

**Dover Corporation**  
**Non-GAAP Reconciliation**  
**2017 Annual Report**

This document defines, reconciles to GAAP and discloses the relevance to investors of the non-GAAP measures included in the 2017 Annual Report.

**Adjusted Earnings Per Share**

Earnings from continuing operations are adjusted by the effect of the Tax Cuts and Jobs Act, gains on disposition of businesses, disposition costs, Apergy separation costs, rightsizing and other costs and a product recall reserve charge and reversal to derive at adjusted earnings from continuing operations and adjusted diluted earnings per common share as follows:

| (in thousands, except per share data)                     | 2017              | 2016              | 2015              | 2014              | 2013              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Adjusted earnings from continuing operations:</b>      |                   |                   |                   |                   |                   |
| Earnings from continuing operations                       | \$ 811,665        | \$ 508,892        | \$ 595,881        | \$ 778,140        | \$ 797,527        |
| Tax Cuts and Jobs Act <sup>1</sup>                        | (50,859)          | -                 | -                 | -                 | -                 |
| Gain on dispositions, pre-tax <sup>2</sup>                | (205,334)         | (96,888)          | -                 | -                 | -                 |
| Gain on dispositions, tax impact <sup>3</sup>             | 32,753            | 28,685            | -                 | -                 | -                 |
| Disposition costs, pre-tax <sup>4</sup>                   | 5,245             | -                 | -                 | -                 | -                 |
| Disposition costs, tax impact <sup>3</sup>                | (2,015)           | -                 | -                 | -                 | -                 |
| Apergy separation costs, pre-tax                          | 15,270            | -                 | -                 | -                 | -                 |
| Apergy separation costs, tax impact <sup>3</sup>          | (5,525)           | -                 | -                 | -                 | -                 |
| Rightsizing and other costs, pre-tax <sup>5</sup>         | 56,278            | -                 | -                 | -                 | -                 |
| Rightsizing and other costs, tax impact <sup>3</sup>      | (17,149)          | -                 | -                 | -                 | -                 |
| Product recall (reversal) charge, pre-tax                 | (7,200)           | 23,150            | -                 | -                 | -                 |
| Product recall (reversal) charge, tax impact <sup>3</sup> | 2,614             | (8,913)           | -                 | -                 | -                 |
| One-time gain, pre-tax                                    | -                 | -                 | -                 | -                 | (4,411)           |
| One-time gain, tax impact <sup>3</sup>                    | -                 | -                 | -                 | -                 | 1,545             |
| <b>Adjusted earnings from continuing operations</b>       | <b>\$ 635,743</b> | <b>\$ 454,926</b> | <b>\$ 595,881</b> | <b>\$ 778,140</b> | <b>\$ 794,661</b> |
| <b>Diluted average shares outstanding</b>                 | <b>157,744</b>    | <b>156,636</b>    | <b>159,172</b>    | <b>168,842</b>    | <b>173,547</b>    |
| <b>Adjusted diluted earnings per common share:</b>        |                   |                   |                   |                   |                   |
| Earnings from continuing operations                       | \$ 5.15           | \$ 3.25           | \$ 3.74           | \$ 4.61           | \$ 4.60           |
| Tax Cuts and Jobs Act <sup>1</sup>                        | (0.32)            | -                 | -                 | -                 | -                 |
| Gain on dispositions, pre-tax <sup>2</sup>                | (1.30)            | (0.62)            | -                 | -                 | -                 |
| Gain on dispositions, tax impact <sup>3</sup>             | 0.21              | 0.18              | -                 | -                 | -                 |
| Disposition costs, pre-tax <sup>4</sup>                   | 0.03              | -                 | -                 | -                 | -                 |
| Disposition costs, tax impact <sup>3</sup>                | (0.02)            | -                 | -                 | -                 | -                 |
| Apergy separation costs, pre-tax                          | 0.10              | -                 | -                 | -                 | -                 |
| Apergy separation costs, tax impact <sup>3</sup>          | (0.03)            | -                 | -                 | -                 | -                 |
| Rightsizing and other costs, pre-tax <sup>5</sup>         | 0.36              | -                 | -                 | -                 | -                 |
| Rightsizing and other costs, tax impact <sup>3</sup>      | (0.11)            | -                 | -                 | -                 | -                 |
| Product recall (reversal) charge, pre-tax                 | (0.05)            | 0.15              | -                 | -                 | -                 |
| Product recall (reversal) charge, tax impact <sup>3</sup> | 0.02              | (0.06)            | -                 | -                 | -                 |
| One-time gain, pre-tax                                    | -                 | -                 | -                 | -                 | (0.03)            |
| One-time gain, tax impact <sup>3</sup>                    | -                 | -                 | -                 | -                 | 0.01              |
| <b>Adjusted diluted earnings per common share</b>         | <b>\$ 4.03</b>    | <b>\$ 2.90</b>    | <b>\$ 3.74</b>    | <b>\$ 4.61</b>    | <b>\$ 4.58</b>    |

<sup>1</sup> Tax impact primarily related to the enactment of the Tax Cuts and Jobs Act. This benefit also includes decreases in statutory tax rates of foreign jurisdictions.

<sup>2</sup> Includes gains from the sales of Performance Motorsports International (PMI) and Warn Industries, Inc. (Warn) in the first and fourth quarters of 2017, respectively, as well as Texas Hydraulics and Tipper Tie in the first and fourth quarters of 2016, respectively.

<sup>3</sup> Gain on dispositions, disposition costs, Apergy separation costs, rightsizing and other costs, a product recall (reversal) charge and a one-time gain were tax effected using the statutory tax rates in the applicable jurisdictions for each period.

<sup>4</sup> Disposition costs include costs related to the fourth quarter sale of Warn.

<sup>5</sup> Rightsizing and other costs include actions taken on employee reductions, facility consolidations and site closures and product line divestitures and exits.

\* Per share data and totals may be impacted by rounding.

### Adjusted Free Cash Flow

Adjusted free cash flow represents net cash provided by operating activities minus capital expenditures, plus the add back of cash taxes paid for gains on dispositions (which reflect tax payments on disposition-related investing activities) and cash paid for Apergy separation costs as follows:

| (in thousands)   | 2017              | 2016              | 2015              | 2014              | 2013              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash flow from operating activities                          | \$ 821,559        | \$ 861,975        | \$ 949,059        | \$ 950,164        | \$ 979,612        |
| Less: Capital expenditures                                   | (196,735)         | (165,205)         | (154,251)         | (166,033)         | (141,694)         |
| Plus: Cash taxes paid for gains on dispositions <sup>6</sup> | 69,040            | 869               | -                 | -                 | -                 |
| Plus: Cash paid for Apergy separation costs                  | 9,508             | -                 | -                 | -                 | -                 |
| <b>Adjusted free cash flow</b>                               | <b>\$ 703,372</b> | <b>\$ 697,639</b> | <b>\$ 794,808</b> | <b>\$ 784,131</b> | <b>\$ 837,918</b> |
| Revenue  | \$ 7,830,436      | \$ 6,794,342      | \$ 6,956,311      | \$ 7,752,728      | \$ 7,155,096      |
| <b>Adjusted free cash flow as a percentage of revenue</b>    | <b>9.0%</b>       | <b>10.3%</b>      | <b>11.4%</b>      | <b>10.1%</b>      | <b>11.7%</b>      |

<sup>6</sup> Federal and state tax payments related to the gains on the dispositions of Warn Industries and Performance Motorsports in 2017 and Tipper Tie and Texas Hydraulics in 2016.

### Non-GAAP Disclosures

Adjusted earnings represents earnings adjusted for the effect of the Tax Cuts and Jobs Act, gains on disposition of businesses, disposition costs, Apergy separation costs, rightsizing and other costs, a product recall reserve charge and reversal and a one-time gain. We exclude these items because they occur for reasons that may be unrelated to the Company's commercial performance during the period and/or Management believes they are not indicative of the Company's ongoing operating costs or gains in a given period. Management believes this information is useful to investors to better understand the company's ongoing profitability and facilitates easier comparisons of the company's profitability to prior and future periods and to its peers. Adjusted diluted earnings per common share represents adjusted earnings divided by averaged diluted shares.

Adjusted free cash flow represents net cash provided by operating activities minus capital expenditures, plus the add back of cash taxes paid for gains on dispositions and cash paid for the Apergy separation costs. Management believes that adjusted free cash flow is an important measure of operating performance because it provides management and investors a measurement of cash generated from operations that is available for mandatory payment obligations and investment opportunities, such as funding acquisitions, paying dividends, repaying debt and