defined, of 1.50:1 or greater. The company's fixed charge coverage ratio at June 30, 1996 was 1.85:1.

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 June 30, 1996 were \$5.3 million and 10% of EBITDA for the period was \$8.0 million.

Covenants also limit capital expenditures, investments and transactions with affiliates.

Management believes that the unused credit availability on the revolving credit facility is sufficient to meet operational cash requirements, working capital requirements and capital expenditures for 1996. Aggregate future maturities of total debt are not material for 1996 through 1998. 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.

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The foregoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements which reflect management's current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties, including but not limited to those matters discussed under the caption "Factors That may Affect Future Results" above. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.



PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(2) None.

(4) None.

(10) None.

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

(15) None.

(18) None.

(19) None.

(20) None.

(22) None.

(23) None.

(24) None.

(27) Financial data schedule.

(99) None.

(b) Reports on Form 8-K

The company, on June 25, 1996, filed Form 8-K which provided information regarding the company's Rights Agreement and the declaration of a dividend of one preferred share purchase right for each outstanding share of common stock of the company.

SIGNATURES

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

SPX CORPORATION  
(Registrant)

Date: August 6, 1996

By /s/ John B. Blystone

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John B. Blystone  
Chairman, President and  
Chief Executive Officer

Date: August 6, 1996

By /s/ William L. Trubeck

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

6-MOS	DEC-31-1996	
	JUN-30-1996	30,561
		0
		177,474
		(9,169)
		138,346
		405,823
		425,610
		(224,109)
		845,966
240,861		
		220,000
		162,009
		0
		0
		7,310
845,966		
		602,931
		465,348
		574,785
		745
		0
		17,106
		10,295
		4,004
		6,291
		0
		(379)
		0
		5,912
		.43
		.43