



## 2010 Electrical Products Group

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

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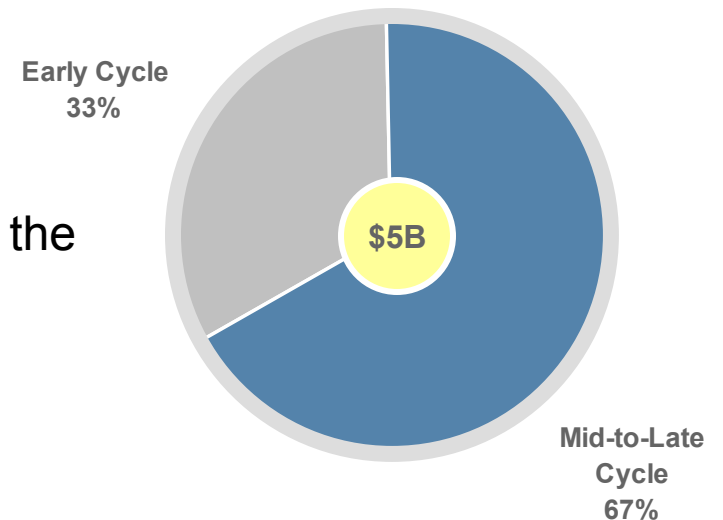


# Current Environment

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

- Early cycle businesses in various stages of recovery:
  - General industrial
  - Vehicle service aftermarket
  - Food & beverage: “components”
  
- Mid-to-late cycle businesses remain impacted by the recession:
  - Power generation
  - Power transmission & distribution
  - Oil & gas
  - Food & beverage: “systems”

## 2010E Revenue



Note: 2010E as of 5/5/2010

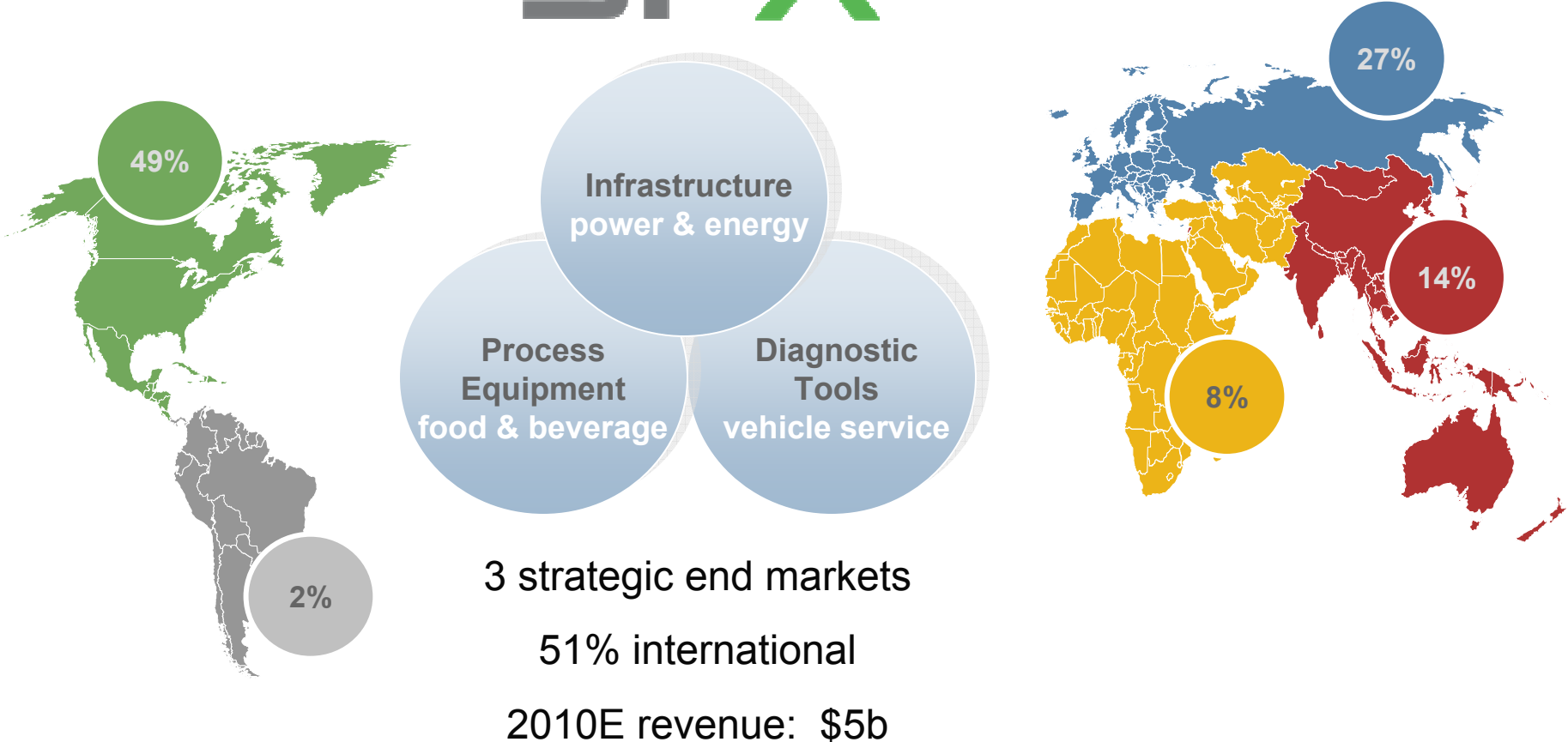
**~2/3rds of Annual Revenue is Mid-to-Late Cycle  
Expect SPX Recovery to Lag the Broader Economy**



# Strategic Focus

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

2009 % Revenue by Region



Note: Data from continuing operations and pro forma for acquisitions; 2010E as of 5/5/2010

**Global, Multi-Industry Supplier of Engineered Solutions**  
**Supporting Power & Energy, Food & Beverage and Vehicle Service Demand**

# Primary Technology Offerings



## infrastructure

power & energy



Cooling Systems



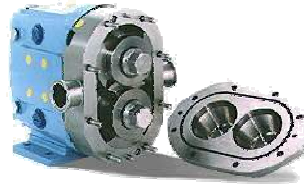
Heat Exchangers



Power Transformers

## process equipment

food & beverage



Engineered Components



Skidded Systems



Full-Line Systems

## diagnostic tools

vehicle service



OEM Professional



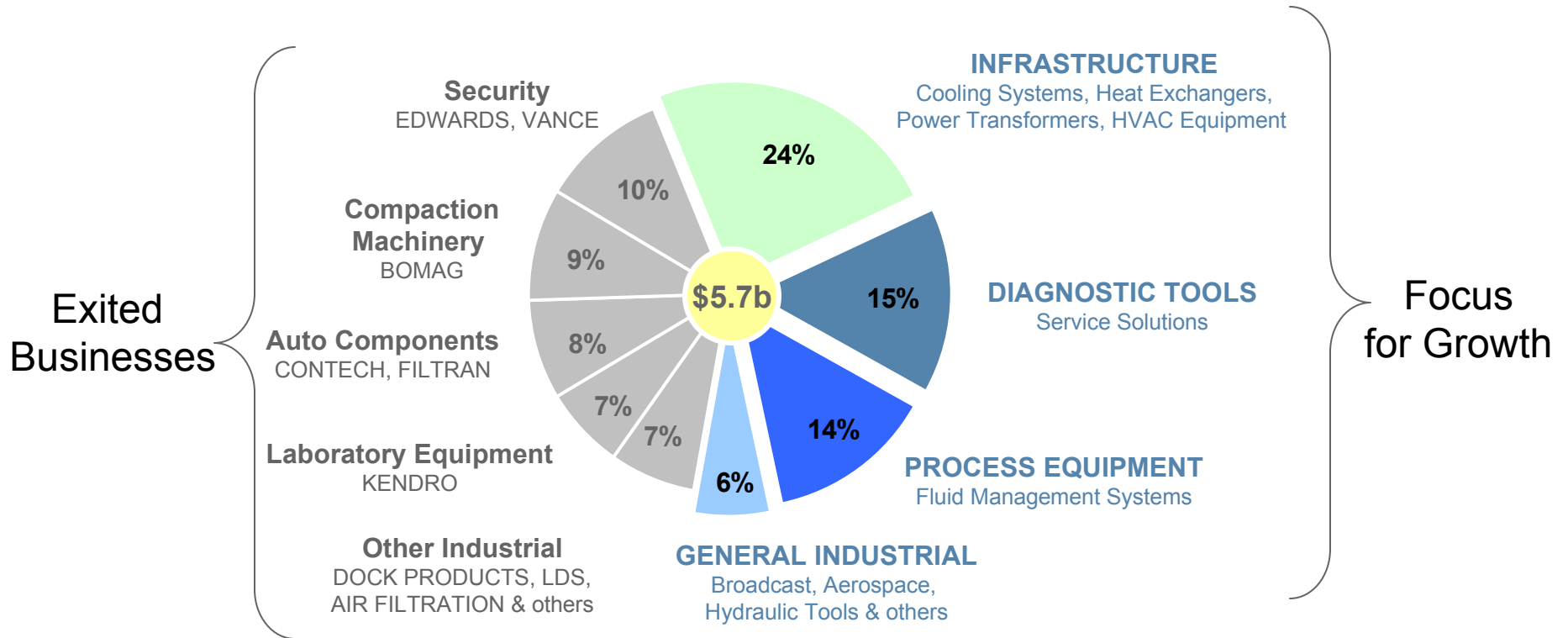
Aftermarket Professional



Aftermarket Do-it-Yourself

**SPX is a Leading Global Provider of Power & Energy Infrastructure, Processed Food & Beverage Equipment and Diagnostic Tools For Vehicle Service**

## 2004 Revenue Mix

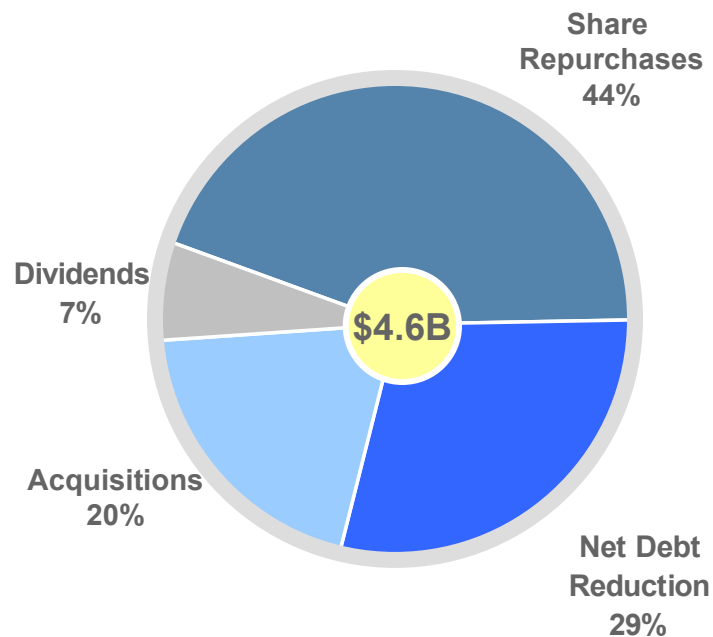


Note: 2004 revenue includes discontinued businesses

**84% of 2009 Revenue Was from Sales Into Our Three Strategic End Markets**



## 2005 to 2009 Capital Allocation



### ■ Acquisition criteria:

- ✓ Strategic to three core end markets:
  - Globalization
  - Expand into adjacent markets
  - Increase technology offerings
- ✓ Accretive to earnings within the first 12 months
- ✓ Generate returns above SPX's cost of capital within a reasonable time frame

**Very Disciplined Acquisition Criteria;  
>50% of Available Capital Returned to Shareholders Since 2005**

# Strategic Acquisitions and Joint Venture



**infrastructure**  
power & energy

**process equipment**  
food & beverage

**diagnostic tools**  
vehicle service

## Yuba®

Year Acquired: 2009  
Annual Revenue: ~\$125m



Joint venture formed in 2009  
Thermax: 51% ownership  
SPX: 49% ownership

## Gerstenberg Schróder

2010  
~\$70m



2007  
~\$800m



Johnson Pump  
2006  
~\$100m

## AUTOBOSS

2008  
~\$10m

Johnson Controls  
European Diagnostics

2007  
~\$80m

## MATRA

2007 ~\$25m

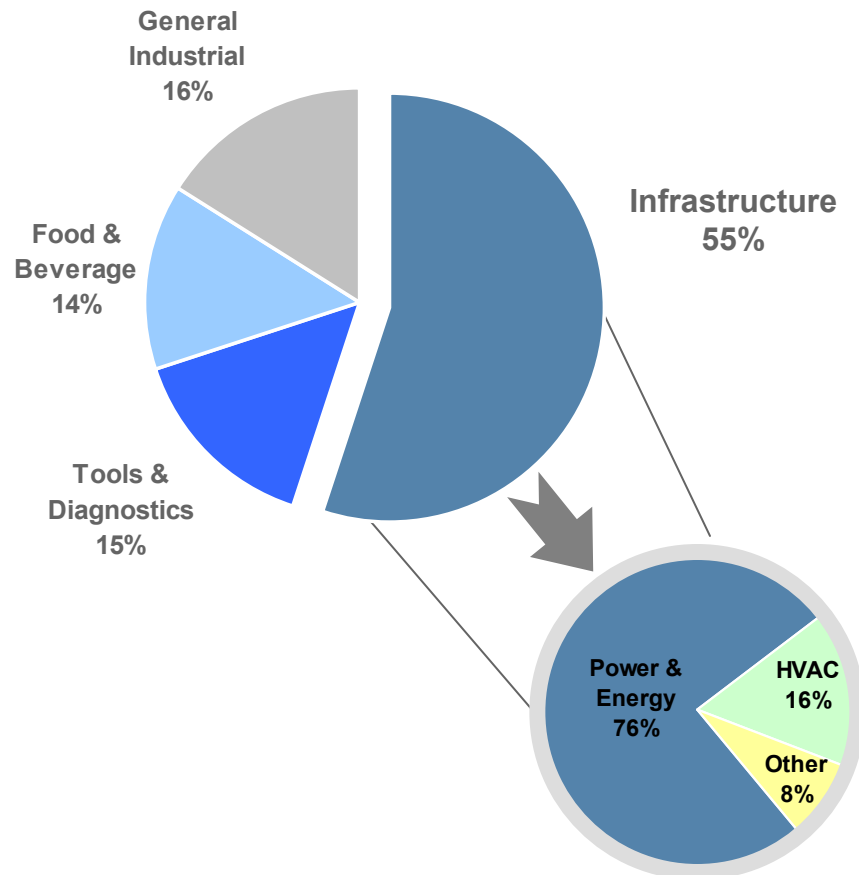


2005  
~\$50m

Note: Approximate annual revenue in the year of acquisition

**Acquisitions Focused on Long-Term Growth Strategy in All 3 End Markets**

## 2009 Pro Forma Revenue by End Market



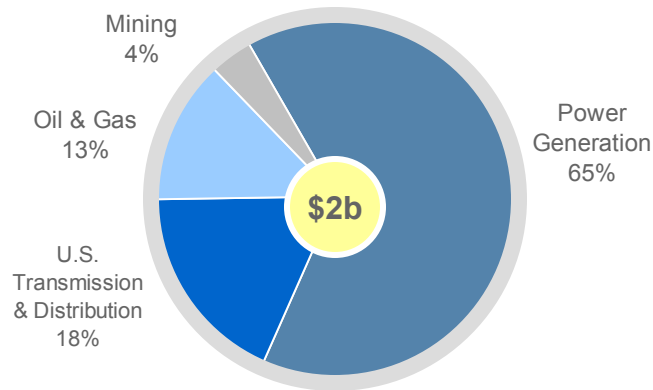
Note: Data from continuing operations and pro forma for acquisitions

## Primary Demand Drivers

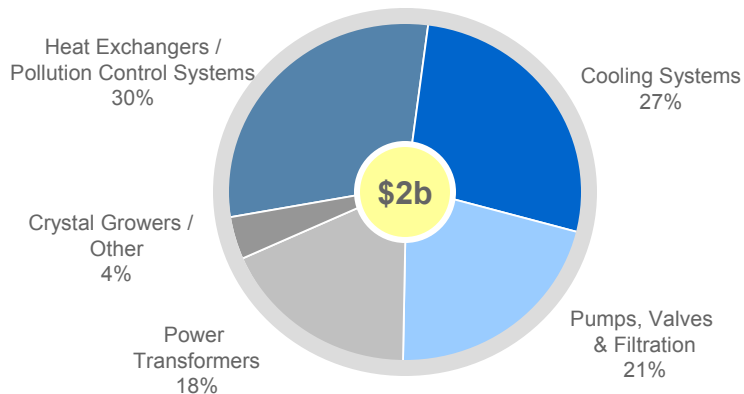
- Growing world population with emerging middle class
- Advancement of emerging countries
- Replacement of aged infrastructure
- Government regulations
- Environmental considerations

**Globalization Has Improved Growth Prospects;  
Positive, Long-Term Fundamental Demand Drivers**

## 2009 Power & Energy Revenue



## 2009 Power & Energy Revenue by Product



Note: Data from continuing operations and pro forma for acquisitions

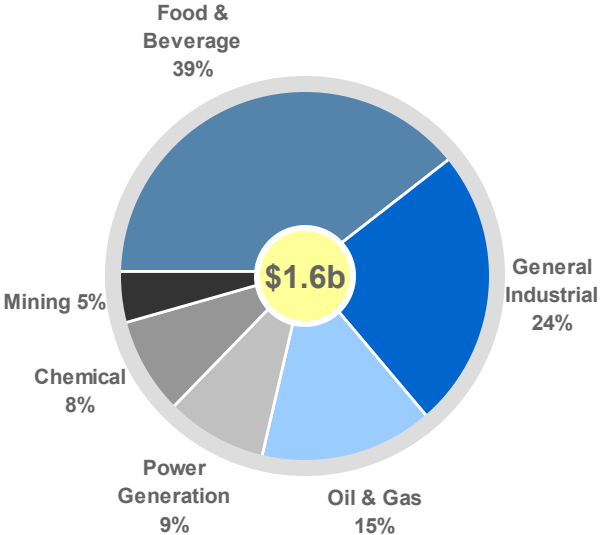
## Key drivers:

- Electricity demand
- New power generation capacity in emerging regions
- Replacement of aged infrastructure in the U.S. and Western Europe
- Investment in alternative energy
- Environmental regulations

**Emerging Regions Investing in New Infrastructure;  
Replacement Opportunity in Developed Regions**

# Process Equipment: Food & Beverage

## 2009 Process Equipment Revenue



## Key Food & Beverage revenue drivers:

- Replacement of used components
- Economic expansion in emerging regions
- Production of value added or higher quality products
- Enhanced hygienic standards and regulatory controls
- Energy efficiency and waste reduction

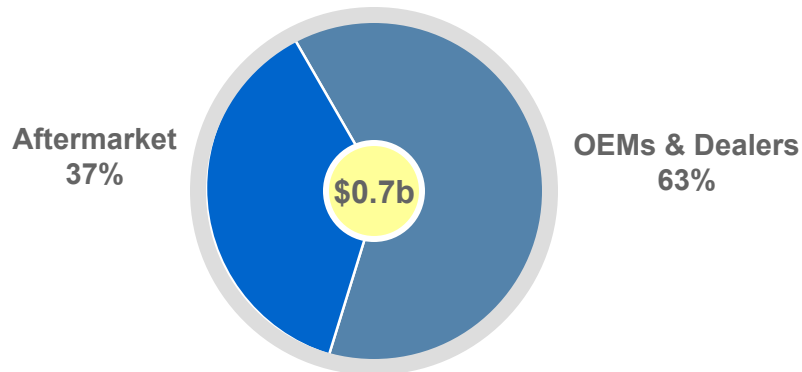
## Key Food & Beverage Customers



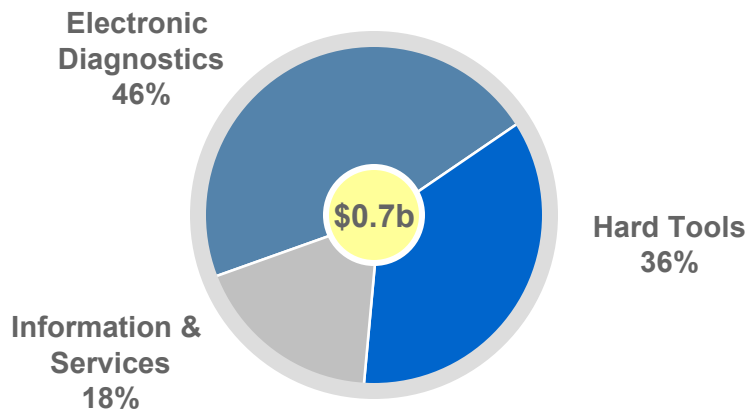
Note: Data from continuing operations and pro forma for acquisitions

**Our Key European and U.S. Customers are Expanding Into Emerging Regions**

## 2009 Revenue



## 2009 Revenue by Product

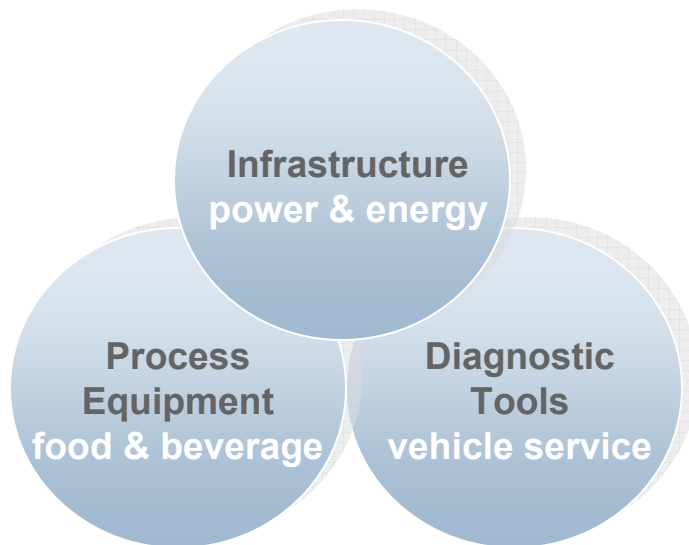


Note: Data from SPX Service Solutions business unit

### Key drivers:

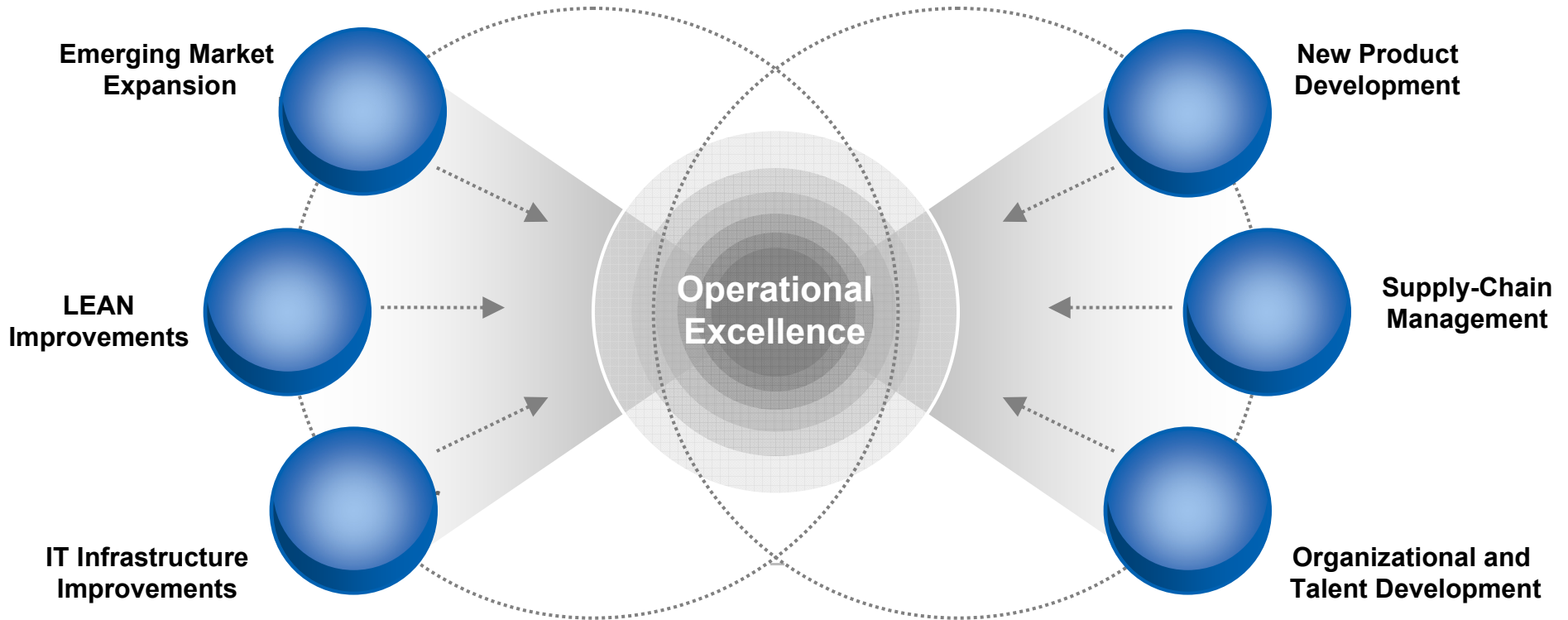
- New vehicle platforms
- Increasing electronic complexity of vehicles
- Environmental considerations:
  - U.S. CAFE standards
  - New air conditioning refrigerant
  - Electric vehicles
- Emerging global marketplace
- OEM outsourcing initiatives

**New Model Introductions, Increased Vehicle Complexity and Environmental Considerations Drive Growth Opportunities for Diagnostic Platforms and Service Offerings**



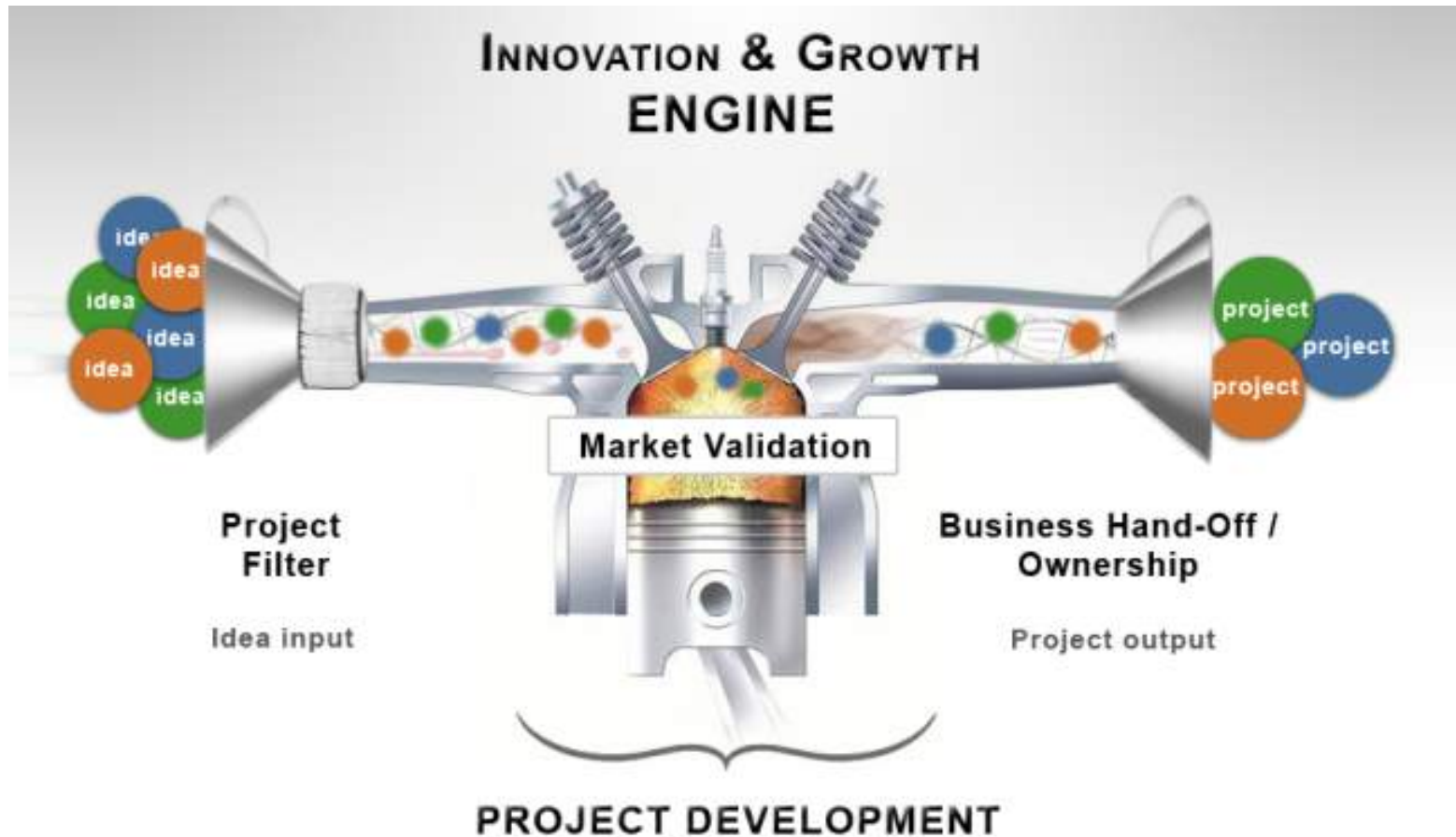
- Global capabilities
- A leading position in three strategic markets
- Engineered solutions
- Brand recognition
- Large installed base
- Financial strength

**Well Positioned for Growth Across Three Strategic Markets**



**Six Operating Initiatives Focused on Growth and Continuous Improvement**





Established Centralized Innovation Council in 2010  
To Identify and Prioritize Top Innovation Opportunities



# Power Transformer Plant Expansion

Focused on Increasing Large Power Capacity

GLOBAL INFRASTRUCTURE X PROCESS EQUIPMENT X DIAGNOSTIC TOOLS

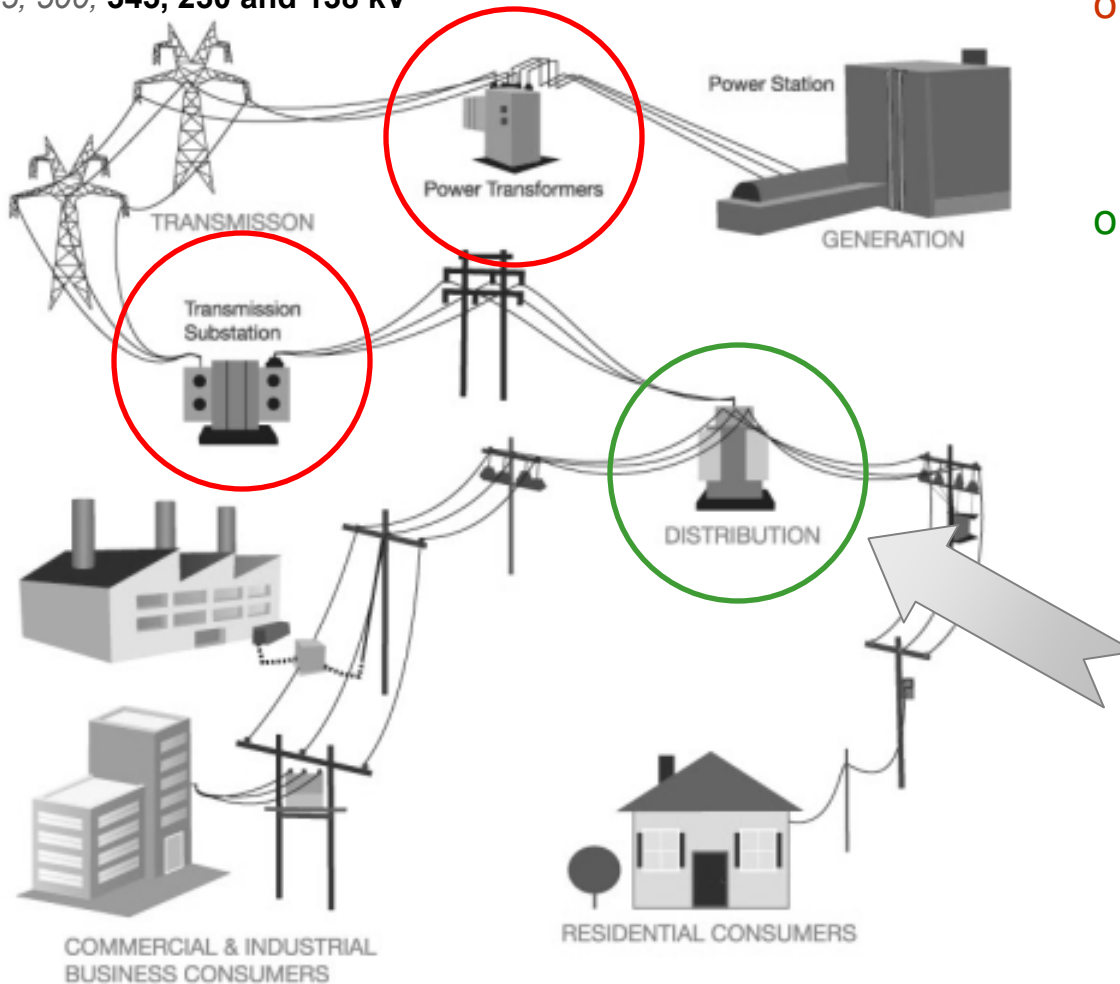


- A leading provider of medium power transformers into the United States
- Custom engineering and strong brand name
- >800 employees
- 2 manufacturing facilities:
  - Waukesha, WI
  - Goldsboro, NC

**SPX is a Leading, U.S. Provider of Medium Power Transformers**

## Transmission Lines:

765, 500, 345, 230 and 138 kV



- Primarily large power transformers:

- Base rating of at least 100 MVA
- Voltage  $\geq 230$  kV

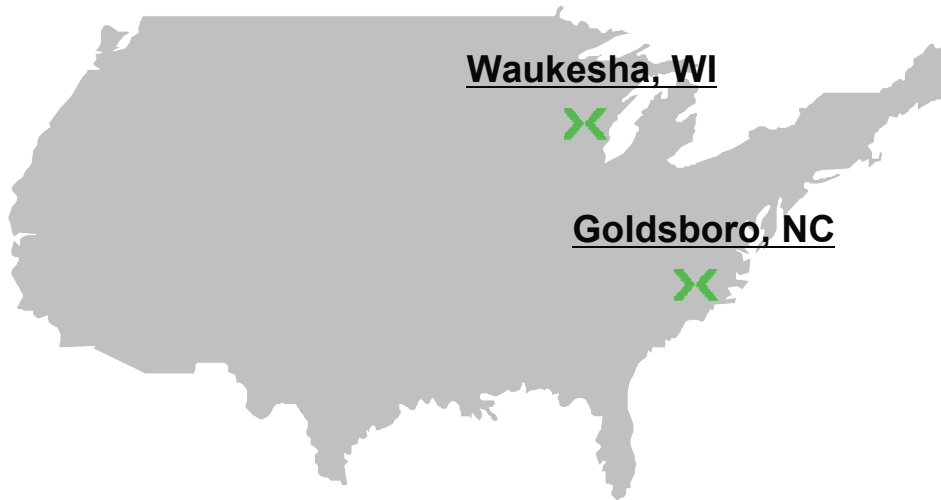
- Primarily medium power transformers:

- Base rating at 10 to 100 MVA
- Voltage  $\leq 230$  kV

- SPX currently supplies transformers **primarily** for distribution substations

**Transformers are Used Throughout the Electrical Grid to Step-Up and Step-Down the Voltage of Power Being Distributed**

# SPX Transformer Manufacturing Facilities



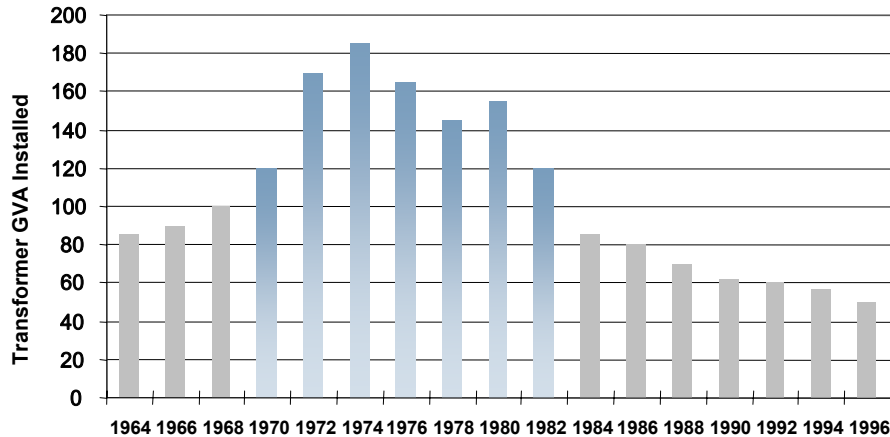
- 292k square feet
- Medium and large power transformers:
  - Up to 250 MVA, 345kV



- 225k square feet
- Medium power transformers:
  - Up to 40 MVA, 230 kV

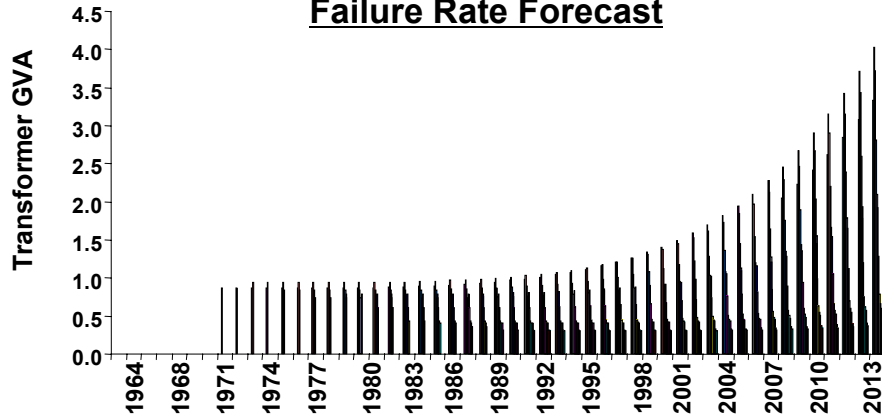
**The Majority of Transformers We Manufacture Today are Medium Power  
Currently, Limited Capacity to Manufacture Large Power Transformers**

**Base Giga-Voltage Ampere (GVA) per Year Additions**



- Electricity demand:
  - Load growth on the grid
  - New housing starts
  
- Aging infrastructure:
  - Average age of power transformers is between 30 and 40 years <sup>(1)</sup>
  
- Regulatory standards:
  - Energy Policy Act of 2005
  - Electric Reliability Organization (2007)

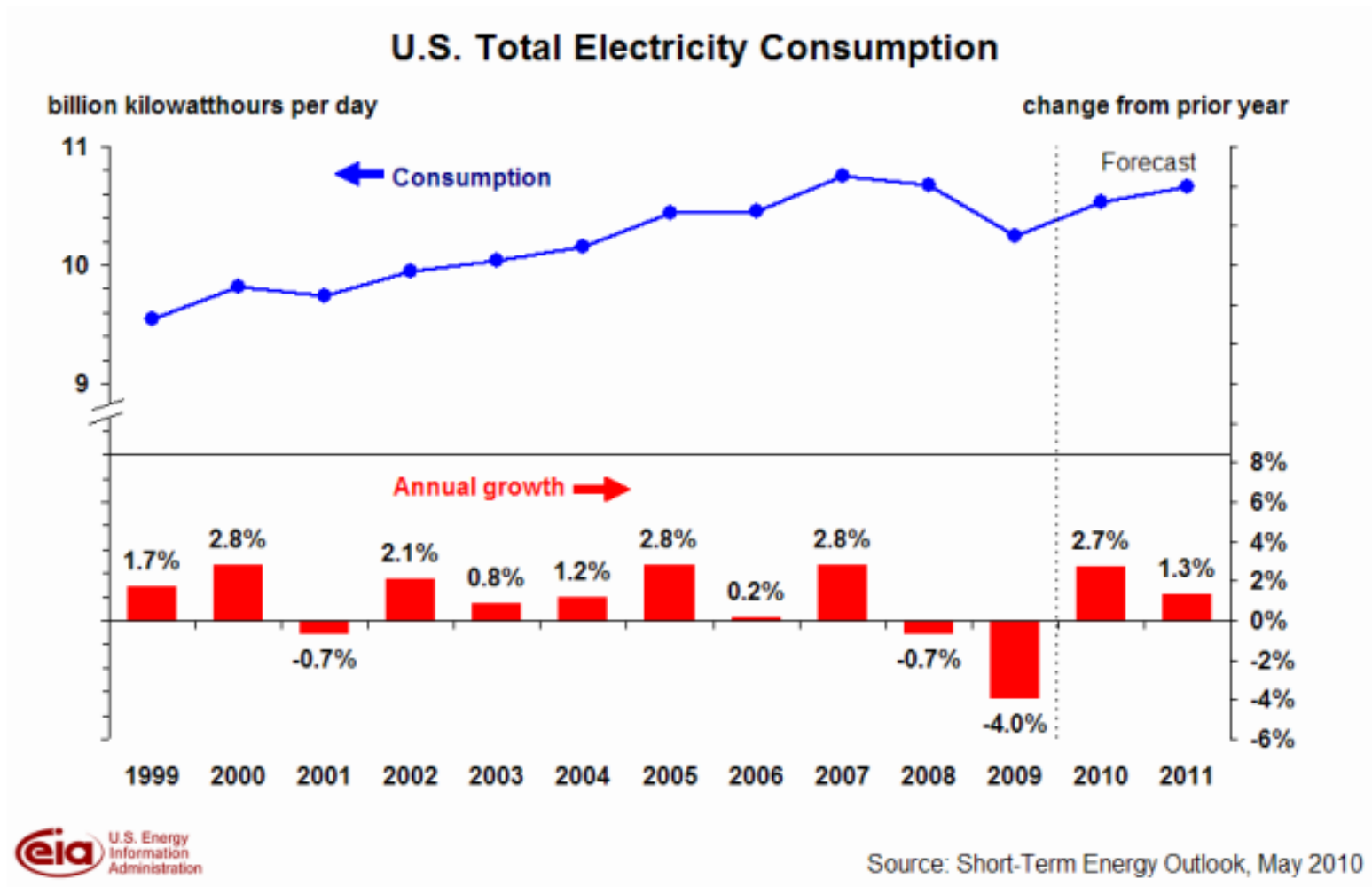
**Failure Rate Forecast**



Source: Hartford Steam Boiler

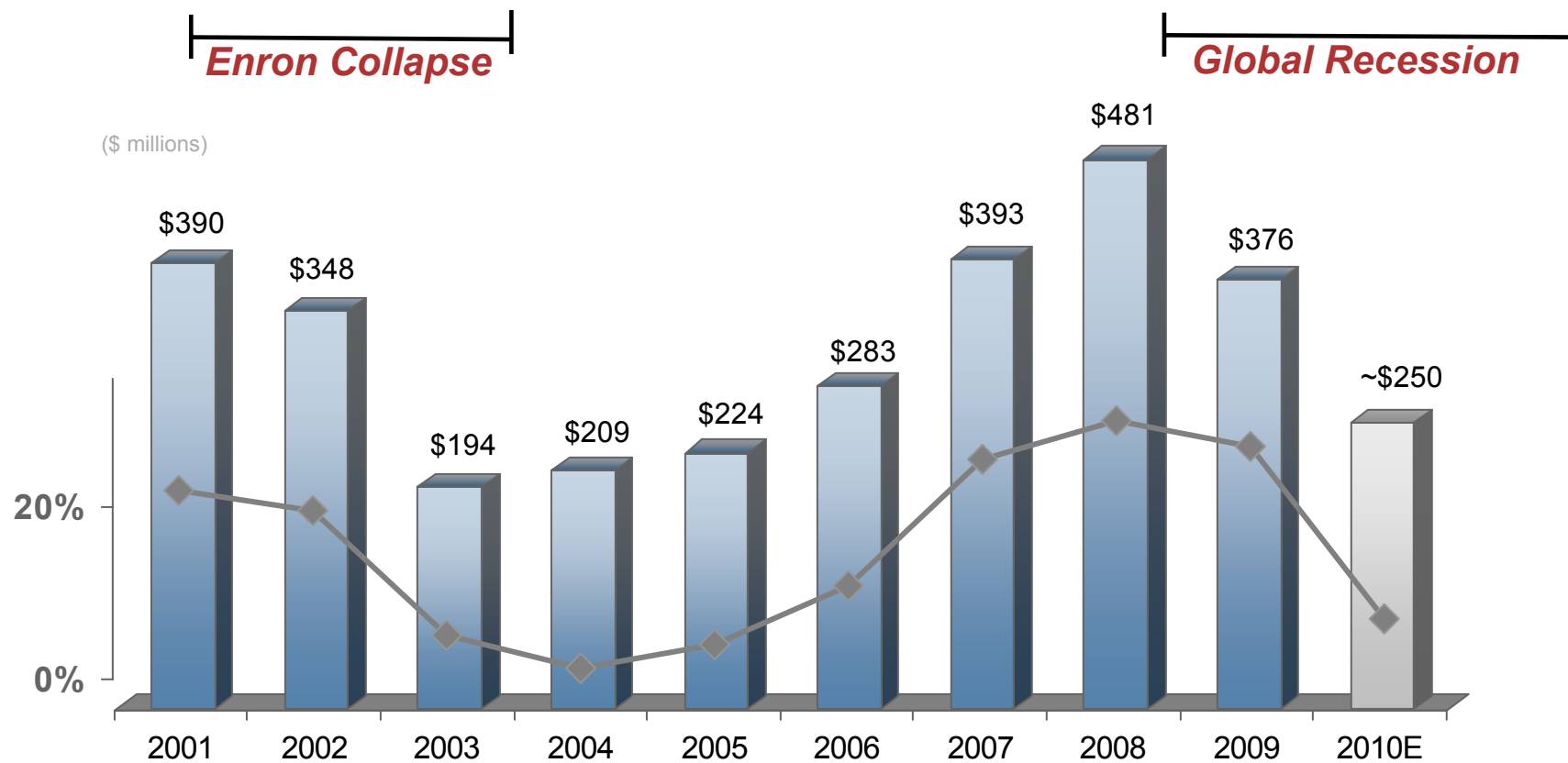
<sup>(1)</sup> Management estimates

**Fundamental Long-Term Demand Drivers are Positive**



U.S. Electricity Demand Expected to Increase 4% by 2011

## Revenue & Operating Profit Margins



Note: 2010E as of 5/5/2010

**Electricity Demand and Specific Events have Influenced Past Investment Cycles;  
Volume and Price are Highly Correlated**



- Planned 140k square foot (~50%) expansion of Waukesha, WI facility:
  - Increases capability to manufacture transformers up to 1,200 MVA at 345kv
  - Provides structural support to manufacture transformers up to 1,200 MVA and 765 kV
  
- Estimated total investment: ~\$70m
  - Government subsidies: \$25m
  - **Estimated net investment: ~\$45m**
  
- 18 month construction period to begin in 2010
  
- Targeting first shipment in 2012:
  - Gradual ramp up over 3-4 years

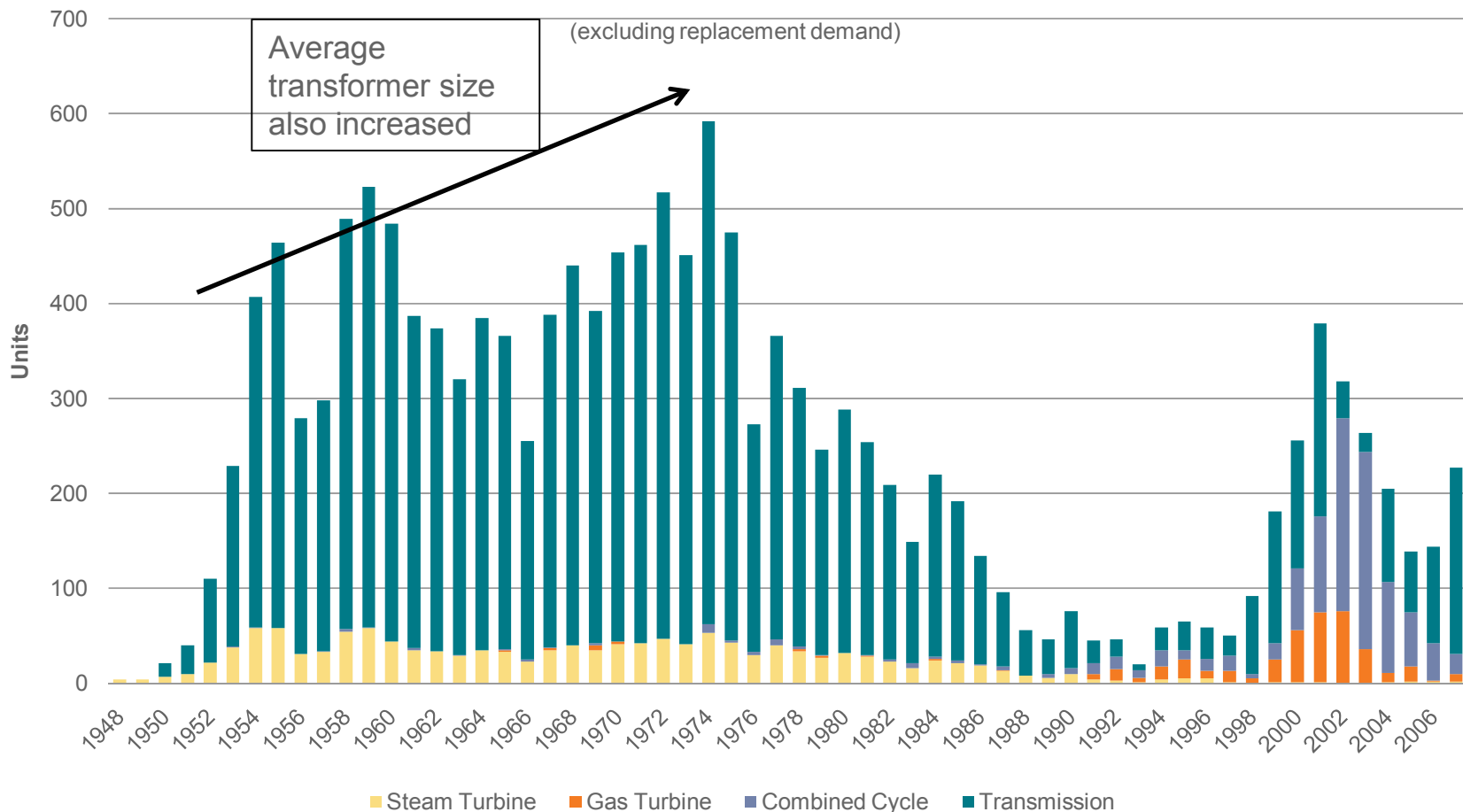


**Targeting Annual Production of 50 Units  
With 250 MVA Average Ratings Over Time**

- U.S. large power transformer demand estimated at 500 to 600 units per year:
  - Average price is between \$3m and \$4m per unit
- 80% of units are currently produced outside North America:
  - Key competitors: ABB, Siemens, Hyundai, Hico, Smit, CG Pauwels & Prolec/GE
- Customers are large electric utilities and electricity generators
- Key demand drivers:
  - Replacement of aging transformers (average age of 40 years)
  - Investment in wind and solar power generation
  - Transmission spending
  - New capacity additions in thermal and nuclear power generation

**Large Power Transformer Space is an Attractive,  
Adjacent Opportunity to Expand our Waukesha Business**

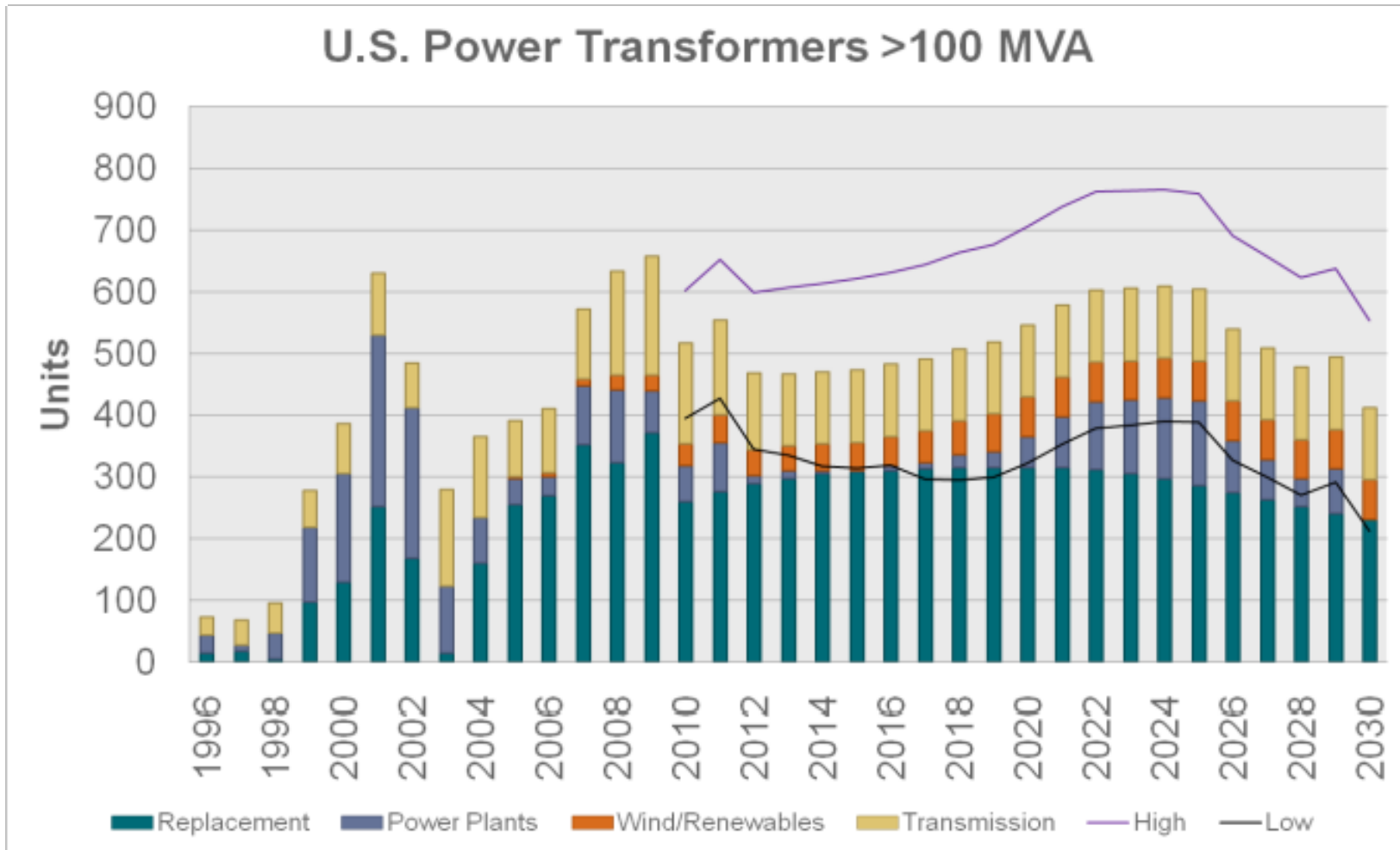
## Power Transformers >100 MVA



Source: Energy Information Administration; Waukesha analysis

**Aging Large Power Transformers Create an Attractive Replacement Opportunity**

# >100 MVA Forecast



Source: Energy Information Administration; Emerging Energy Research; Waukesha analysis

**Expect Growth Between 2012 and 2024**

# SPX Large Power Transformer Advantages



## Key Customers

- Strong brand recognition:
  - Recognized for quality, reliability and service
- Domestic supplier:
  - Preference to buy from U.S. supplier
  - Lower shipping costs
  - Reduced supply chain risk for our customers
- Waukesha already a qualified supplier with some utilities for larger 345kv units



Several Advantages as a Domestic Supplier

- No impact to 2010 EPS or Free Cash Flow guidance
- Expect majority of the capital investment to occur in 2011
- Earnings per share impact:
  - 2011 to 2012: neutral
    - tax incentives expected to largely offset fixed cost increases as production ramps
  - 2013: modest positive earnings contribution
  - 2014: ~\$0.20 per share
  - At or near full capacity: ~\$0.40 per share

**Timing of Completion and Future Market Conditions Could Impact EPS Estimates**

- Aligned with SPX's strategy
- Expands manufacturing capability for large power transformers:
  - Also provides flexibility to produce additional medium power transformers
- Leverages existing customer base
- Government subsidies make the investment attractive

**Proposed Expansion Consistent with SPX's Long-Term Growth Strategy**

- Successful transformation to a focused multi-industry company:
  - 84% of 2009 revenue from three strategic markets
- Managed prudently through 2009 and expect recovery to lag the broader economy:
  - Early cycle businesses at various stages of recovery
  - Mid-to-late cycle businesses still impacted by the recession
- Solid financial position & liquidity
- Fundamental demand drivers in three strategic markets are positive for growth in the medium to long-term
- Continue to invest for future growth

**Continued Focus on Executing Long-Term Strategy**



