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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**Form 10-K**

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For fiscal year ended December 31, 2008  
Commission File No. 1-4018

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**Dover Corporation**

(Exact name of Registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**53-0257888**  
(I.R.S. Employer  
Identification No.)

**280 Park Avenue New York, N.Y. 10017**  
(Address of principal executive offices)

**Telephone: (212) 922-1640**

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$1	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**  
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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  No

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Securities Exchange Act). Yes  No

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The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the close of business June 30, 2008 was \$9,034,170,540. The registrant's closing price as reported on the New York Stock Exchange-Composite Transactions for June 30, 2008 was \$48.37 per share. The number of outstanding shares of the registrant's common stock as of February 12, 2009 was 186,013,754.

Documents Incorporated by Reference: Part III — Certain Portions of the Proxy Statement for Annual Meeting of Shareholders to be Held on May 7, 2009 (the "2009 Proxy Statement").

***Special Notes Regarding Forward-Looking Statements***

This Annual Report on Form 10-K, especially "Management's Discussion and Analysis", contains "forward-looking" statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income, earnings, cash flows, changes in operations, operating improvements, industries in which Dover companies operate and the U.S. and global economies. Statements in this 10-K that are not historical are hereby identified as "forward-looking statements" and may be indicated by words or phrases such as "anticipates," "supports," "plans," "projects," "expects," "believes," "should," "would," "could," "hope," "forecast," "management is of the opinion," use of the future tense and similar words or phrases. Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ from current expectations including, but not limited to: current economic conditions and uncertainties in the credit and capital markets; the Company's ability to achieve expected savings from integration, synergy and other cost-control initiatives; the ability to identify and successfully consummate value-adding acquisition opportunities; increased competition and pricing pressures in the markets served by Dover's operating companies; the ability of Dover's companies to expand into new geographic markets and to anticipate and meet customer demands for new products and product enhancements; increases in the cost of raw materials; changes in customer demand; political events that could impact the worldwide economy; the impact of natural disasters and their effect on global energy markets; a downgrade in Dover's credit ratings; international economic conditions including interest rate and currency exchange rate fluctuations; the relative mix of products and services which impacts margins and operating efficiencies; short-term capacity constraints; domestic and foreign governmental and public policy changes including environmental regulations and tax policies (including domestic and international export subsidy programs, R&E credits and other similar programs); unforeseen developments in contingencies such as litigation; protection and validity of patent and other intellectual property rights; the cyclical nature of some of Dover's companies; domestic housing industry weakness; and continued events in the Middle East and possible future terrorist threats and their effect on the worldwide economy. Readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Company may, from time to time, post financial or other information on its Internet website, [www.dovercorporation.com](http://www.dovercorporation.com). The Internet address is for informational purposes only and is not intended for use as a hyperlink. The Company is not incorporating any material on its website into this report.

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PART I

**Item 1. Business**

**Overview**

Dover Corporation (“Dover” or the “Company”), incorporated in 1947 in the State of Delaware, became a publicly traded company in 1955. The Company owns and operates a global portfolio of manufacturing companies providing innovative components and equipment, specialty systems and support services for a variety of applications in the industrial products, engineered systems, fluid management and electronic technologies markets. Additional information is contained in Items 7 and 8.

**Operating Structure**

The Company reports its results in four business segments — Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. Dover discusses its operations at the platform level within the Industrial Products, Engineered Systems, and Fluid Management segments, each of which contains two platforms. Electronic Technologies’ results are discussed at the segment level. Dover companies within its business segments and platforms design, manufacture, assemble and/or service the following:

- Material handling equipment such as industrial and recreational winches, utility, construction and demolition machinery attachments, hydraulic parts, industrial automation tools, four-wheel-drive (“4WD”) and all-wheel drive (“AWD”) power train systems, accessories for off-road vehicles and operator cabs and rollover structures.
- Mobile equipment related products primarily refuse truck bodies, tank trailers, compactors, balers, vehicle service lifts, car wash systems, internal engine components, fluid control assemblies and various aerospace components.
- Engineered products such as refrigeration systems, refrigeration display cases, walk-in coolers, foodservice equipment, commercial kitchen air and ventilation systems, heat transfer equipment, and food and beverage packaging machines.
- Product identification related products such as industrial marking and coding systems used to code information (i.e. dates and serial numbers) on consumer products, printing products for cartons used in warehouse logistics operations, bar code printers and portable printers.
- Energy market production and distribution products such as sucker rods, drill bit inserts for oil and gas exploration, gas well production control devices, control valves, piston and seal rings, control instrumentation, remote data collection and transfer devices, and components for compressors, turbo machinery, motors and generators.
- Fluid solution products including nozzles, swivels and breakaways used to deliver various types of fuel, suction system equipment, unattended fuel management systems, integrated tank monitoring, pumps used in fluid transfer applications, quick disconnect couplings used in a wide variety of biomedical and commercial applications, and chemical proportioning and dispensing systems.
- Electronic technology equipment and devices/components such as advanced micro-component products for the hearing aid and consumer electronics industries, high frequency capacitors, microwave electro-magnetic switches, radio frequency and microwave filters, electromagnetic products, frequency control/select components and sophisticated automated assembly and testing equipment.

**Business Strategy**

The Company operates with certain fundamental business strategies. First, it seeks to acquire and own businesses that manufacture proprietary engineered industrial products and are leaders in four broad markets: Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. To ensure success, Dover companies place strong emphasis on new product development to better serve customers and expand into

new product and geographic markets. Second, the Company's businesses are committed to operational excellence, and to being market leaders as measured by market share, customer service, innovation, profitability and return on invested capital. Third, the Company is committed to an operating culture with high ethical standards, trust, respect and open communication, to allow individual growth and operational effectiveness. Fourth, the Company seeks to utilize its strong free cash flow in a balanced manner to grow its businesses and to increase shareholder value.

**Management Philosophy**

The Company's operating structure of four defined industry segments and six core business platforms drives focused acquisition activity, accelerates opportunities to identify and capture operating synergies, including global sourcing and supply chain integration, and advances the development of Dover's executive talent. The presidents of Dover's operating companies and groups have responsibility for their businesses' performance as they are able to serve customers by focusing closely on their products and markets, and by reacting quickly to customer needs. The Company's platform, segment and executive management sets strategic direction and initiatives, provides oversight, allocates and manages capital, is responsible for major acquisitions and provides other services.

**Portfolio Development**

***Acquisitions***

Dover's acquisition program has two elements. First, it seeks to acquire value creating add-on businesses that broaden its existing companies and their global reach, manufacture innovative components and equipment, specialty systems and/or support services, and sell to industrial or commercial users. Second, it will strategically pursue larger, stand-alone businesses that have the potential to either complement its existing companies or allow Dover to pursue a new platform. During the period from 2006 through 2008, the Company purchased 18 businesses with an aggregate cost of \$1,494.2 million.

In 2008, the Company acquired four businesses, all of which were add-on businesses, for an aggregate cost of \$103.8 million. In 2007, the Company acquired seven businesses, all of which were add-on businesses, for an aggregate cost of \$273.6 million. In 2006, Dover acquired seven companies (five add-ons) for an aggregate cost of \$1,116.8 million, the highest annual acquisition investment level in its history.

For more details regarding acquisitions completed over the past two years, see Note 3 to the Consolidated Financial Statements in Item 8. The Company's future growth depends in large part on finding and acquiring successful businesses, as a substantial number of the Company's current businesses operate in relatively mature markets. While the Company expects to generate annual organic growth of 5 — 7% over a business cycle, sustained organic growth at these levels for individual businesses is difficult to achieve consistently each year.

***Divestitures***

While the Company generally expects to hold businesses that it buys, it continually reviews its portfolio to verify that those businesses continue to be essential contributors to Dover's long-term growth strategy. In addition, occasionally Dover might make an opportunistic sale of one of its companies based on specific market conditions and strategic considerations. During the past three years (2006 — 2008), the Company decided to reduce its exposure to companies that provide capital equipment, particularly electronic assembly equipment, as well as small, lower margin operations, and, accordingly, it discontinued 18 operations and sold 17 operations for an aggregate consideration of approximately \$629.6 million, of which \$445.9 million was in 2006. For more details, see the "Discontinued Operations" discussion below and Note 8 to the Consolidated Financial Statements in Item 8.

**Reportable Segments**

Below is a description of Dover's reportable segments and related platforms. For additional financial information about Dover's reportable segments, see Note 14 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

### **Industrial Products**

The Industrial Products segment provides Material Handling products and services that improve its customers' productivity as well as products used in various Mobile Equipment applications primarily in the transportation equipment, vehicle service and solid waste management markets. The segment manages and sells its products and services through two business platforms described below.

#### *Material Handling*

The Material Handling platform primarily serves two global markets — infrastructure and industrial automation. The companies in this platform develop and manufacture branded customer productivity enhancing systems. These products are produced in the United States, Mexico, Germany, Belgium, Thailand, India, China, Brazil and France and are marketed globally on a direct basis to original equipment manufacturers (OEMs) and through a global dealer and distribution network to industrial end users.

The Material Handling platform companies in the infrastructure market sell to broad segments of the construction, utility, demolition, recycling, scrap processing, material handling, forestry, energy, military, marine, towing/recovery, refuse and automotive OEM markets. Major products include mobile shears, concrete demolition tools, buckets, backhoes, trenchers, augers, worm gear and planetary winches, and hydraulic lift and electronic control/monitoring systems for mobile and structural cranes, 4WD and AWD power train systems, accessories for off-road vehicles and operator cabs and rollover structures. These products are sold to OEMs and extensive dealer networks primarily in North America. Components systems and services are also provided for aerospace, military vehicles, and marine applications.

The Material Handling platform companies in the industrial automation market provide a wide range of modular automation components including manual clamps, power clamps, rotary and linear mechanical indexers, conveyors, pick and place units, as well as end-of-arm robotic grippers, slides and end effectors. These products serve a very broad market including food processing, packaging, paper processing, medical, electronic, automotive, nuclear, and general industrial products. These businesses generate almost half of their revenues outside the U.S.

#### *Mobile Equipment*

The Mobile Equipment platform serves three primary markets — transportation equipment, solid waste management and vehicle service. The companies in this platform manufacture tank trailers, specialty trailers, refuse collection bodies (garbage trucks), container lifts, on-site waste management and recycling systems, vehicle service lifts, touch-free and friction vehicle wash systems, vehicle collision measuring and repair systems, aerospace and submarine related fluid control assemblies, high strength fasteners and bearings, internal jet engine components and accessories, precision components for commercial and military aerospace equipment and sophisticated control valves for submarines. The businesses also provide components for off-road sports vehicles and high performance autos. The platform has manufacturing operations in North and South America, Asia and Europe.

The businesses in the transportation equipment market manufacture and sell aluminum, stainless steel and steel tank trailers that carry petroleum products, chemical, edible and dry bulk products, as well as specialty trailers focused on the heavy haul, oil field and recovery markets. Trailers are marketed both directly and indirectly through distributors to customers in the construction, trucking, railroad, oilfield and heavy haul industries. These products are also sold to government agencies in the U.S. and globally.

The businesses in the solid waste management market provide products and services for the refuse collection industry and for on-site processing and compaction of trash and recyclable materials. Products are sold to municipal customers, national accounts and independent waste haulers through a network of distributors and directly in certain geographic areas. The on-site waste management and recycling systems include a variety of stationery compactors, wire processing and separation machines, and balers that are manufactured and sold primarily in the U.S. to distribution centers, malls, stadiums, arenas, office complexes, retail stores and recycling centers.

The businesses in the vehicle service market provide a wide range of products and services that are utilized in vehicle services, maintenance, repair and modification. Vehicle lifts and collision equipment are sold through equipment distributors and directly to a wide variety of markets, including independent service and repair shops,

collision repair shops, national chains and franchised service facilities, new vehicle dealers, and governments. Car wash systems, both “touch-free” and “friction”, are sold primarily in the U.S. and Canada to major oil companies, convenience store chains and individual investors. These products are sold through a distribution network that installs the equipment and provides after sale service and support. High performance internal combustion engine components, including pistons, connecting rods, crankshafts and accessories, are designed to meet customer specifications for the racing and enthusiast markets in both the motor sports and automotive market segments. These products are sold directly and through distribution networks on a global basis.

#### ***Engineered Systems***

The Engineered Systems segment provides products and services for the refrigeration, storage, packaging and preparation of food products, as well as industrial marking and coding systems for various markets. The segment serves its markets by managing these products and services through two business platforms which are described below.

##### *Product Identification*

The Product Identification platform (“PI”) is a worldwide supplier of industrial marking and coding systems that serves the food, beverage, cosmetic, pharmaceutical, electronic, automotive and other markets where variable marking is required. Its primary printing products are used for marking variable information (such as date codes or serial numbers) on consumer products. PI provides solutions for product marking on primary packaging, secondary packaging such as cartons, and pallet marking for use in warehouse logistics operations. PI also manufactures bar code printers and portable printers used where on demand labels/receipts are required. The PI principal manufacturing facilities are in the United States, France and China with sales operations globally.

##### *Engineered Products*

The Engineered Products platform manufactures refrigeration systems, refrigeration display cases, walk-in coolers and freezers, electrical distribution products and engineering services, commercial foodservice equipment, cook-chill production systems, custom food storage and preparation products, kitchen ventilation systems, conveyer systems, beverage can-making machinery, and packaging machines used for meat, poultry and other food products. In addition, the platform manufactures copper-brazed compact heat exchangers, and designs software for heating and cooling substations. The platform’s manufacturing facilities and distributing operations are in North America and Europe with additional distribution facilities in South America and Asia.

The majority of the systems and machinery that are manufactured or serviced by the Engineered Products platform is used by the supermarket industry, “big-box” retail and convenience stores, the commercial/industrial refrigeration industry, institutional and commercial foodservice markets, and beverage can-making industries. The commercial foodservice cooking equipment products serve their markets worldwide through a network of dealers, distributors, national chain accounts, manufacturer representatives, and a direct sales force with the primary market being North America. The heat exchangers are sold via a direct sales force throughout the world for various applications in a wide variety of industries.

#### ***Fluid Management***

The Fluid Management segment provides products and services for end-to-end stewardship of its customers’ critical fluids including liquids, gases, powders and other solutions that are hazardous, valuable or process-critical. The segment provides highly engineered, cost-saving technologies that help contain, control, move, measure and monitor these critical fluids. To better serve its end-markets, these products and services are channeled through two business platforms described below.

##### *Energy*

The Energy platform serves the oil, gas and power generation industries. Its products promote the efficient and cost-effective extraction, storage and movement of oil and gas products, or constitute critical components for power generation equipment. Major products manufactured by companies within this platform include polycrystalline



diamond cutters (PDCs) used in drill bits for oil and gas wells; steel sucker rods, plunger lifts, and accessories used in artificial lift applications in oil and gas production; pressure, temperature and flow monitoring equipment used in oil and gas exploration and production applications; and control valves and instrumentation for oil and gas production. In addition, these companies manufacture various compressor parts that are used in the natural gas production, distribution and oil refining markets, as well as bearings and remote condition monitoring systems that are used for rotating machinery applications such as turbo machinery, motors, generators and compressors used in energy, utility, marine and other industries. Sales are made directly to customers and through various distribution channels. Sales are predominantly in North America with international sales directed largely to Europe and South America.

#### *Fluid Solutions*

The Fluid Solutions platform manufactures pumps, compressors, vehicle fuel dispensing products, and products for the transfer, monitoring, measuring and protection of hazardous, liquid and dry bulk commodities. In addition, these companies manufacture quick disconnect couplings and chemical proportioning and dispensing products. The products are manufactured in the United States, South America, Asia and Europe and marketed globally through a network of distributors or via direct channels.

Vehicle fuel dispensing products include conventional, vapor recovery, and clean energy (LPG, CNG, and Hydrogen) nozzles, swivels and breakaways, as well as tank pressure management systems. Products manufactured for the transportation, storage and processing of hazardous liquid and dry-bulk commodities include relief valves, loading/unloading angle valves, rupture disc devices, actuator systems, level measurement gauges, swivel joints, butterfly valves, lined ball valves, aeration systems, industrial access ports, manholes, hatches, collars, weld rings and fill covers.

This platform's pumps and compressors are used to transfer liquid and bulk products and are sold to a wide variety of markets, including the refined fuels, LPG, pulp and paper, wastewater, food/sanitary, military, transportation and chemical process industries. These companies manufacture centrifugal, reciprocating (double diaphragm) and rotary pumps that are used in demanding and specialized fluid transfer process applications.

The quick disconnect couplings provide fluid control solutions to the industrial, food handling, life sciences and chemical handling markets. The chemical portioning and dispensing systems are used to dilute and dispense concentrated cleaning chemicals and are sold to the food service, health care, supermarket, institutional, school, building service contractor and industrial markets.

#### *Electronic Technologies*

The Electronic Technologies segment designs and manufactures electronic test, material deposition and manual soldering equipment, advanced micro-acoustic components, and specialty electronic components. The products are manufactured primarily in North America, Europe and Asia and are sold throughout the world directly and through a network of distributors.

The test equipment products include machines, test fixtures and related products used in testing "bare" and "loaded" electronic circuit boards and semiconductors. In addition, the segment manufactures high-speed precision material deposition machines and other related tools used in the assembly process for printed circuit boards and other specialty applications as well as precision manual soldering, de-soldering and other hand tools.

The micro-acoustic components manufactured include audio communications components, primarily miniaturized microphones, receivers and electromechanical components for use in hearing aids as well as high performance transducers for use in pro-audio devices, high-end headsets, medical devices and military headsets. The platform also designs, manufactures and assembles microphones for use in the personal mobile device and communications markets, including mobile phones, PDAs, Bluetooth® headsets and laptop computers.

The specialty electronic components include frequency control/select components and modules employing quartz technologies, microwave electro-mechanical switches, radio frequency and microwave filters, integrated assemblies, multi-layer ceramic capacitors and high frequency capacitors. These components are sold to communication, medical, defense, aerospace and automotive manufacturers worldwide.

### **Discontinued Operations**

Companies that are considered discontinued operations in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," are presented separately in the consolidated statements of operations, balance sheets and cash flows and are not included in continuing operations. Earnings from discontinued operations include charges, when necessary, to reduce these businesses to estimated fair value less costs to sell. Fair value is determined by either using directly observable inputs, such as a negotiated selling price or other valuation techniques that use market assumptions that are reasonable and supportable. All interim and full year reporting periods presented reflect the continuing operations on a comparable basis. Please refer to Note 8 to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information on discontinued operations.

### **Raw Materials**

Dover's operating companies use a wide variety of raw materials, primarily metals and semi-processed or finished components, which are generally available from a number of sources. As a result, shortages or the loss of any single supplier have not had, and are not likely to have, a material impact on operating profits. While generally available, commodity pricing, until recently, has trended upward over the past few years, particularly for various grades of steel, copper, aluminum and select other commodities, the Company has generally kept pace, or exceeded raw material cost increases, using effective pricing strategies. Over the second half of 2008, the Company has experienced, in general, decreases in commodity prices.

### **Research and Development**

Dover's operating companies are encouraged to develop new products as well as to upgrade and improve existing products to satisfy customer needs, expand revenue opportunities domestically and internationally, maintain or extend competitive advantages, improve product reliability and reduce production costs. During 2008, \$189.2 million of expense was incurred for research and development, including qualified engineering costs, compared with \$193.2 million and \$168.9 million in 2007 and 2006, respectively.

For the Product Identification and Electronic Technologies companies, efforts in these areas tend to be particularly significant because the rate of product development by their customers is often quite high. The companies that develop product identification equipment and specialty electronic components for the life sciences, datacom and telecom commercial markets believe that their customers expect a continuing rate of product performance improvement and reduced costs. The result has been that product life cycles in these markets generally average less than five years with meaningful sales price reductions over that time period.

Dover's other segments contain many businesses that are also involved in important product improvement initiatives. These businesses also concentrate on working closely with customers on specific applications, expanding product lines and market applications, and continuously improving manufacturing processes. Most of these businesses experience a much more moderate rate of change in their markets and products than is generally experienced by the Product Identification platform and the Electronic Technologies segment.

### **Intellectual Property and Intangible Assets**

Dover companies own many patents, trademarks, licenses and other forms of intellectual property, which have been acquired over a number of years and, to the extent relevant, expire at various times over a number of years. A large portion of the Dover companies' intellectual property consists of patents, unpatented technology and proprietary information constituting trade secrets that the companies seek to protect in various ways, including confidentiality agreements with employees and suppliers where appropriate. In addition, a significant portion of the Company's intangible assets relate to customer relationships. While the Dover companies' intellectual property and customer relationships are important to their success, the loss or expiration of any of these rights or relationships, or any groups of related rights or relationships, is not likely to materially affect the Company on a consolidated basis. The Company believes that its companies' commitment to continuous engineering improvements, new product development and improved manufacturing techniques, as well as strong sales, marketing and service efforts, are significant to their general leadership position in the niche markets that they serve.

**Seasonality**

In general, Dover companies, while not seasonal, tend to have stronger revenue in the second and third quarters, particularly companies serving the consumer electronics, transportation, construction, waste hauling, petroleum, commercial refrigeration and food service markets. Companies serving the major equipment markets, such as power generation, chemical and processing industries, have long lead times geared to seasonal, commercial or consumer demands, and tend to delay or accelerate product ordering and delivery to coincide with those market trends.

**Customers**

Dover's companies serve thousands of customers, no one of which accounted for more than 10% of the Company's consolidated revenue in 2008. Within each of the four segments, no customer accounted for more than 10% of that segment's revenue in 2008.

With respect to the Engineered Systems, Fluid Management and Industrial Products segments, customer concentrations are quite varied. Companies supplying the waste handling, construction, agricultural, defense, energy, automotive and commercial refrigeration industries tend to deal with a few large customers that are significant within those industries. This also tends to be true for companies supplying the power generation, aerospace and chemical industries. In the other markets served, there is usually a much lower concentration of customers, particularly where the companies provide a substantial number of products as well as services applicable to a broad range of end use applications.

Certain companies within the Electronic Technologies segment serve the military, space, aerospace, commercial and datacom/telecom infrastructure markets. Their customers include some of the largest operators in these markets. In addition, many of the OEM customers of these companies within the Electronic Technologies segment outsource their manufacturing to Electronic Manufacturing Services ("EMS") companies. Other customers include global cell phone and hearing aid manufacturers, many of the largest global EMS companies, particularly in China, and major printed circuit board and semi-conductor manufacturers.

**Backlog**

Backlog generally is not a significant long-term success factor in most of Dover's businesses, as most of the products of Dover companies have relatively short order-to-delivery periods. It is more relevant to those businesses that produce larger and more sophisticated machines or have long-term government contracts, primarily in the Mobile Equipment platform within the Industrial Products segment. Total Company backlog as of December 31, 2008 and 2007 was \$1,156.0 million and \$1,446.4 million, respectively, which reflected the meaningful decrease in global economic activity experienced during the latter half of 2008, which is expected to continue into 2009.

**Competition**

Dover's competitive environment is complex because of the wide diversity of the products its companies manufacture and the markets they serve. In general, most Dover companies are market leaders that compete with only a few companies and the key competitive factors are customer service, product quality and innovation. Dover companies usually have more significant competitors domestically, where their principal markets are, than in non-U.S. markets; however, Dover companies are becoming increasingly global where more competitors exist.

Certain companies in the Electronic Technologies and Engineered Systems segments compete globally against a variety of companies, primarily operating in Europe and the Far East.

**International**

For non-U.S. revenue and an allocation of the assets of the Company's continuing operations, see Note 14 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

Although international operations are subject to certain risks, such as price and exchange rate fluctuations and non-U.S. governmental restrictions, Dover continues to increase its expansion into international markets, including South America, Asia and Eastern Europe.

Most of Dover's non-U.S. subsidiaries and affiliates are based in France, Germany, the United Kingdom, the Netherlands, Sweden, Switzerland and, with increased emphasis, China, Malaysia, India, Mexico, Brazil and Eastern Europe.

#### **Environmental Matters**

Dover believes its companies' operations generally are in substantial compliance with applicable regulations. In a few instances, particular plants and businesses have been the subject of administrative and legal proceedings with governmental agencies or private parties relating to the discharge or potential discharge of regulated substances. Where necessary, these matters have been addressed with specific consent orders to achieve compliance. Dover believes that continued compliance will not have a material impact on the Company's financial position and will not require significant expenditures or adjustments to reserves.

#### **Employees**

The Company had approximately 32,300 employees in continuing operations as of December 31, 2008, which was a decline of approximately 6% from prior year end, reflecting the overall global economic slowdown.

#### **Other Information**

Dover makes available through the "Financial Reports" link on its Internet website, <http://www.dovercorporation.com>, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports. Dover posts each of these reports on the website as soon as reasonably practicable after the report is filed with the Securities and Exchange Commission. The information on the Company's Internet website is not incorporated into this Form 10-K.

#### **Item 1A. Risk Factors**

Dover's business, financial condition, operating results and cash flows can be impacted by a number of factors which could cause our actual results to vary materially from recent results or from anticipated future results. The risk factors discussed in this section should be considered together with information included elsewhere in this Annual Report on Form 10-K and should not be considered the only risks facing the Company. The structure of Dover and the many different markets its companies serve mitigate the possibility that any single risk factor will materially impact Dover's consolidated financial position.

In general, Dover is subject to the same general risks and uncertainties that impact many other industrial companies such as general economic, industry and/or market conditions and growth rates; the impact of natural disasters, and their effect on global energy markets; continued events in the Middle East and possible future terrorist threats and their effect on the worldwide economy; and changes in laws or accounting rules. The Company has identified the following specific risks and uncertainties that it considers material:

- ***The Company's results for 2009 will be impacted by current domestic and international economic conditions and uncertainties.***

In 2009 Dover's businesses will be adversely affected by disruptions in financial markets or declines in economic activity both domestically and internationally in those countries in which the Company operates. These circumstances will also impact the Company's suppliers and customers in various ways which could have an impact on the Company's business operations, particularly if global credit markets are not operating efficiently and effectively to support industrial commerce. Such negative changes in worldwide economic and capital market conditions are beyond the Company's control, are highly unpredictable, and can have an adverse effect on the Company's revenue, earnings, cash flows and cost of capital.

- ***Increasing price and product/service competition by international and domestic competitors including new entrants and the ability of Dover to introduce new and competitive products could cause Dover's businesses to generate lower revenue, operating profits and cash flows.***

Dover's competitive environment is complex because of the wide diversity of the products that its companies manufacture and the markets they serve. In general, most Dover companies are market leaders that compete with only a few companies. The ability of Dover's companies to compete effectively will depend on how successfully they anticipate and respond to various competitive factors, including new products and services that may be introduced by their competitors, changes in customer preferences, and pricing pressures. If Dover's companies are unable to anticipate their competitor's development of new products and services and/or identify customer needs and preferences on a timely basis, they could lose customers to competitors. If Dover's companies do not compete effectively or if new products and services fail to gain acceptance in the marketplace, Dover companies may experience lower revenue, operating profits and cash flows.

- ***Some of Dover's companies, may not anticipate, adapt or capitalize on technological developments and are subject to the cyclical nature of their industries. These factors could cause these companies to become less competitive and lead to reduced market share, revenue, operating profits and cash flows.***

Certain Dover companies, particularly in the Electronic Technologies segment, sell their products in industries that are constantly experiencing change as new technologies are developed. In order to grow and remain competitive, the companies in these industries must adapt to future changes in technology to enhance their existing products and introduce new products to address their customers' changing demands. Also, a meaningful portion of the Electronic Technologies segment's revenue is derived from companies which are subject to unpredictable short-term business cycles.

The Energy platform in the Fluid Management segment is subject to risk due to the volatility of energy prices, although overall demand is more directly related to depletion rates and global economic conditions and related energy demands. In addition, certain of Dover's businesses manufacture products that are used in or related to residential and commercial construction, which can be adversely affected by a prolonged downturn in new housing starts and other construction markets.

As a result of all the above factors, the revenue and operating performance of these companies in any one period are not necessarily predictive of their revenue and operating performance in other periods, and could have a material impact on Dover's consolidated results of operations, financial position and cash flows.

- ***Our companies could lose customers or generate lower revenue, operating profits and cash flows if there are significant increases in the cost of energy or raw materials or if they are unable to obtain raw materials.***

Dover's companies purchase raw materials, subassemblies and components for use in their manufacturing operations, which exposes them to volatility in prices for certain commodities. Significant price increases for these commodities could adversely affect operating profits for certain Dover companies. While Dover's businesses generally attempt to mitigate the impact of increased raw material prices by hedging or passing along the increased costs to customers, there may be a time delay between the increased raw material prices and the ability to increase the prices of products, or they may be unable to increase the prices of products due to a competitor's pricing pressure or other factors. In addition, while raw materials are generally available now, the inability to obtain necessary raw materials could affect the ability to meet customer commitments and satisfy market demand for certain products. Consequently, a significant price increase in raw materials, or their unavailability, may result in a loss of customers and adversely impact revenue, operating profits and cash flows.

- ***The Company's growth strategy with respect to expansion into new geographic markets could be adversely affected if Dover's companies are unable to manage the associated risks, particularly in markets outside the U.S.***

Approximately 45% of Dover's revenue is derived outside of the United States and the Company continues to focus on penetrating new global markets as part of its overall growth strategy. This global expansion strategy is subject to, but

not limited to, the following risks and uncertainties: political, social and economic instability and disruptions; government embargoes or trade restrictions; the imposition of duties and tariffs and other trade barriers; import and export controls; increased compliance costs; transportation delays and disruptions; and difficulties in staffing and managing multi-national organizations. In addition, foreign currency fluctuations, particularly the appreciation of the U.S. Dollar against European currencies, generally has an adverse affect on exports and the related revenue and earnings. As a result, if the Company is unable to successfully mitigate these risks, they could have an adverse affect on the Company's growth strategy as it relates to expanding into new geographic markets and its results of operations and financial position.

• ***The Company's operating profits and cash flows could be adversely affected if the Company cannot achieve projected savings and synergies.***

Dover is continually evaluating its cost structure and seeking ways to capture synergies across its operations. If the Company is unable to reduce costs and expenses through its various programs, it could adversely affect the Company's operating profits and cash flows.

• ***The Company's businesses and their profitability and reputation could be adversely affected by domestic and foreign governmental and public policy changes (including environmental regulations and tax policies such as export subsidy programs, R&E credits and other similar programs), risks associated with emerging markets, changes in statutory tax rates and unanticipated outcomes with respect to tax audits.***

Dover's domestic and international sales and operations are subject to risks associated with changes in local government laws (including environmental and export laws), regulations and policies. Failure to comply with any of these laws could result in civil and criminal, monetary and non-monetary penalties as well as potential damage to the Company's reputation. In addition, the Company cannot provide assurance that its costs of complying with current or future laws, including environmental protection and health and safety laws, will not exceed its estimates. In addition, Dover has invested in certain countries, including Brazil, Russia, India and China that carry high levels of currency, political, compliance and economic risk. While these risks or the impact of these risks are difficult to predict, any one or more of them could adversely affect Dover's businesses and reputation.

Dover's effective tax rate is impacted by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowance of deferred tax assets or tax laws. The amount of income taxes and other taxes paid can be adversely impacted by changes in statutory tax rates and laws and are subject to ongoing audits by domestic and international authorities. If these audits result in assessments different from amounts estimated, the Company's financial results may be adversely affected by unfavorable tax adjustments.

• ***Unforeseen developments in contingencies such as litigation could adversely affect the Company's financial condition.***

The Company and certain of its subsidiaries are, and from time to time may become, parties to a number of legal proceedings incidental to their businesses involving alleged injuries arising out of the use of their products, exposure to hazardous substances or patent infringement, employment matters and commercial disputes. The defense of these lawsuits may require significant expenses, divert management's attention, and the Company may be required to pay damages that could adversely affect its financial condition. In addition, any insurance or indemnification rights that the Company may have may be insufficient or unavailable to protect it against potential loss exposures.

• ***The Company's revenue, operating profits and cash flows could be adversely affected if Dover's companies are unable to protect or obtain patent and other intellectual property rights.***

Dover companies own patents, trademarks, licenses and other forms of intellectual property related to their products. The Company employs various measures to maintain and protect their intellectual property. These measures may not prevent these items from being challenged, invalidated or circumvented, particularly in countries where intellectual property rights are not highly developed or protected. Unauthorized use of these intellectual

property rights could adversely impact the competitive position of Dover's companies and have a negative impact on their revenue, operating profits and cash flows.

• **The Company's growth may be adversely affected if the Company is unsuccessful in its acquisition program.**

The Company expects to continue its strategy of seeking to acquire value creating add-on businesses that broaden its existing companies and their global reach as well as strategically pursuing larger, stand-alone businesses that have the potential to either complement our existing companies or allow Dover to pursue a new platform. However, there can be no assurance that the Company will find suitable businesses to purchase, as a substantial number of the Company's current businesses operate in relatively mature markets, or that the associated price would be acceptable. If the Company is unsuccessful in its acquisition efforts, its ability to continue to grow at rates similar to prior years could be adversely affected. In addition, a completed acquisition may underperform relative to expectations, be unable to achieve synergies originally anticipated, or require the payment of additional expenses for assumed liabilities. These factors could potentially have an adverse impact on Dover's operating profits and cash flows.

• **The Company's borrowing costs are impacted by its credit ratings developed by various rating agencies.**

Three major ratings agencies (Moody's, Standard and Poor's and Fitch) evaluate Dover's credit profile on an ongoing basis and have each assigned high ratings for Dover's long-term debt as of December 31, 2008 (A2, A, and A, respectively). In January 2009, Fitch reaffirmed its credit rating for Dover with a negative outlook, while the ratings and outlooks from the other agencies remained unchanged. Although the Company does not anticipate a material change in its credit ratings, if the Company's current credit ratings deteriorate, its borrowing costs and access to sources of liquidity may be adversely affected.

• **2009 Outlook**

Dover currently anticipates that 2009 revenue will decline 11%-13%, below 2008 levels and currently does not anticipate a recovery in the latter half of 2009 from these demand levels. Based on these assumptions, Dover has projected that its continuing diluted earnings per share for 2009 will be in the range of \$2.75 to \$3.05, and expects its earnings to follow a traditional seasonal pattern of being lower in the first and fourth quarters, and higher in the second and third quarters. If global or domestic economic conditions deteriorate further, Dover's operating results for 2009 could be materially worse than projected.

**Item 1B. Unresolved Staff Comments**

Not applicable.

**Item 2. Properties**

The number, type, location and size of the Company's properties as of December 31, 2008 are shown on the following charts, by segment:

Segment	Number and Nature of Facilities			Square Footage (000's)	
	Mfg.	Warehouse	Sales/Service	Owned	Leased
Industrial Products	82	11	25	4,900	2,500
Engineered Systems	36	35	108	2,600	1,500
Fluid Management	67	13	41	2,700	1,200
Electronic Technologies	51	10	60	1,200	1,700

	Locations				Leased Facilities	
	North	Europe	Asia	Other	Expiration Dates (Years)	
	America				Minimum	Maximum
Industrial Products	93	15	6	4	1	8
Engineered Systems	41	58	49	10	1	17
Fluid Management	86	12	7	2	1	15
Electronic Technologies	32	24	45	1	1	12

The facilities are generally well maintained and suitable for the operations conducted.

During 2008, the Company ceased operations in 19 locations, and has announced plans in 2009 to cease operations in several additional locations, reflecting the current economic climate. These reductions and plant consolidations will not restrict the Company's ability to meet customer needs should economic conditions improve materially late in 2009 and in 2010.

**Item 3. Legal Proceedings**

A few of the Company's subsidiaries are involved in legal proceedings relating to the cleanup of waste disposal sites identified under federal and state statutes which provide for the allocation of such costs among "potentially responsible parties." In each instance, the extent of the subsidiary's liability appears to be very small in relation to the total projected expenditures and the number of other "potentially responsible parties" involved and is anticipated to be immaterial to the Company. In addition, a few of the Company's subsidiaries are involved in ongoing remedial activities at certain plant sites, in cooperation with regulatory agencies, and appropriate reserves have been established.

The Company and certain of its subsidiaries are, and from time to time may become, parties to a number of other legal proceedings incidental to their businesses. These proceedings primarily involve claims by private parties alleging injury arising out of the use of products of Dover companies, exposure to hazardous substances or patent infringement, employment matters and commercial disputes. Management and legal counsel periodically review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, the availability and extent of insurance coverage, and established reserves. While it is not possible to predict the outcome of these legal actions or any need for additional reserves, in the opinion of management, based on these reviews, it is unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the Company's financial position, results of operations, cash flows or competitive position.

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

No matter was submitted to a vote of the Company's security holders in the last quarter of 2008.



**Executive Officers of the Registrant**

All officers are elected annually at the first meeting of the Board of Directors and are subject to removal at any time by the Board of Directors. The executive officers of Dover as of February 20, 2009, and their positions with the Company (and, where relevant, prior business experience) for the past five years, are as follows:

Name	Age	Positions Held and Prior Business Experience
Robert A. Livingston	55	Chief Executive Officer and Director (since December 2008), President (since June 2008) and Chief Operating Officer (from June 2008 — December 2008) of Dover; prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems, Inc. (from July 2007 to May 2008); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Electronics, Inc. (from October 1, 2004).
Thomas W. Giacomini	43	Vice President of Dover and President of Material Handling Platform (since October 2007); prior thereto President of Warn Industries, Inc. (from July 2005); prior thereto Chief Operating Officer of Warn Industries, Inc. (from 2000 to July 2005).
Paul E. Goldberg	45	Treasurer and Director of Investor Relations of Dover (since February 2006); prior thereto Assistant Treasurer of Dover (from July 2002).
Raymond Hoglund	58	Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems, Inc. (since August 2008); prior thereto President and Chief Executive Officer of Hill Phoenix, Inc. (from February 2005); prior thereto Executive Vice President of Hill Phoenix, Inc. (from July 2004); prior thereto President and Chief Executive Officer of ESAB (a global manufacturer of welding products).
Jay Kloosterboer	48	Vice President Human Resources (since January 2009); prior thereto Executive Vice President — Business Excellence of AES Corporation (from May 2005); prior thereto Vice President and Chief Human Resources Officer of AES Corporation (from May 2003).
Robert G. Kuhbach	61	Vice President, Finance and Chief Financial Officer.
Raymond T. McKay, Jr.	55	Vice President of Dover (since February 2004), Controller of Dover (since November 2002).
David J. Ropp	63	Vice President of Dover and President and Chief Executive Officer of Dover Industrial Products, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Resources, Inc. (from July 2003).
Joseph W. Schmidt	62	Vice President, General Counsel and Secretary of Dover (since January 2003).
Stephen R. Sellhausen	50	Vice President, Corporate Development of Dover (since January 2009); prior thereto Vice President, Business Development of Dover (from April 2008); prior thereto investment banker with Citigroup Global Markets.

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<u>Name</u>	<u>Age</u>	<u>Positions Held and Prior Business Experience</u>
Sivasankaran Somasundaram	43	Vice President of Dover and President of Fluid Solutions Platform (since January 2008); prior thereto President of Gas Equipment Group (from May 2006); prior thereto President of RPA Process Technologies (from March 2004); prior thereto Vice President of Dorr-Oliver Eimco (supplier of solid/liquid separation equipment and wholly-owned subsidiary of GLV Inc.) (from November 2002 through February 2004).
William W. Spurgeon	50	Vice President of Dover and President and Chief Executive Officer of Dover Fluid Management, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Diversified, Inc. (from October 1, 2004); prior thereto Executive Vice President of Dover Diversified, Inc. (from March 2004); prior thereto President of Sargent Controls & Aerospace (from October 2001).
David Van Loan	60	Vice President of Dover and President and Chief Executive Officer of Dover Electronic Technologies, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Technologies International, Inc. (from January 2006); prior thereto President of Dover Technologies International, Inc. (from July 2005); prior thereto for more than eight years, President and Chief Executive Officer of Everett Charles Technologies, Inc.

## PART II

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information and Dividends**

The principal market in which the Company's common stock is traded is the New York Stock Exchange. Information on the high and low sales prices of such stock, and the frequency and the amount of dividends paid during the last two years, is as follows:

	2008			2007		
	Market Prices		Dividends Per Share	Market Prices		Dividends Per Share
	High	Low		High	Low	
First Quarter	\$ 44.87	\$ 33.54	\$ 0.20	\$ 50.92	\$ 46.07	\$ 0.185
Second Quarter	54.57	42.22	0.20	53.75	47.41	0.185
Third Quarter	51.99	40.74	0.25	54.59	47.16	0.200
Fourth Quarter	40.50	23.39	0.25	51.58	44.34	0.200
			<u>\$ 0.90</u>			<u>\$ 0.770</u>

**Holders**

The number of holders of record of the Company's Common Stock as of January 31, 2009 was approximately 16,060. This figure includes participants in the Company's 401(k) program.

**Securities Authorized for Issuance Under Equity Compensation Plans**

Information regarding securities authorized for issuance under the Company's equity compensation plans is contained in Part III, Item 12 of this Form 10-K.

**Recent Sales of Unregistered Securities**

None.

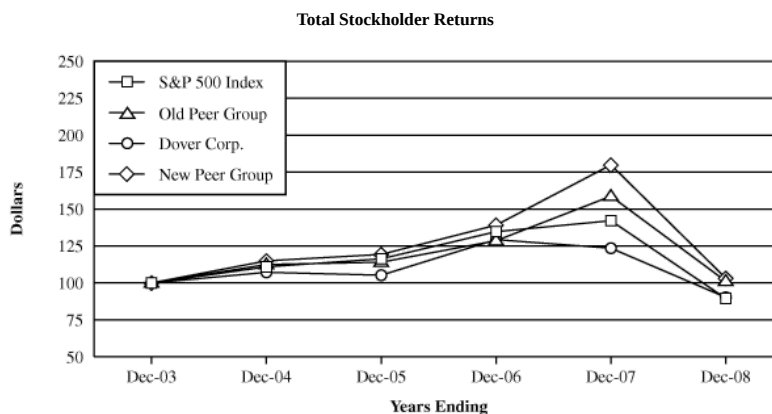
**Issuer Purchases of Equity Securities**

The Company did not purchase any shares of its stock during the fourth quarter of 2008.

**Performance Graph**

This performance graph does not constitute soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any of the Company's filings under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in any such filing, except to the extent the Company specifically incorporates this performance graph by reference therein.

**Comparison of Five Year Cumulative Total Return\*  
Dover Corporation, S&P 500 Index & Peer Group Index**



Data Source: Hemscott, Inc.

\* Total return assumes reinvestment of dividends.

This graph assumes \$100 invested on December 31, 2003 in Dover Corporation common stock, the S&P 500 index and a peer group index. In 2008, the Company changed its peer group index to consist of 38 companies whose relative mix of businesses is comparable to the Company's portfolio of companies. In accordance with SEC rules, the graph includes both the previous and new peer group indexes.

The peer index used in the Company's Annual Report on Form 10-K for 2007 (labeled the "old peer group" in the graph) consists of the following public companies selected by the Company based on its assessment of businesses with similar industrial characteristics: 3M Company, Actuant Corporation, Ametek Inc., Carlisle Companies Incorporated, Cooper Industries Ltd., Crane Co., Danaher Corporation, Eaton Corporation, Emerson Electric Co., Federal Signal Corp., Honeywell International, Inc., Hubbell Incorporated, Illinois Tool Works Inc., Ingersoll-Rand Company Limited, ITT Corporation, Parker-Hannifin Corporation, Pentair Inc., Perkinelmer Inc., Tecumseh Products CL A., Tyco International Ltd. and United Technologies Corporation.

The new peer index (labeled the "new peer group" in the graph) consists of the following public companies selected by the Company: 3M Company, Actuant Corporation, Agco Corporation, Agilent Technologies Inc., Ametek Inc., Cameron International Corporation, Carlisle Companies Incorporated, Cooper Industries Ltd., Crane Co., Danaher Corporation, Deere & Company, Eaton Corporation, Emerson Electric Co., Flowserve Corporation, FMC Technologies Inc., Honeywell International, Inc., Hubbell Incorporated, IDEX Corporation, Illinois Tool Works Inc., Ingersoll-Rand Company Limited, ITT Corporation, Leggett & Platt Incorporated, Masco Corp., Oshkosh Corp., Paccar Inc., Pall Corporation, Parker-Hannifin Corporation, Pentair Inc., Precision Castparts Corp., Rockwell Automation, Inc., Roper Industries Inc., SPX Corporation, Terex Corporation, The Manitowoc Co., The Timken Company, Tyco International Ltd., United Technologies Corporation, and Weatherford International Ltd.

**Item 6. Selected Financial Data**

Selected Dover Corporation financial information for the years 2004 through 2008 is set forth in the following 5-year Consolidated Table.

	2008	2007	2006	2005	2004
	(In thousands, except per share figures)				
Revenue	\$ 7,568,888	\$ 7,317,270	\$ 6,419,528	\$ 5,234,355	\$ 4,387,553
Earnings from continuing operations	694,758	669,750	595,680	432,516	346,476
Basic earnings (loss) per share:					
Continuing operations	\$ 3.69	\$ 3.33	\$ 2.92	\$ 2.13	\$ 1.70
Discontinued operations	(0.55)	(0.04)	(0.17)	0.38	0.33
Net earnings	3.13	3.28	2.76	2.51	2.03
Weighted average shares outstanding	<u>188,481</u>	<u>201,330</u>	<u>203,773</u>	<u>202,979</u>	<u>203,275</u>
Diluted earnings (loss) per share:					
Continuing operations	\$ 3.67	\$ 3.30	\$ 2.90	\$ 2.12	\$ 1.69
Discontinued operations	(0.55)	(0.04)	(0.16)	0.38	0.32
Net earnings	3.12	3.26	2.73	2.50	2.02
Weighted average shares outstanding	<u>189,269</u>	<u>202,918</u>	<u>205,497</u>	<u>204,177</u>	<u>204,786</u>
Dividends per common share	<u>\$ 0.90</u>	<u>\$ 0.77</u>	<u>\$ 0.71</u>	<u>\$ 0.66</u>	<u>\$ 0.62</u>
Capital expenditures	\$ 175,795	\$ 173,653	\$ 191,937	\$ 127,578	\$ 83,414
Depreciation and amortization	261,154	243,776	195,840	151,788	132,151
Total assets	7,867,304	8,068,407	7,626,657	6,580,492	5,777,853
Total debt	2,085,673	2,090,652	1,771,040	1,538,335	1,090,393

All results and data in the table above reflect continuing operations, unless otherwise noted. All periods reflect the impact of certain operations that were discontinued. As a result, the data presented above will not necessarily agree to previously issued financial statements. See Note 8 for additional information on discontinued operations.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation****Special Note Regarding Forward-Looking Statements**

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and Notes which appear elsewhere in the Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. "Risk Factors" and in "SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS" inside the front cover of this Annual Report on Form 10-K.

**(1) FINANCIAL CONDITION*****Liquidity and Capital Resources***

Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are: cash flows generated from operating activities, capital expenditures, acquisitions, dispositions, dividends, repurchases of outstanding shares, adequacy of available commercial paper and bank lines of credit, and the ability to attract long-term capital with satisfactory terms. The Company generates substantial cash from operations and remains in a strong financial position, with sufficient liquidity available for reinvestment in existing businesses and strategic acquisitions while managing its capital structure on a short and long-term basis.

The following table is derived from the Consolidated Statements of Cash Flows:

<u>Cash Flows from Continuing Operations</u>	<u>Years Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
	(In thousands)	
<b>Net Cash Flows Provided By (Used In):</b>		
Operating activities	\$ 1,010,416	\$ 927,693
Investing activities	(452,994)	(332,102)
Financing activities	(560,904)	(345,673)

Cash flows provided by operating activities during 2008 increased \$82.7 million over the prior year primarily reflecting higher earnings from continuing operations before depreciation and amortization, lower tax payments in 2008 and lower receivables, partially offset by higher pension contributions.

Cash used in investing activities during 2008 increased \$120.9 million compared to 2007, largely due to the purchase of short-term investments, partially offset by lower spending on acquisitions in 2008. Acquisition expenditures in 2008 were \$103.8 million compared to \$273.6 million in 2007, while proceeds from the disposition of businesses were essentially flat at \$92.8 million, up \$1.8 million from \$91.0 million in 2007. Capital expenditures of \$175.8 million were generally consistent with the prior year level of \$173.7 million. The Company currently anticipates that any acquisitions made during 2009 will be funded from available cash and internally generated funds and, if necessary, through the issuance of commercial paper, established lines of credit or public debt markets. Capital expenditures for 2009 are expected to be approximately 30% to 40% below 2008 levels.

Cash used in financing activities during 2008 increased \$215.2 million compared to 2007 reflecting higher repayments of commercial paper and long-term debt, partially offset by \$594.1 million in proceeds received from the issuance of long-term debt and lower cash spent on share repurchases in the 2008 period.

***Share Repurchases***

During the twelve months ended December 31, 2008, the Company repurchased 10,000,000 shares of its common stock in the open market at an average price of \$46.15 per share. As of December 31, 2008, the Company had completed the purchases of all shares authorized under its \$500 million share repurchase program, which was approved by the Board of Directors in the fourth quarter of 2007.

During the third and fourth quarters of 2007, the Board of Directors approved two separate share repurchase programs authorizing repurchases of approximately 20,000,000 common shares through the end of 2008. The Company entered into an accelerated share repurchase agreement on August 2, 2007 ("ASR") under which it purchased 6,000,000 shares of its common stock at an initial purchase price of \$51.64 per share. Upon final settlement of this ASR in the fourth quarter of 2007, the final economic purchase price was \$48.36 per share, representing an average of the volume weighted average price of the Company's common stock during the outstanding period less a negotiated discount amount. In addition, during 2007, the Company made other open market purchases of its common stock totaling 6.4 million shares at an average price of \$46.78 per share.

*Adjusted Working Capital*

Adjusted Working Capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) decreased from the prior year end by \$86.0 million, or 6%, to \$1,275.9 million which reflected a decrease in receivables of \$91.0 million, a decrease in inventory of \$37.8 million and a decrease in accounts payable of \$42.8 million. Excluding acquisitions of \$18.4 million, dispositions of (\$9.6) million and the effects of foreign exchange translation of (\$38.5) million, Adjusted Working Capital would have decreased by \$56.3 million, or 4%. "Average Annual Adjusted Working Capital" as a percentage of revenue (a non-GAAP measure calculated as the five-quarter average balance of accounts receivable, plus inventory, less accounts payable divided by the trailing twelve months of revenue) decreased to 18.3% at December 31, 2008 from 18.9% at December 31, 2007 and inventory turns were 7.1 at December 31, 2008 compared to 6.7 at December 31, 2007.

In addition to measuring its cash flow generation and usage based upon the operating, investing and financing classifications included in the Consolidated Statements of Cash Flows, the Company also measures free cash flow (a non-GAAP measure). Management believes that free cash flow is an important measure of operating performance because it provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase Dover's common stock. For further information, see Non-GAAP Disclosures at the end of this Item 7.

Free cash flow for the year ended December 31, 2008 was \$834.6 million or 11.0% of revenue compared to \$754.0 million or 10.3% of revenue in the prior year. The 2008 increase in free cash flow reflected higher earnings from continuing operations before depreciation and amortization and lower tax payments in 2008 and lower receivables and inventory, partially offset by higher pension contributions.

The following table is a reconciliation of free cash flow to cash flows from operating activities:

	Years Ended December 31,	
	2008	2007
	(In thousands)	
<b>Free Cash Flow</b>		
Cash flow provided by operating activities	\$ 1,010,416	\$ 927,693
Less: Capital expenditures	175,795	173,653
<b>Free cash flow</b>	<b>\$ 834,621</b>	<b>\$ 754,040</b>
Free cash flow as a percentage of revenue	11.0%	10.3%

At December 31, 2008, the Company's net property, plant, and equipment totaled \$872.1 million compared to \$892.2 million at the end of 2007. The decrease in net property, plant and equipment reflected depreciation and disposals, partially offset by capital expenditures of \$175.8 million, acquisitions of \$5.0 million and \$17.0 million related to foreign currency fluctuations.

The aggregate of current and deferred income tax assets and liabilities decreased from a \$241.2 million net liability at the beginning of the year to a net liability of \$240.7 million at year-end 2008. This resulted primarily from a decrease in deferred tax liabilities related to intangible assets and pension assets, partially offset by a decrease in deferred tax assets related to net operating loss carryforwards and accrued expenses.

Dover's consolidated benefit obligation related to defined and supplemental retirement benefits decreased by \$16.9 million in 2008. The decrease was due primarily to currency rate changes partially offset by actuarial losses. In 2008, plan assets decreased by \$94.7 million primarily due to losses on plan investments and currency fluctuations during

the year, partially offset by Company and employee contributions. It is estimated that the Company's defined and supplemental retirement benefits expense will increase from \$35.7 million in 2008 to approximately \$36.4 million in 2009.

The Company utilizes the net debt to total capitalization calculation (a non-GAAP measure) to assess its overall financial leverage and capacity and believes the calculation is useful to investors for the same reason. The following table provides a reconciliation of net debt to total capitalization to the most directly comparable GAAP measures:

Net Debt to Total Capitalization Ratio	At December 31,	At December 31,
	2008	2007
	(In thousands)	
Current maturities of long-term debt	\$ 32,194	\$ 33,175
Commercial paper and other short-term debt	192,750	605,474
Long-term debt	1,860,729	1,452,003
Total debt	2,085,673	2,090,652
Less: Cash, cash equivalents and short-term investments	826,869	606,105
Net debt	1,258,804	1,484,547
Add: Stockholders' equity	3,792,866	3,946,173
Total capitalization	\$ 5,051,670	\$ 5,430,720
Net debt to total capitalization	24.9%	27.3%

The total debt level of \$2,085.7 million at December 31, 2008 decreased \$5.0 million from December 31, 2007 due to a decrease in commercial paper borrowings partially offset by an increase in long-term debt. Net debt at December 31, 2008 decreased \$225.7 million as a result of higher cash generated from operations. The percentage decrease in net debt to total capital, after \$462 million of share repurchases, reflects strong free cash flow and proceeds from dispositions of \$92.8 million.

Dover's long-term debt instruments had a book value of \$1,892.9 million on December 31, 2008 and a fair value of approximately \$2,018.5 million. On December 31, 2007, the Company's long-term debt instruments had a book value of \$1,485.2 million and a fair value of approximately \$1,496.0 million.

The Company believes that existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase the Company's debt. However, management anticipates that the net debt to total capitalization ratio will remain generally consistent with historical levels. Operating cash flow and access to capital markets are expected to satisfy the Company's various cash flow requirements, including acquisitions and capital expenditures.

Management is not aware of any potential impairment to the Company's liquidity. Under the Company's \$1 billion 5-year unsecured revolving credit facility with a syndicate of banks, which expires in November of 2012, the Company is required to maintain an interest coverage ratio of EBITDA to consolidated net interest expense of not less than 3.5 to 1. The Company was in compliance with this covenant and its other long-term debt covenants at December 31, 2008 and had a coverage ratio of 13.5 to 1. It is anticipated that in 2009 any funding requirements above cash generated from operations will be met through the issuance of commercial paper. Given the current economic conditions, the Company fully expects to remain in compliance with all of its debt covenants.

The Company periodically enters into financial transactions specifically to hedge its exposures to various items, including, but not limited to, interest rate and foreign exchange rate risk. Through various programs, the Company hedges its cash flow exposures to foreign exchange rate risk by entering into foreign exchange forward contracts and collars. The Company does not enter into derivative financial instruments for speculative purposes and does not have a material portfolio of derivative financial instruments.



During the first quarter of 2008, Dover entered into several interest rate swaps in anticipation of the debt financing completed on March 14, 2008 which, upon settlement, resulted in a net gain of \$1.2 million which was deferred and is being amortized over the lives of the related notes.

There is presently one outstanding swap agreement for a total notional amount of \$50.0 million, or CHF65.1 million, which swaps the U.S. 6-month LIBOR rate and the Swiss Franc 6-month LIBOR rate. This agreement hedges a portion of the Company's net investment in non-U.S. operations and the fair value outstanding at December 31, 2008 was a loss of \$12.0 million which was based on quoted market prices for similar instruments (uses Level 2 inputs under the SFAS No. 157 hierarchy). This hedge is effective.

During the third quarter of 2008, the Company entered into a foreign currency hedge which was subsequently settled within the quarter in anticipation of a potential acquisition, which did not occur. As a result of terminating the hedge, the Company recorded a gain of \$2.4 million in the third quarter ended September 30, 2008.

At December 31, 2008, the Company had open foreign exchange forward purchase contracts expiring through December 2009 related to fair value hedges of foreign currency exposures. The fair values of these contracts were based on quoted market prices for identical instruments as of December 31, 2008 (uses Level 1 inputs under the SFAS No. 157 hierarchy).

The details of the open contracts as of December 31, 2008 are as follows:

Forward Currencies Purchased	US Dollars Sold				
	Expiration From 12/31/08				
	Less Than 1 Month	2-3 Months	4-6 Months (In thousands)	7-12 Months	Average Contract Rate
Great Britain Pounds	\$ —	\$ 35,107	\$ —	\$ —	1.4867
Euros	85,558	—	—	—	1.3885
Singapore Dollars	566	—	—	—	1.5015
Chinese Yuan	2,320	5,200	9,840	21,520	6.6915
<b>Collar</b>	<b>Put</b>	<b>Call</b>	<b>US Dollar Value</b>		
US Dollar to Euro	1.460	1.526	\$ 3,000	Maturities from 3/2009 — 12/2009	

The Company's credit ratings, which are independently developed by the respective rating agencies, are as follows for the years ended December 31:

	2008		2007	
	Short term	Long term	Short term	Long term
Moody's	P-1	A2	P-1	A2
Standard & Poor's	A-1	A	A-1	A
Fitch	F1	A	F1	A

A summary of the Company's undiscounted long-term debt, commitments and obligations as of December 31, 2008 and the years when these obligations are expected to be due is as follows:

	Payments Due by Period					Other(A)
	Total	Less than 1 Year	1-3 Years (In thousands)	3-5 Years	More than 5 Years	
Long-term debt	\$ 1,892,923	\$ 32,194	\$ 472,281	\$ 271	\$ 1,388,177	\$ —
Interest expense	1,504,984	105,625	188,500	159,250	1,051,609	—
Rental commitments	189,665	46,144	64,009	37,788	41,724	—
Purchase obligations	28,023	27,381	57	—	585	—
Capital leases	16,017	2,429	4,666	3,706	5,216	—
Supplemental & post-retirement benefits	127,000	34,000	21,000	20,000	52,000	—
Uncertain tax positions(A)	249,553	22,171	—	—	—	227,382
Other long-term obligations	1,234	165	267	218	584	—
<b>Total obligations</b>	<b>\$ 4,009,399</b>	<b>\$ 270,109</b>	<b>\$ 750,780</b>	<b>\$ 221,233</b>	<b>\$ 2,539,895</b>	<b>\$ 227,382</b>

(A) Due to the uncertainty of the potential settlement of future uncertain tax positions, management is unable to estimate the timing of the related payments, if any, that will be made subsequent to 2009. These amounts do not include the potential indirect benefits resulting from deductions or credits for payments made to other jurisdictions.

**Severance and Exit Reserves**

From time to time, the Company will initiate various restructuring programs at its operating companies or record severance and exit costs in connection with purchase accounting for acquisitions. During the latter half of 2008, the Company announced plans to increase the amount of restructuring efforts in response to the significant decline in global economic activity. At December 31, 2008 and 2007, the Company had reserves related to severance and exit activities of \$31.0 million and \$28.4 million, respectively. During 2008, the Company recorded \$27.4 million in additional charges and \$5.6 million in purchase accounting reserves related to acquisitions, partially offset by other non-cash write-downs of \$2.3 million and payments of \$28.1 million. These costs yielded a savings of approximately \$35.0 million in 2008. The Company expects further restructuring plans to occur in 2009 resulting in costs of approximately \$40.0 million that the Company expects will yield savings of approximately \$75.0 million in 2009. Restructuring charges are recorded primarily in Selling and administrative expenses in the Consolidated Statement of Operations.

**(2) RESULTS OF OPERATIONS:**

**2008 COMPARED TO 2007**

**Consolidated Results of Operations**

Revenue for the year ended December 31, 2008 increased 3% over 2007, due to increases of \$232.0 million at Fluid Management, \$52.2 million at Industrial Products and \$6.0 million at Electronic Technologies. These revenue increases were due to positive market fundamentals and acquisitions at Fluid Management, while Engineered Systems' revenue decreased \$41.7 million due to weakness in markets served by the Engineered Products platform. Overall, Dover's organic revenue growth was 1%, net acquisition growth was 1% and the impact from foreign exchange was 1%. Gross profit increased 4% to \$2,730.0 million from 2007 while the gross profit margin remained essentially flat at 36.1% and 35.8%, in 2008 and 2007, respectively.

Selling and administrative expenses of \$1,700.7 million for the year ended December 31, 2008 increased \$86.7 million over the comparable 2007 period, primarily due to increased revenue activity, increased professional fees and restructuring charges.

Interest expense, net, increased 7% to \$96.0 million for 2008, compared to \$89.6 million for 2007 due to higher average outstanding borrowings used to fund purchases of the Company's common stock and higher average commercial paper rates.

Other expense (income), net for 2008 and 2007 of (\$12.7) million and \$3.5 million, respectively, was driven primarily by foreign exchange gains and losses, partially offset by other miscellaneous income.

The 2008 and 2007 tax rate for continuing operations was 26.6% in both periods, each favorably impacted by the mix of non-U.S. earnings in low-taxed overseas jurisdictions.

Net earnings for the twelve months ended December 31, 2008 were \$590.8 million or \$3.12 EPS, which included a loss from discontinued operations of \$103.9 million or \$0.55 EPS, compared to net earnings of \$661.1 million or \$3.26 EPS for the same period of 2007, including a loss from discontinued operations of \$8.7 million or \$0.04 EPS. The losses from discontinued operations in 2008 largely reflect a loss provision for a business expected to be sold in 2009, as well as tax expenses and tax accruals related to ongoing Federal tax settlements and state tax assessments. Refer to Note 8 in the Consolidated Financial Statements for additional information on discontinued operations.

#### **Current Economic Environment**

With few exceptions, Dover experienced lower demand across all of its end markets resulting in lower bookings and backlog in the fourth quarter of 2008. Looking forward to 2009, a continuation of a weak and uncertain global business environment is expected. Though this downturn will have a significant adverse impact on revenue and earnings, Dover remains committed to maintaining margin levels as much as possible on a full year basis, although the Company expects the first quarter to be weak, in part due to significant ongoing restructuring efforts. The structural changes made over the last few years, becoming less dependent on capital goods markets and having greater recurring revenue, together with improved working capital management and strong pricing discipline is expected to mitigate the impact of the economic downturn during 2009. As discussed above in the Liquidity and Capital Resources section, the Company believes that existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates.

The Company's synergy capture programs and the restructuring initiatives launched during 2008 will continue into 2009. During 2008, Dover reduced its workforce approximately 6% and expects to reduce its workforce further in 2009 by another 5%. During 2009, the Company will monitor business activity across its markets served and adjust capacity as necessary should the economic environment worsen. The Company will also remain focused on working capital levels and expects to generate strong free cash flow during 2009.

**Segment Results of Operations**

**Industrial Products**

	Twelve Months Ended December 31,		
	2008	2007 (In thousands)	% Change
<b>Revenue</b>			
Material Handling	\$ 1,136,869	\$ 1,145,253	(1)%
Mobile Equipment	1,323,422	1,262,984	5%
Eliminations	(786)	(977)	
	<u>\$ 2,459,505</u>	<u>\$ 2,407,260</u>	2%
Segment earnings	\$ 299,740	\$ 312,486	(4)%
Operating margin	12.2%	13.0%	
Acquisition related depreciation and amortization expense*	\$ 32,283	\$ 27,830	16%
<b>Bookings</b>			
Material Handling	\$ 1,109,028	\$ 1,141,955	(3)%
Mobile Equipment	1,177,880	1,364,340	(14)%
Eliminations	(1,134)	(1,556)	
	<u>\$ 2,285,774</u>	<u>\$ 2,504,739</u>	(9)%
<b>Backlog</b>			
Material Handling	\$ 188,591	\$ 213,653	(12)%
Mobile Equipment	387,329	543,776	(29)%
Eliminations	(220)	(195)	
	<u>\$ 575,700</u>	<u>\$ 757,234</u>	(24)%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Industrial Products increase in revenue over the prior year was primarily due to strength in the military and solid waste management markets as well as the impact of the December 2007 acquisition of Industrial Motion Control LLC ("IMC") and the March 2008 acquisition of Lantec Winch and Gear Inc. Overall, the segment had 2% revenue growth from its core businesses and acquisition growth of 3%, which was partially offset by the sale of a line of business. Earnings declined 4% when compared to the prior year substantially due to weakness in the construction and the North American auto service markets, and restructuring costs.

Material Handling revenue decreased 1% while earnings decreased 5% when compared to the prior year. Revenue and earnings growth in the industrial winch business was more than offset by softness in the infrastructure, industrial automation and automotive markets. In addition, the platform incurred additional expenses related to its ongoing cost reduction and integration activities.

Mobile Equipment revenue and earnings increased 5% and 2%, respectively, over the prior year. The revenue increase was primarily due to core business growth as the platform continued to experience strength in the aerospace, military and solid waste management markets. Softness in the automotive service and bulk transport end markets partially offset the increases experienced in other markets.

*Engineered Systems*

	Twelve Months Ended December 31.		
	2008	2007 (In thousands)	% Change
<b>Revenue</b>			
Engineered Products	\$ 1,085,881	\$ 1,139,478	(5)%
Product Identification	924,469	912,580	1%
	<u>\$ 2,010,350</u>	<u>\$ 2,052,058</u>	(2)%
Segment earnings	\$ 278,553	\$ 291,727	(5)%
Operating margin	13.9%	14.2%	
Acquisition related depreciation and amortization expense*	\$ 24,394	\$ 29,262	(17)%
<b>Bookings</b>			
Engineered Products	\$ 1,043,873	\$ 1,116,638	(7)%
Product Identification	920,712	919,216	—%
	<u>\$ 1,964,585</u>	<u>\$ 2,035,854</u>	(4)%
<b>Backlog</b>			
Engineered Products	\$ 183,821	\$ 227,523	(19)%
Product Identification	61,195	68,938	(11)%
	<u>\$ 245,016</u>	<u>\$ 296,461</u>	(17)%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Engineered Systems decreases in revenue and earnings over the prior year of 2% and 5%, respectively, were primarily driven by the Engineered Products platform. Overall, the segment had a 4% decline in revenue from its core businesses which was partially offset by the favorable impact of currency rates of 2%.

Engineered Products revenue and earnings decreased 5% and 15%, respectively, over the prior year due to weaker sales of retail food equipment and softness in the beverage can equipment business. In addition to the reduction in overall sales volume during the year, the platform's earnings were negatively impacted by currency exchange rates, restructuring and a \$6.6 million one-time charge primarily related to inventory. Partially offsetting these declines were the results of the heat exchanger and foodservice businesses which experienced continued strength throughout 2008.

Product Identification platform revenue and earnings both increased 1% over 2007. The revenue growth was primarily due to the favorable impact of foreign exchange as the core businesses in the platform experienced lower volume. Despite the decline in core business revenue, the platform was able to maintain margins consistent with the prior year due to on-going integration activities across the platform.

**Fluid Management**

	Twelve Months Ended December 31.		
	2008	2007	% Change
	(In thousands)		
<b>Revenue</b>			
Energy	\$ 935,414	\$ 775,024	21%
Fluid Solutions	778,812	707,113	10%
Eliminations	(180)	(129)	
	<u>\$ 1,714,046</u>	<u>\$ 1,482,008</u>	16%
Segment earnings	\$ 385,317	\$ 304,576	27%
Operating margin	22.5%	20.6%	
Acquisition related depreciation and amortization expense*	\$ 19,550	\$ 15,569	26%
<b>Bookings</b>			
Energy	\$ 964,517	\$ 785,065	23%
Fluid Solutions	771,359	716,644	8%
Eliminations	(178)	(110)	
	<u>\$ 1,735,698</u>	<u>\$ 1,501,599</u>	16%
<b>Backlog</b>			
Energy	\$ 95,532	\$ 88,245	8%
Fluid Solutions	64,471	73,713	(13)%
Eliminations	(12)	(14)	
	<u>\$ 159,991</u>	<u>\$ 161,944</u>	(1)%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Fluid Management revenue and earnings increased 16% and 27%, respectively, over 2007 due to strength in the oil, gas, and power generation sectors served by the Energy platform as well as the diverse markets served by the Fluid Solutions platform. Overall, the segment had organic revenue growth of 12%, acquisition growth of 3%, with the remainder due to the favorable impact of foreign exchange.

The Energy platform's revenue increased 21% while its earnings improved 32%, when compared to 2007, due to strength in the oil and gas markets and increasing power generation demand. Earnings and margin benefited from the higher volume and operational improvements.

The Fluid Solutions platform revenue increased 10% and earnings improved 20% due to acquisitions and strength in the markets served by its core businesses. In general, demand remained strong for pumps, dispensing systems, and connectors. Earnings and margins improved due to a favorable business mix and cost savings from the platform's ongoing cost reduction activities.

**Electronic Technologies**

	Twelve Months Ended December 31.		
	2008	2007	% Change
	(In thousands)		
Revenue	\$ 1,396,131	\$ 1,390,103	—%
Segment earnings	\$ 193,641	\$ 180,337	7%
Operating margin	13.9%	13.0%	
Acquisition related depreciation and amortization expense*	\$ 36,481	\$ 38,296	(5)%
Bookings	1,342,382	1,378,551	(3)%
Backlog	175,317	232,704	(25)%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Electronic Technologies revenue was flat while earnings increased 7% when compared to the prior year. Revenue increases in the micro-acoustic component business were offset by a softening in the other markets served by the segment resulting in a 3% decline in core business revenue excluding favorable foreign exchange rates. The segment's earnings benefited from the increased volume in the micro-acoustic component business, a \$7.5 million gain from the sale of a line of business (semi-conductor test handling), and cost savings from restructuring activities that were implemented in the first quarter of 2008.

**2007 COMPARED TO 2006**

**Consolidated Results of Operations**

Revenue for the year ended December 31, 2007 increased 14% over 2006, due to increases of \$485.1 million at Engineered Systems, \$283.9 million at Industrial Products and \$152.4 million at Fluid Management. These revenue increases were due to positive market fundamentals and acquisitions, while Electronic Technologies' revenue decreased \$21.5 million due to weakness in its markets. Overall, Dover's organic revenue growth was 2.4%, acquisition growth was 9.5% and the impact from foreign exchange was 2.1%. Gross profit increased 14% to \$2,619.5 million from 2006 while the gross profit margin remained essentially flat at 35.8% and 35.7% in 2007 and 2006, respectively.

Selling and administrative expenses of \$1,614.0 million for the year ended December 31, 2007 increased \$224.8 million over the comparable 2006 period, primarily due to increased revenue and increases in compensation and pension benefit costs.

Interest expense, net, increased 16% to \$89.6 million for 2007, compared to \$77.0 million for 2006 due to higher average outstanding borrowings used to fund purchases of the Company's common stock and average commercial paper rates.

Other expense (income), net for 2007 and 2006 of \$3.5 million and \$11.0 million, respectively, was driven primarily by foreign exchange losses, partially offset by other miscellaneous income.

The 2007 and 2006 tax rates for continuing operations were 26.6%, and 26.9%, respectively. Both periods were favorably impacted by the mix of non-U.S. earnings in low-taxed overseas jurisdictions.

Earnings from continuing operations for 2007 were \$669.8 million or \$3.30 EPS compared to \$595.7 million or \$2.90 EPS in 2006. For 2007, net earnings were \$661.1 million, or \$3.26 EPS, which included an \$8.7 million, or \$0.04 EPS, loss from discontinued operations, compared to \$561.8 million, or \$2.73 EPS for 2006, which included a \$33.9 million, or \$0.16 EPS, loss from discontinued operations. Refer to Note 8 in the Consolidated Financial Statements for additional information on discontinued operations.

**Segment Results of Operations**

**Industrial Products**

	Twelve Months Ended December 31,		
	2007	2006 (In thousands)	% Change
<b>Revenue</b>			
Material Handling	\$ 1,145,253	\$ 903,570	27%
Mobile Equipment	1,262,984	1,220,717	3%
Eliminations	(977)	(927)	
	<u>\$ 2,407,260</u>	<u>\$ 2,123,360</u>	13%
Segment earnings	\$ 312,486	\$ 264,232	18%
Operating margin	13.0%	12.4%	
Acquisition related depreciation and amortization expense*	\$ 27,830	\$ 26,336	6%
<b>Bookings</b>			
Material Handling	\$ 1,141,955	\$ 904,186	26%
Mobile Equipment	1,364,340	1,251,095	9%
Eliminations	(1,556)	(2,799)	
	<u>\$ 2,504,739</u>	<u>\$ 2,152,482</u>	16%
<b>Backlog</b>			
Material Handling	\$ 213,653	\$ 242,209	(12)%
Mobile Equipment	543,776	429,191	27%
Eliminations	(195)	(165)	
	<u>\$ 757,234</u>	<u>\$ 671,235</u>	13%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Industrial Products' revenue and earnings increases over the prior year were primarily the result of the acquisition of Paladin in August 2006 and the July 2007 acquisition of Hanmecson International, a Chinese manufacturer of vehicle lifts. For the year, the segment achieved 1% organic growth, while growth from acquisitions and the impact of foreign exchange accounted for 11% and 1%, respectively.

Material Handling revenue increased 27% while earnings increased 26% compared to the prior year. The increases were primarily due to the Paladin acquisition and improvements in the heavy winch, recreational vehicle and industrial automation businesses. Margin was impacted by the slowdown in the heavy construction business producing attachments and cylinders. In addition, the platform benefited from new product introductions, plant rationalization and global sourcing during 2007.

Mobile Equipment revenue and earnings increased 3% and 8%, respectively, over the prior year. The platform's results benefited from the Hanmecson acquisition and core growth at businesses in the petroleum, crude oil and military markets, as well as a \$5.3 million net pre-tax gain on the sale of a facility in the second quarter of 2007. However, softness experienced in the automotive service industry and the aerospace service business partially offset these gains.



*Engineered Systems*

	Twelve Months Ended December 31.		
	2007	2006 (In thousands)	% Change
<b>Revenue</b>			
Engineered Products	\$ 1,139,478	\$ 998,676	14%
Product Identification	912,580	568,303	61%
	<u>\$ 2,052,058</u>	<u>\$ 1,566,979</u>	31%
Segment earnings	\$ 291,727	\$ 234,107	25%
Operating margin	14.2%	14.9%	
Acquisition related depreciation and amortization expense*	\$ 29,262	\$ 13,193	122%
<b>Bookings</b>			
Engineered Products	\$ 1,116,638	\$ 1,060,404	5%
Product Identification	919,216	562,096	64%
	<u>\$ 2,035,854</u>	<u>\$ 1,622,500</u>	25%
<b>Backlog</b>			
Engineered Products	\$ 227,523	\$ 249,571	(9)%
Product Identification	68,938	57,706	19%
	<u>\$ 296,461</u>	<u>\$ 307,277</u>	(4)%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Engineered Systems' revenue and earnings increases over the prior year reflect the December 2006 acquisition of Markem and the May 2006 acquisition of O'Neil. Revenue growth due to acquisitions was 20%. However, most core businesses also improved as the segment achieved organic revenue growth of 8%, with the remainder due to the impact of foreign exchange.

Engineered Products' revenue and earnings increased 14% and 16%, respectively, over the prior year due to strong supermarket and heat exchanger markets. Sequentially, revenue and earnings in the fourth quarter of 2007 were down 9% and 18%, respectively, reflecting normal seasonality and a slowdown in retail food equipment demand, along with reduced orders tied to high customer inventory levels in the heat exchanger business.

The Product Identification platform had revenue and earnings increases of 61% and 41%, respectively, during 2007 mostly reflecting the 2006 acquisitions of Markem and O'Neil. Overall, the revenue growth due to the 2006 acquisitions was 55%, while organic growth was 3% due to growth in the core direct coding business with the remainder due to foreign exchange.

**Fluid Management**

	Twelve Months Ended December 31.		
	2007	2006 (In thousands)	% Change
<b>Revenue</b>			
Energy	\$ 775,024	\$ 684,178	13%
Fluid Solutions	707,113	645,399	10%
Eliminations	(129)	26	
	<u>\$ 1,482,008</u>	<u>\$ 1,329,603</u>	11%
Segment earnings	\$ 304,576	\$ 267,377	14%
Operating margin	20.6%	20.1%	
Acquisition related depreciation and amortization expense*	\$ 15,569	\$ 16,183	(4)%
<b>Bookings</b>			
Energy	\$ 785,065	\$ 693,927	13%
Fluid Solutions	716,644	653,932	10%
Eliminations	(110)	(83)	
	<u>\$ 1,501,599</u>	<u>\$ 1,347,776</u>	11%
<b>Backlog</b>			
Energy	\$ 88,245	\$ 75,449	17%
Fluid Solutions	73,713	63,565	16%
Eliminations	(14)	(33)	
	<u>\$ 161,944</u>	<u>\$ 138,981</u>	17%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Fluid Management's revenue and earnings increases were the result of strength at all businesses in the segment. The segment continued to benefit from strong results from the Energy platform which serves the oil, gas and power generation markets. As a result, the segment achieved organic growth of 9%, with the remainder primarily from foreign exchange.

The Energy platform's revenue and earnings increased 13% and 15%, respectively, primarily due to strong oil and gas markets and increased power generation demand throughout 2007. The platform's earnings growth further benefited from higher volume, productivity gains and operational improvements.

Fluid Solutions revenue and earnings both increased 10% when compared to the prior year due to improvements at all core businesses in the platform. Throughout 2007, the platform experienced strong demand in the chemical and rail markets. Overall, the platform had organic revenue growth of 6%, growth from acquisitions of 2%, with the remainder due to foreign exchange.

**Electronic Technologies**

	Twelve Months Ended December 31.		
	2007	2006	% Change
	(In thousands)		
Revenue	\$ 1,390,103	\$ 1,411,564	(2)%
Segment earnings	\$ 180,337	\$ 214,947	(16)%
Operating margin	13.0%	15.2%	
Acquisition related depreciation and amortization expense*	\$ 38,296	\$ 32,914	16%
Bookings	1,378,551	1,410,043	(2)%
Backlog	232,704	200,048	16%

\* Represents the pre-tax impact on earnings from the depreciation and amortization of acquisition accounting write-ups to reflect the fair value of inventory, property, plant and equipment, and intangible assets.

Electronic Technologies' year-over-year decreases in revenue and earnings were primarily due to softness in the semi-conductor end markets throughout 2007 compared to strong markets experienced in the prior year. The medical and military/space markets were strong throughout the year, while telecom markets remained flat. Overall, the increase in revenue due to acquisitions and foreign exchange were each 3%, while organic revenue decreased 8%.

**Critical Accounting Policies**

The Company's consolidated financial statements and related public financial information are based on the application of generally accepted accounting principles in the United States of America ("GAAP"). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in the public disclosures of the Company, including information regarding contingencies, risk and its financial condition. The Company believes its use of estimates and underlying accounting assumptions conform to GAAP and are consistently applied. Valuations based on estimates are reviewed for reasonableness on a consistent basis throughout the Company. Primary areas where the financial information of Dover is subject to the use of estimates, assumptions and the application of judgment include the following areas:

- Revenue is recognized when all of the following circumstances are satisfied: a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectability is reasonably assured, and d) delivery has occurred. In revenue transactions where installation is required, revenue can be recognized when the installation obligation is not essential to the functionality of the delivered products. Revenue transactions involving non-essential installation obligations are those which can generally be completed in a short period of time at insignificant cost and the skills required to complete these installations are not unique to the Company and in many cases can be provided by third parties or the customers. If the installation obligation is essential to the functionality of the delivered product, revenue recognition is deferred until installation is complete. In addition, when it is determined that there are multiple deliverables to a sales arrangement, the Company will allocate consideration received to the separate deliverables based on their relative fair values and recognize revenue based on the appropriate criteria for each deliverable identified. In a limited number of revenue transactions, other post shipment obligations such as training and customer acceptance are required and, accordingly, revenue recognition is deferred until the customer is obligated to pay, or acceptance has been confirmed. Service revenue is recognized and earned when services are performed.
- Allowances for doubtful accounts are estimated at the individual operating companies based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Due to the fact that Dover operates in many different markets, changes in economic conditions in specific markets generally should not have a material effect on reserve balances required.

- Inventory for the majority of the Company's subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventory is stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value. Under certain market conditions, estimates and judgments regarding the valuation of inventory are employed by the Company to properly value inventory. The Electronic Technologies companies tend to experience somewhat higher levels of inventory value fluctuations, particularly given the relatively high rate of product obsolescence over relatively short periods of time.
- Occasionally, the Company will establish restructuring reserves at an operation in accordance with appropriate accounting principles. These reserves, for both severance and exit costs, require the use of estimates. Though Dover believes that these estimates accurately reflect the anticipated costs, actual results may be different than the estimated amounts.
- Dover has significant tangible and intangible assets on its balance sheet that include goodwill and other intangibles related to acquisitions. The valuation and classification of these assets and the assignment of useful depreciation and amortization lives involve significant judgments and the use of estimates. The testing of these intangibles under established accounting guidelines (including SFAS No. 142) for impairment also requires significant use of judgment and assumptions, particularly as it relates to the identification of reporting units and the determination of fair market value. Dover's assets and reporting units are tested and reviewed for impairment on an annual basis during the fourth quarter or when indicators of impairment exist, such as a significant sustained change in the business climate, during the interim periods. The Company believes that its use of estimates and assumptions are reasonable and comply with generally accepted accounting principles. Changes in business conditions could potentially require adjustments to the valuations.
- The valuation of Dover's pension and other post-retirement plans requires the use of assumptions and estimates that are used to develop actuarial valuations of expenses and assets/liabilities. These assumptions include discount rates, investment returns, projected salary increases and benefits, and mortality rates. The actuarial assumptions used in Dover's pension reporting are reviewed annually and are compared with external benchmarks to assure that they accurately account for Dover's future pension obligations. Changes in assumptions and future investment returns could potentially have a material impact on Dover's pension expenses and related funding requirements. Dover's expected long-term rate of return on plan assets is reviewed annually based on actual returns, economic trends and portfolio allocation. Dover's discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates.
- Dover has significant amounts of deferred tax assets that are reviewed for recoverability and valued accordingly. These assets are evaluated by using estimates of future taxable income streams and the impact of tax planning strategies. Reserves are also estimated, using a more likely than not criteria, for ongoing audits regarding federal, state and international issues that are currently unresolved. The Company routinely monitors the potential impact of these situations and believes that it is properly reserved. Valuations related to tax accruals and assets can be impacted by changes in accounting regulations, changes in tax codes and rulings, changes in statutory tax rates, and the Company's future taxable income levels.
- Dover has significant accruals and reserves related to the self-insured portion of its risk management program. These accruals require the use of estimates and judgment with regard to risk exposure and ultimate liability. The Company estimates losses under these programs using actuarial assumptions, Dover's experience, and relevant industry data. Dover reviews these factors quarterly and considers the current level of accruals and reserves adequate relative to current market conditions and Company experience.
- Dover has established reserves for environmental and legal contingencies at both the operating company and corporate levels. A significant amount of judgment and use of estimates is required to quantify Dover's ultimate exposure in these matters. The valuation of reserves for contingencies is reviewed on a quarterly basis at the operating and corporate levels to ensure that Dover is properly reserved. Reserve balances are adjusted to account for changes in circumstances for ongoing issues and the establishment of additional

reserves for emerging issues. While Dover believes that the current level of reserves is adequate, future changes in circumstances could impact these determinations.

- The Company from time to time will discontinue certain operations for various reasons. Estimates are used to adjust, if necessary, the assets and liabilities of discontinued operations to their estimated fair market value less costs to sell. These estimates include assumptions relating to the proceeds anticipated as a result of the sale. The adjustments to fair market value of these operations provide the basis for the gain or loss when sold. Changes in business conditions or the inability to sell an operation could potentially require future adjustments to these estimates.
- The Company uses the Black-Scholes valuation model to estimate the fair value of its Stock Appreciation Rights (SARs) and stock options that are granted to employees. The model requires management to estimate the expected life of the SAR or option, expected forfeitures and the volatility of Dover's stock using historical data. For additional information related to the assumptions used, see Note 10 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

#### **Adoption of New Accounting Standards**

##### **2008**

##### **Pensions**

Effective December 31, 2006, Dover adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of Financial Accounting Standards Board ("FASB") Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). SFAS No. 158 requires companies to report the funded status of their defined benefit pension and other postretirement benefit plans on their balance sheets as a net liability or asset. Upon adoption at December 31, 2006, Dover recorded a net reduction to stockholders' equity of \$123.5 million, net of tax. In addition, effective for fiscal years ending after December 15, 2008, the new standard requires companies to measure benefit obligations and plan assets as of a Company's fiscal year end (December 31, 2008 for Dover), using one of the methods prescribed in the standard. Dover adopted the new valuation date requirements using the 15-month alternative, as prescribed in the standard, which resulted in a charge of approximately \$5.8 million, net of tax, to retained earnings during the fourth quarter of 2008.

##### **Fair Value**

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. In February 2008, the FASB Staff Position No. 157-2 was issued which delayed the effective date of FASB Statement No. 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157 did not have a material effect on Dover's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company did not elect the fair value option for any of its existing financial instruments as of December 31, 2008 and the Company has not determined whether or not it will elect this option for financial instruments it may acquire in the future.

##### **2007**

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48 ("FIN 48") which specifies the way companies are to account for uncertainty in income tax reporting, and prescribes a methodology for

recognizing, reversing and measuring the tax benefits of a tax position taken, or expected to be taken, in a tax return. As a result of adopting the new standard, the Company recorded a \$58.2 million increase to reserves as a “cumulative effect” decrease to opening retained earnings as of January 1, 2007, of which \$53.4 million was included in continuing operations. Including this “cumulative effect” adjustment, the Company had unrecognized tax benefits, net of indirect benefits and deposits, of \$190.5 million at January 1, 2007, of which \$35.4 million related to accrued interest and penalties. The portion of the unrecognized tax benefits at January 1, 2007 included in continuing operations totaled \$147.6 million, of which \$28.0 million related to accrued interest and penalties.

#### 2006

Effective January 1, 2006, Dover adopted Statement of Financial Accounting Standard No. 123(R), “Share Based Payment” (“SFAS No. 123(R)”), which no longer permits the use of the intrinsic value method under APB No. 25. The Company used the modified prospective method to adopt SFAS No. 123(R), which requires compensation expense to be recorded for all stock-based compensation granted on or after January 1, 2006, as well as the unvested portion of previously granted options. The Company records stock-based compensation expense on a straight-line basis, generally over the explicit service period of three years (except for retirement eligible employees and retirees). Awards granted to retirement eligible employees are expensed immediately and the Company shortens the vesting period for any employee who will become eligible to retire within the three-year explicit service period. Expense for these employees is recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service.

#### **Recent Accounting Standards**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations” (“SFAS No. 141(R)”). SFAS No. 141(R) retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. In general, the statement 1) broadens the guidance of SFAS No. 141, extending its applicability to all events where one entity obtains control over one or more other businesses, 2) broadens the use of fair value measurements used to recognize the assets acquired and liabilities assumed, 3) changes the accounting for acquisition related fees and restructuring costs incurred in connection with an acquisition, and 4) increases required disclosures. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and can only assess the impact of the standard once an acquisition is consummated.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51” (“SFAS 160”). SFAS 160 requires that a noncontrolling interest in a subsidiary be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be identified in the consolidated financial statements. It also requires consistency in the manner of reporting changes in the parent’s ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The Company will apply the provisions of this statement prospectively, as required, beginning on January 1, 2009 and does not expect the adoption of SFAS 160 to have a material effect on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (“SFAS No. 161”). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of: 1) How and why an entity uses derivative instruments; 2) How derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and 3) How derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not expect the adoption of SFAS No. 161 to have a material impact on its consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles.” This statement identifies the sources of accounting principles and the framework for selecting the principles to be

used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The adoption of this statement did not have a material effect on the Company's consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. 142-3 "Determination of the Useful Life of Intangible Assets" ("FSP No. 142-3") to improve the consistency between the useful life of a recognized intangible asset (under SFAS No. 142) and the period of expected cash flows used to measure the fair value of the intangible asset (under SFAS No. 141(R)). FSP No. 142-3 amends the factors to be considered when developing renewal or extension assumptions that are used to estimate an intangible asset's useful life under SFAS No. 142. The guidance in the new staff position is to be applied prospectively to intangible assets acquired after December 31, 2008. In addition, FSP No. 142-3 increases the disclosure requirements related to renewal or extension assumptions.

#### **Non-GAAP Disclosures**

In an effort to provide investors with additional information regarding the Company's results as determined by generally accepted accounting principles (GAAP), the Company also discloses non-GAAP information which management believes provides useful information to investors. Free cash flow, net debt, total debt, total capitalization, adjusted working capital, average annual adjusted working capital, revenues excluding the impact of changes in foreign currency exchange rates and organic revenue growth are not financial measures under GAAP and should not be considered as a substitute for cash flows from operating activities, debt or equity, revenue and working capital as determined in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies. Management believes the (1) net debt to total capitalization ratio and (2) free cash flow are important measures of operating performance and liquidity. Net debt to total capitalization is helpful in evaluating the Company's capital structure and the amount of leverage it employs. Free cash flow provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase the Company's common stock. Reconciliations of free cash flow, total debt and net debt can be found above in this Item 7, Management's Discussion and Analysis. Management believes that reporting adjusted working capital (also sometimes called "working capital"), which is calculated as accounts receivable, plus inventory, less accounts payable, provides a meaningful measure of the Company's operational results by showing the changes caused solely by revenue. Management believes that reporting adjusted working capital and revenues at constant currency, which excludes the positive or negative impact of fluctuations in foreign currency exchange rates, provides a meaningful measure of the Company's operational changes, given the global nature of Dover's businesses. Management believes that reporting organic revenue growth, which excludes the impact of foreign currency exchange rates and the impact of acquisitions, provides a useful comparison of the Company's revenue performance and trends between periods.

#### **Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

##### **Interest Rates**

The Company's exposure to market risk for changes in interest rates relates primarily to the fair value of long-term fixed interest rate debt, interest rate swaps attached thereto, commercial paper borrowings and investments in cash equivalents. Generally, the fair market value of fixed-interest rate debt will increase as interest rates fall and decrease as interest rates rise.

- A 54 basis point increase or decrease in interest rates (10% of the Company's weighted average long-term debt interest rate) would have an immaterial effect on the fair value of the Company's long-term debt.
- Commercial paper borrowings are at variable interest rates, and have maturities of three months or less. A 25 basis point increase or decrease in the interest rates (10% of the Company's weighted average commercial paper interest rate) on commercial paper borrowings would have an immaterial impact on the Company's pre-tax earnings.

- All highly liquid investments, including highly liquid debt instruments purchased with an original maturity of three months or less, are considered cash equivalents. The Company places its investments in cash equivalents with high credit quality issuers and limits the amount of exposure to any one issuer. A 15 basis point decrease or increase in interest rates (10% of the Company's weighted average interest rate) would have an immaterial impact on the Company's pre-tax income.
- Short-term investments consist of bank term deposits that have maturity dates that range from five to nine months. A 50 basis point decrease or increase in interest rates (10% of the Company's weighted average interest rate) would have an immaterial impact on the Company's pre-tax income.
- As of December 31, 2008, the Company had one interest rate swap outstanding, as discussed in Note 9 to the Consolidated Financial Statements. The Company does not enter into derivative financial or derivative commodity instruments for trading or speculative purposes.

#### **Foreign Exchange**

The Company conducts business in various non-U.S. countries, primarily in Canada, Mexico, substantially all of the European countries, Brazil, Argentina, Malaysia, China, India and other Asian countries. Therefore, changes in the value of the currencies of these countries affect the Company's financial position and cash flows when translated into U.S. Dollars. The Company has generally accepted the exposure to exchange rate movements relative to its investment in non-U.S. operations. The Company may, from time to time, for a specific exposure, enter into fair value hedges. Certain individual operating companies that have foreign exchange exposure have established formal policies to mitigate risk in this area by using fair value and/or cash flow hedging. The Company has mitigated and will continue to mitigate a portion of its currency exposure through operation of non-U.S. operating companies in which the majority of all costs are local-currency based. A change of 10% or less in the value of all foreign currencies would not have a material effect on the Company's financial position and cash flows.



Item 8. *Financial Statements and Supplementary Data*

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND  
FINANCIAL STATEMENT SCHEDULE**

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39	Management's Report on Internal Control Over Financial Reporting
40	Report of Independent Registered Public Accounting Firm
42	Consolidated Statements of Operations (For the years ended December 31, 2008, 2007 and 2006)
43	Consolidated Balance Sheets (At December 31, 2008 and 2007)
44	Consolidated Statements of Stockholders' Equity and Comprehensive Earnings (For the years ended December 31, 2008, 2007 and 2006)
45	Consolidated Statements of Cash Flows (For the years ended December 31, 2008, 2007 and 2006)
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**(All other schedules are not required and have been omitted)**

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework*.

Based on its assessment under the criteria set forth in *Internal Control — Integrated Framework*, management concluded that, as of December 31, 2008, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

In making its assessment of internal control over financial reporting as of December 31, 2008, management has excluded those companies acquired in purchase business combinations during 2008, which included LANTEC Winch & Gear Inc., Brady's Mining and Construction Supply Co., Neptune Chemical Pump Company and Hiltap Fittings Ltd. These companies are wholly-owned by the Company and their total revenue for the year ended December 31, 2008 represents approximately 0.7% of the Company's consolidated total revenue for the same period and their assets represent approximately 1.5% of the Company's consolidated assets as of December 31, 2008.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Dover Corporation:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Dover Corporation and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting," appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain income tax positions in 2007 and defined benefit pension and other postretirement obligations in 2006 and 2008.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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As described in "Management's Report on Internal Control Over Financial Reporting," management has excluded LANTEC Winch & Gear Inc., Brady's Mining and Construction Supply Co., Neptune Chemical Pump Company and Hiltap Fittings Ltd. from its assessment of internal control over financial reporting as of December 31, 2008 because they were acquired by the Company in purchase business combinations during 2008. We have also excluded LANTEC Winch & Gear Inc., Brady's Mining and Construction Supply Co., Neptune Chemical Pump Company and Hiltap Fittings Ltd. from our audit of internal control over financial reporting. These companies are wholly owned by the Company and their total assets and revenue represent approximately 1.5% and 0.7%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2008.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York

February 20, 2009

**DOVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended December 31,		
	2008	2007	2006
	(In thousands, except per share figures)		
<b>Revenue</b>	\$ 7,568,888	\$ 7,317,270	\$ 6,419,528
Cost of goods and services	4,838,881	4,697,768	4,127,528
<b>Gross profit</b>	2,730,007	2,619,502	2,292,000
Selling and administrative expenses	1,700,677	1,614,005	1,389,183
<b>Operating earnings</b>	1,029,330	1,005,497	902,817
Interest expense, net	96,037	89,589	77,004
Other expense (income), net	(12,726)	3,541	10,959
Total interest/other expense, net	83,311	93,130	87,963
<b>Earnings before provision for income taxes and discontinued operations</b>	946,019	912,367	814,854
Provision for income taxes	251,261	242,617	219,174
<b>Earnings from continuing operations</b>	694,758	669,750	595,680
Loss from discontinued operations, net	(103,927)	(8,670)	(33,898)
<b>Net earnings</b>	\$ 590,831	\$ 661,080	\$ 561,782
<b>Basic earnings (loss) per common share:</b>			
Earnings from continuing operations	\$ 3.69	\$ 3.33	\$ 2.92
Loss from discontinued operations, net	(0.55)	(0.04)	(0.17)
<b>Net earnings</b>	3.13	3.28	2.76
Weighted average shares outstanding	188,481	201,330	203,773
<b>Diluted earnings (loss) per common share:</b>			
Earnings from continuing operations	\$ 3.67	3.30	\$ 2.90
Loss from discontinued operations, net	(0.55)	(0.04)	(0.16)
<b>Net earnings</b>	3.12	3.26	2.73
Weighted average shares outstanding	189,269	202,918	205,497
Dividends paid per common share	\$ 0.90	\$ 0.77	\$ 0.71

The following table is a reconciliation of the share amounts used in computing earnings per share:

	Years Ended December 31,		
	2008	2007	2006
Weighted average shares outstanding — Basic	188,481	201,330	203,773
Dilutive effect of assumed exercise of employee stock options	788	1,588	1,724
<b>Weighted average shares outstanding — Diluted</b>	189,269	202,918	205,497
Anti-dilutive options/SAR's excluded from diluted EPS computation	5,103	3,241	1,716

See Notes to Consolidated Financial Statements.

**DOVER CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	At December 31, 2008	At December 31, 2007
	(In thousands)	
<b>Current assets:</b>		
Cash and equivalents	\$ 547,409	\$ 606,105
Short-term investments	279,460	—
Receivables, net of allowances of \$32,647 and \$32,211	1,013,174	1,104,090
Inventories, net	636,121	673,944
Prepaid and other current assets	64,335	84,377
Deferred tax asset	73,686	76,115
Total current assets	<u>2,614,185</u>	<u>2,544,631</u>
<b>Property, plant and equipment, net</b>	872,134	892,237
<b>Goodwill</b>	3,255,566	3,259,729
<b>Intangible assets, net</b>	952,409	1,051,650
<b>Other assets and deferred charges</b>	103,904	167,403
<b>Assets of discontinued operations</b>	69,106	152,757
<b>Total assets</b>	<u>\$ 7,867,304</u>	<u>\$ 8,068,407</u>
<b>Current liabilities:</b>		
Notes payable and current maturities of long-term debt	\$ 224,944	\$ 638,649
Accounts payable	373,436	416,215
Accrued compensation and employee benefits	305,572	307,997
Accrued insurance	104,938	103,488
Other accrued expenses	209,619	185,397
Federal and other taxes on income	19,071	26,995
Total current liabilities	<u>1,237,580</u>	<u>1,678,741</u>
<b>Long-term debt</b>	1,860,729	1,452,003
<b>Deferred income taxes</b>	314,405	317,335
<b>Other deferrals</b>	582,601	618,620
<b>Liabilities of discontinued operations</b>	79,123	55,535
<b>Commitments and contingent liabilities</b>		
<b>Stockholders' Equity:</b>		
Preferred stock	—	—
Common stock	246,615	244,548
Additional paid-in capital	455,228	353,031
Accumulated other comprehensive earnings	10,816	217,648
Retained earnings	5,286,458	4,870,460
Common stock in treasury	(2,206,251)	(1,739,514)
Total stockholders' equity	<u>3,792,866</u>	<u>3,946,173</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 7,867,304</u>	<u>\$ 8,068,407</u>

See Notes to Consolidated Financial Statements.

**DOVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND**  
**COMPREHENSIVE EARNINGS**

	Common Stock \$1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity	Comprehensive Earnings (Loss)
	(In thousands, except per share figures)						
Balance at 12/31/2005	\$ 239,796	\$ 122,181	\$ 57,778	\$ 4,004,944	\$ (1,095,176)	\$ 3,329,523	\$ 372,700
Net earnings	—	—	—	561,782	—	561,782	561,782
Dividends paid	—	—	—	(144,799)	—	(144,799)	—
Common stock issued for options exercised	2,486	74,941	—	—	—	77,427	—
Tax benefit from the exercise of stock options	—	15,316	—	—	—	15,316	—
Stock-based compensation expense	—	28,460	—	—	—	28,460	—
Common stock issued, net of cancellations	11	557	—	—	—	568	—
Common stock acquired	—	—	—	—	(48,329)	(48,329)	—
Translation of foreign financial statements	—	—	113,282	—	—	113,282	113,282
Unrealized holding losses, net of tax of \$196	—	—	(364)	—	—	(364)	(364)
Minimum pension liability adjustment (SFAS No. 87)	—	—	1,660	—	—	1,660	1,660
Adjustment related to adoption of SFAS No. 158, net of tax of \$68,446	—	—	(123,504)	—	—	(123,504)	—
Balance at 12/31/2006	<u>242,293</u>	<u>241,455</u>	<u>48,852</u>	<u>4,421,927</u>	<u>(1,143,505)</u>	<u>3,811,022</u>	<u>\$ 676,360</u>
Cumulative effect of adoption of FIN 48 (See Note 2)	—	—	—	(58,157)	—	(58,157)	—
Net earnings	—	—	—	661,080	—	661,080	\$ 661,080
Dividends paid	—	—	—	(154,390)	—	(154,390)	—
Common stock issued for options exercised	2,241	73,897	—	—	—	76,138	—
Tax benefit from the exercise of stock options	—	10,319	—	—	—	10,319	—
Stock-based compensation expense	—	26,714	—	—	—	26,714	—
Common stock issued, net of cancellations	14	646	—	—	—	660	—
Common stock acquired	—	—	—	—	(596,009)	(596,009)	—
Translation of foreign financial statements	—	—	116,933	—	—	116,933	116,933
Unrealized holding gains, net of tax of (\$302)	—	—	561	—	—	561	561
SFAS No. 158 amortization and adjustment, net of tax of (\$27,276)	—	—	51,302	—	—	51,302	51,302
Balance at 12/31/2007	<u>244,548</u>	<u>353,031</u>	<u>217,648</u>	<u>4,870,460</u>	<u>(1,739,514)</u>	<u>3,946,173</u>	<u>\$ 829,876</u>
Effect of adoption of SFAS 158, change in measurement date	—	—	1,960	(5,762)	—	(3,802)	—
Net earnings	—	—	—	590,831	—	590,831	\$ 590,831
Dividends paid	—	—	—	(169,071)	—	(169,071)	—
Common stock issued for options exercised	2,038	68,549	—	—	—	70,587	—
Tax benefit from the exercise of stock options	—	8,449	—	—	—	8,449	—
Stock-based compensation expense	—	24,367	—	—	—	24,367	—
Common stock issued, net of cancellations	29	832	—	—	—	861	—
Common stock acquired	—	—	—	—	(466,737)	(466,737)	—
Translation of foreign financial statements	—	—	(146,433)	—	—	(146,433)	(146,433)
Unrealized holding losses, net of tax of \$582	—	—	(1,081)	—	—	(1,081)	(1,081)
SFAS No. 158 amortization and adjustment, net of tax of \$31,923	—	—	(61,278)	—	—	(61,278)	(61,278)
Balance at 12/31/2008	<u>\$ 246,615</u>	<u>\$ 455,228</u>	<u>\$ 10,816</u>	<u>\$ 5,286,458</u>	<u>\$ (2,206,251)</u>	<u>\$ 3,792,866</u>	<u>\$ 382,039</u>

See Notes to Consolidated Financial Statements.

**DOVER CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,		
	2008	2007 (In thousands)	2006
<b>Operating Activities of Continuing Operations</b>			
Net earnings	\$ 590,831	\$ 661,080	\$ 561,782
Adjustments to reconcile net earnings to net cash from operating activities:			
Loss from discontinued operations	103,927	8,670	33,898
Depreciation and amortization	261,154	243,776	195,840
Stock-based compensation	25,246	26,292	26,017
Provision for losses on accounts receivable	12,040	6,372	6,254
Deferred income taxes	33,459	(30,010)	(20,524)
Employee retirement benefits	36,275	49,900	43,580
Gain on sale of line of business	(7,518)	—	—
Other non-current, net	(33,081)	(70,012)	29,847
Changes in current assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Decrease (increase) in accounts receivable	36,427	(13,927)	(47,577)
Decrease (increase) in inventories	27,128	60,662	(5,717)
Decrease (increase) in prepaid expenses and other assets	16,816	(16,203)	(5,761)
Increase (decrease) in accounts payable	(19,273)	(9,099)	10,127
Increase in accrued expenses	26,161	2,905	33,373
Increase (decrease) in accrued taxes	(43,815)	29,824	41,601
Contributions to defined benefit pension plan	(55,361)	(22,537)	(12,081)
<b>Net cash provided by operating activities of continuing operations</b>	<b>1,010,416</b>	<b>927,693</b>	<b>890,659</b>
<b>Investing Activities of Continuing Operations</b>			
Purchase of short-term investments	(279,460)	—	—
Proceeds from the sale of property and equipment	13,248	24,195	18,916
Additions to property, plant and equipment	(175,795)	(173,653)	(191,937)
Proceeds from sales of businesses	92,774	90,966	445,905
Acquisitions (net of cash and cash equivalents acquired)	(103,761)	(273,610)	(1,116,780)
<b>Net cash used in investing activities of continuing operations</b>	<b>(452,994)</b>	<b>(332,102)</b>	<b>(843,896)</b>
<b>Financing Activities of Continuing Operations</b>			
Increase (decrease) in notes payable, net	(412,723)	347,192	65,321
Reduction of long-term debt	(186,390)	(33,478)	(811)
Proceeds from long-term-debt	594,120	3,895	163,597
Purchase of treasury stock	(466,737)	(596,009)	(48,329)
Proceeds from exercise of stock options, including tax benefits	79,897	87,117	93,311
Dividends to stockholders	(169,071)	(154,390)	(144,799)
<b>Net cash provided by (used in) financing activities of continuing operations</b>	<b>(560,904)</b>	<b>(345,673)</b>	<b>128,290</b>
<b>Cash Flows From Discontinued Operations</b>			
Net cash used in operating activities of discontinued operations	(7,592)	(46,458)	4,467
Net cash used in investing activities of discontinued operations	(1,805)	(4,251)	(11,238)
<b>Net cash used in discontinued operations</b>	<b>(9,397)</b>	<b>(50,709)</b>	<b>(6,771)</b>
Effect of exchange rate changes on cash	(45,817)	34,175	19,777
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(58,696)</b>	<b>233,384</b>	<b>188,059</b>
Cash and cash equivalents at beginning of period	606,105	372,721	184,662
<b>Cash and cash equivalents at end of period</b>	<b>\$ 547,409</b>	<b>\$ 606,105</b>	<b>\$ 372,721</b>
<b>Supplemental information — cash paid during the year for:</b>			
Income taxes	\$ 212,348	\$ 275,505	\$ 158,776
Interest	\$ 120,834	\$ 112,243	\$ 95,717

See Notes to Consolidated Financial Statements.



**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of Business and Summary of Significant Accounting Policies**

***Description of Business***

Dover Corporation ("Dover" or the "Company") is a diversified, multinational manufacturing corporation comprised of operating companies which manufacture a broad range of specialized industrial products and components as well as related services and consumables. The Company also provides engineering, testing and other similar services, which are not significant in relation to consolidated revenue. Dover's operating companies are based primarily in the United States of America and Europe with manufacturing and other operations throughout the world. The Company reports its results in four segments, Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. For additional information on Dover's segments, see Note 14.

***Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. The results of operations of purchased businesses are included from the dates of acquisitions. The assets, liabilities, results of operations and cash flows of all discontinued operations have been separately reported as discontinued operations for all periods presented. Certain amounts in prior years have been reclassified to conform to the current year presentation.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates may be adjusted due to changes in future economic, industry or customer financial conditions, as well as changes in technology or demand. Significant estimates include allowances for doubtful accounts receivable, net realizable value of inventories, restructuring reserves, valuation of goodwill and intangible assets, pension and post retirement assumptions, useful lives associated with amortization and depreciation of intangibles and fixed assets, warranty reserves, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves and the valuations of discontinued assets and liabilities.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits and short-term investments which are highly liquid in nature and have original maturities at the time of purchase of three months or less.

***Short-Term Investments***

Short-term investments consist of bank term deposits that have original maturity dates that range from six to nine months. At December 31, 2008 the Company has \$279.5 million of bank term deposits that earn a weighted average interest rate of 4.68%.

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable is composed principally of trade accounts receivable that arise primarily from the sale of goods or services on account and are stated at historical cost. Management at each operating company evaluates accounts receivable to estimate the amount of accounts receivable that will not be collected in the future and records the appropriate provision. The provision for doubtful accounts is recorded as a charge to operating expense and reduces accounts receivable. The estimated allowance for doubtful accounts is based primarily on management's evaluation of the aging of the accounts receivable balance, the financial condition of its customers, historical trends and the time outstanding of specific balances. Actual collections of accounts receivable could differ from management's estimates due to changes in future economic, industry or customers' financial conditions.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Fair Value of Financial Instruments***

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, notes payable and accrued expenses approximates fair value due to the short maturity, less than one year, of these instruments.

***Inventories***

Inventories for the majority of the Company's subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventory is stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value. Future inventory valuations could differ from management's estimates due to changes in economic, industry or customer financial conditions, as well as unanticipated changes in technology or demand.

***Property, Plant and Equipment***

Property, plant and equipment includes the historic cost of land, buildings, equipment and significant improvements to existing plant and equipment or in the case of acquisitions, a fair market value appraisal of such assets completed at the time of acquisition. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. Depreciation expense was \$159.3 million in 2008, \$151.7 million in 2007, and \$128.8 million in 2006 and was calculated on a straight-line basis for assets acquired during all periods presented. The Company depreciates its assets over their estimated useful lives as follows: buildings 5 to 31.5 years; machinery and equipment 3 to 7 years; furniture and fixtures 3 to 7 years; and vehicles 3 years.

***Derivative Instruments***

The Company periodically enters into financial transactions specifically to hedge its exposures to various items, including, but not limited to, interest rate and foreign exchange rate risk. Through various programs, the Company hedges its cash flow exposures to foreign exchange rate risk by entering into foreign exchange forward contracts and collars. The Company does not enter into derivative financial instruments for speculative purposes and does not have a material portfolio of derivative financial instruments.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments and interpretations, the Company recognizes all derivatives as either assets or liabilities on the balance sheet and measures those instruments at fair value. If the derivative is designated as a fair value hedge and is effective, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings in the same period. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings and are recognized in the statement of operations when the hedged item affects income. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

Tests for hedge ineffectiveness are conducted periodically and any ineffectiveness found is recognized in the statement of operations. The fair market value of all outstanding transactions is recorded in Other assets and deferred charges, or in the Other deferrals section of the balance sheet, as applicable. The corresponding change in value of the hedged assets/liabilities is recorded directly in that section of the balance sheet.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

At December 31, 2008, the Company had open foreign exchange forward purchase contracts expiring through December 2009 related to fair value hedges of foreign currency exposures. The fair values of these contracts were based on quoted market prices for identical instruments as of December 31, 2008 (Level 1 under the SFAS No. 157, "Fair Value Measurements" hierarchy).

The details of the open contracts as of December 31, 2008 are as follows:

Forward Currencies Purchased	US Dollars Sold				Average Contract Rate
	Expiration From 12/31/08				
	Less Than 1 Month	2-3 Months	4-6 Months (In thousands)	7-12 Months	
Great Britain Pounds	\$ —	\$ 35,107	\$ —	\$ —	1.4867
Euros	85,558	—	—	—	1.3885
Singapore Dollars	566	—	—	—	1.5015
Chinese Yuan	2,320	5,200	9,840	21,520	6.6915

Collar			US Dollar Value	Maturities from 3/12/2009 — 12/2009
	Put	Call		
US Dollar to Euro	1.460	1.526	\$ 3,000	

**Goodwill**

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," the Company does not amortize goodwill. Instead, goodwill is tested for impairment annually unless indicators of impairment exist, such as a significant sustained change in the business climate, during the interim periods.

For 2008 and 2007, the Company identified 10 and 11 reporting units, respectively, for its annual goodwill test which was performed as of September 30. Step one of the test compared the fair value of the reporting unit using a discounted cash flow method to its book value. This method uses the Company's own market assumptions which are reasonable and supportable. Step two, which compares the book value of the goodwill to its implied fair value, was not necessary since there were no indicators of potential impairment from step one. For information related to the amount of the Company's goodwill by segment, see Note 7.

**Indefinite-Lived Intangible Assets**

Similar to goodwill, the Company tests indefinite-lived, intangible assets (primarily trademarks) at least annually unless indicators of impairment exist, such as a significant sustained change in the business climate, during the interim periods. In performing these tests, the Company uses a discounted cash flow method to calculate and compare the fair value of the intangible to its book value. This method uses the Company's own market assumptions which are reasonable and supportable. If the fair value is less than the book value of the intangibles, an impairment charge would be recognized. For information related to the amount of the Company's intangible asset classes, see Note 7.

**Long-Lived Assets**

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets (including intangible assets that are amortized) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, such as a significant sustained change in the business climate, during the interim periods. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows is produced and compared to its carrying value. If an asset is determined to be impaired, the loss is measured by the excess of the carrying amount of the asset over its

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

fair value as determined by an estimate of discounted future cash flows. There were no indicators of impairment noted during 2008, therefore no tests were performed for long-lived assets.

***Foreign Currency***

Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates and profit and loss accounts have been translated using weighted average yearly exchange rates. Adjustments resulting from translation have been recorded in the equity section of the balance sheet as cumulative translation adjustments. Assets and liabilities of an entity that are denominated in currencies other than an entity's functional currency are remeasured into the functional currency using end of period exchange rates or historical rates where applicable to certain balances. Gains and losses related to these remeasurements are recorded within the Statement of Operations as a component of Other Expense (Income), net.

***Revenue Recognition***

Revenue is recognized when all of the following circumstances are satisfied: a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectability is reasonably assured, and d) delivery has occurred. In revenue transactions where installation is required, revenue can be recognized when the installation obligation is not essential to the functionality of the delivered products. Revenue transactions involving non-essential installation obligations are those which can generally be completed in a short period of time at insignificant cost and the skills required to complete these installations are not unique to the Company and in many cases can be provided by third parties or the customers. If the installation obligation is essential to the functionality of the delivered product, revenue recognition is deferred until installation is complete. In addition, when it is determined that there are multiple deliverables to a sales arrangement, the Company will allocate consideration received to the separate deliverables based on their relative fair values and recognize revenue based on the appropriate criteria for each deliverable identified. In a limited number of revenue transactions, other post-shipment obligations such as training and customer acceptance are required and, accordingly, revenue recognition is deferred until the customer is obligated to pay, or acceptance has been confirmed. Service revenue is recognized and earned when services are performed and is not significant to any period presented.

***Stock-Based Compensation***

The Company records stock-based compensation expense on a straight-line basis, generally over the explicit service period of three years (except for retirement eligible employees and retirees). Awards granted to retirement eligible employees are expensed immediately and the Company shortens the vesting period, for expensing purposes, for any employee who will become eligible to retire within the three-year explicit service period. Expense for these employees is recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service. For additional information related to stock-based compensation, including activity for 2008, 2007 and 2006, see Note 10.

***Income Taxes***

The provision for income taxes on continuing operations includes federal, state, local and non-U.S. taxes. Tax credits, primarily for research and experimentation and non-U.S. earnings, export programs, and U.S. manufacturer's tax deduction are recognized as a reduction of the provision for income taxes on continuing operations in the year in which they are available for tax purposes. Deferred taxes are provided on temporary differences between assets and liabilities for financial and tax reporting purposes as measured by enacted tax rates expected to apply when temporary differences are settled or realized. Future tax benefits are recognized to the extent that realization of those benefits is considered to be more likely than not. A valuation allowance is established for deferred tax assets for which realization is not assured. The Company has not provided for any residual U.S. income taxes on unremitted earnings of non-U.S. subsidiaries as such earnings are currently intended to be indefinitely reinvested.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48 (“FIN 48”) which specifies the way companies are to account for uncertainty in income tax reporting, and prescribes a methodology for recognizing, reversing and measuring the tax benefits of a tax position taken, or expected to be taken, in a tax return. As a result of adopting FIN 48, the Company recorded a \$58.2 million increase to reserves as a “cumulative effect” decrease to opening retained earnings as of January 1, 2007, of which \$53.4 million was included in continuing operations. Including this “cumulative effect” adjustment, the Company had unrecognized tax benefits, net of indirect benefits and deposits, of \$190.5 million at January 1, 2007, of which \$35.4 million related to accrued interest and penalties. The portion of the unrecognized tax benefits at January 1, 2007 included in continuing operations totaled \$147.6 million, of which \$28.0 million related to accrued interest and penalties. For additional information on the Company’s income taxes and unrecognized tax benefits, see Note 11.

***Research and Development Costs***

Research and development costs, including qualifying engineering costs, are expensed when incurred and amounted to \$189.2 million in 2008, \$193.2 million in 2007 and \$168.9 million in 2006.

***Risk, Retention, Insurance***

The Company’s property and casualty insurance programs contain various deductibles that, based on the Company’s experience, are typical and customary for a company of its size and risk profile. The Company does not consider any of the deductibles to represent a material risk to the Company. The Company generally maintains deductibles for claims and liabilities related primarily to workers’ compensation, health and welfare claims, general commercial, product and automobile liability and property damage, and business interruption resulting from certain events. The Company accrues for claim exposures that are probable of occurrence and can be reasonably estimated. As part of the Company’s risk management program, insurance is maintained to transfer risk beyond the level of self-retention and provides protection on both an individual claim and annual aggregate basis. The Company currently self-insures its product and commercial general liability claims up to \$5.0 million per occurrence, its workers’ compensation claims up to \$0.5 million per occurrence, and automobile liability claims up to \$1.0 million per occurrence. Third-party insurance provides primary level coverage in excess of these amounts up to certain specified limits. In addition, the Company has excess liability insurance from third-party insurers on both an aggregate and an individual occurrence basis well in excess of the limits of the primary coverage. A worldwide program of property insurance covers the Company’s owned and leased property and any business interruptions that may occur due to an insured hazard affecting those properties, subject to reasonable deductibles and aggregate limits.

***Employee Benefit Plans***

Effective December 31, 2006, Dover adopted SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)” (“SFAS No. 158”). For additional information on the impact of adopting SFAS No. 158, see Note 2 “Adoption of New Accounting Standards” below and for additional detail related to Dover’s employee benefit plans, see Note 13.

***Recent Accounting Standards***

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations” (“SFAS No. 141(R)”). SFAS No. 141(R) retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. In general, the statement 1) broadens the guidance of SFAS No. 141, extending its applicability to all events where one entity obtains control over one or more other businesses, 2) broadens the use of fair value measurements used to recognize the assets acquired and liabilities assumed, 3) changes the accounting for acquisition related fees and restructuring costs incurred in connection with

## DOVER CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

an acquisition, and 4) increases required disclosures. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and can only assess the impact of the standard once an acquisition is consummated.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires that a noncontrolling interest in a subsidiary be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be identified in the consolidated financial statements. It also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The Company will apply the provisions of this statement prospectively, as required, beginning on January 1, 2009 and does not expect the adoption of SFAS 160 to have a material effect on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of: 1) How and why an entity uses derivative instruments; 2) How derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and 3) How derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company does not expect the adoption of SFAS No. 161 to have a material impact on its consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement was effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The adoption of this statement did not have a material effect on the Company's consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. 142-3 "Determination of the Useful Life of Intangible Assets" ("FSP No. 142-3") to improve the consistency between the useful life of a recognized intangible asset (under SFAS No. 142) and the period of expected cash flows used to measure the fair value of the intangible asset (under SFAS No. 141(R)). FSP No. 142-3 amends the factors to be considered when developing renewal or extension assumptions that are used to estimate an intangible asset's useful life under SFAS No. 142. The guidance in the new staff position is to be applied prospectively to intangible assets acquired after December 31, 2008. In addition, FSP No. 142-3 increases the disclosure requirements related to renewal or extension assumptions. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and can only assess the impact of the standard once an acquisition is consummated.

## 2. Adoption of New Accounting Standards

### Pensions

Effective December 31, 2006, Dover adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of Financial Accounting Standards Board ("FASB") Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). SFAS No. 158 required companies to report the funded status of their defined benefit pension and other postretirement benefit plans on their balance sheets as a net liability or asset. Upon adoption at December 31, 2006, Dover recorded a net reduction to stockholders' equity of \$123.5 million, net of tax. In addition, effective for fiscal years ending after December 15, 2008, the new standard

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

required companies to measure benefit obligations and plan assets as of a Company's fiscal year end (December 31, 2008 for Dover), using one of the methods prescribed in the standard. Dover adopted the new valuation date requirements using the 15-month alternative, as prescribed in the standard, which resulted in a charge of approximately \$5.8 million, net of tax, to retained earnings during the fourth quarter of 2008.

**Fair Value**

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. For financial assets and liabilities, this statement was effective for fiscal periods beginning after November 15, 2007 and did not require any new fair value measurements. In February 2008, FASB Staff Position No. 157-2 was issued which delayed the effective date of FASB Statement No. 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157 did not have a material effect on Dover's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company did not elect the fair value option for any of its existing financial instruments as of December 31, 2008 and the Company has not determined whether or not it will elect this option for financial instruments it may acquire in the future.

**3. Acquisitions**

All of the Company's acquisitions have been accounted for under SFAS No. 141, "Business Combinations." Accordingly, the accounts of the acquired companies, after adjustments to reflect fair market values assigned to assets and liabilities, have been included in the consolidated financial statements from their respective dates of acquisition. The 2008 acquisitions (see list below) are wholly-owned and had an aggregate cost of \$103.8 million, net of cash acquired, at the date of acquisition. There is no material contingent consideration related to the acquisitions at December 31, 2008. In connection with certain acquisitions, at December 31, 2008 and 2007, the Company had reserves related to severance and facility closings of \$27.9 million and \$26.8 million, respectively. During 2008, the Company recorded purchase accounting reserves related to acquisitions of \$5.6 million and paid \$4.5 million. The reserves were recorded as of the date of acquisition and in accordance with the provisions of Emerging Issues Task Force Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination."

**2008 Acquisitions**

<u>Date</u>	<u>Type</u>	<u>Acquired Companies</u>	<u>Location (Near)</u>	<u>Segment</u>	<u>Platform</u>	<u>Company</u>
1-Mar	Stock	LANTEC Winch and Gear, Inc.	Langley, B.C.	Industrial Products	Material Handling	Tulsa Winch
		Manufacturer of hydraulic winches, hoists and gear reducers, serving the oil and gas, infrastructure and marine markets.				
1-Apr	Asset	Brady's Mining & Construction Supply Co.	St. Louis, Missouri	Fluid Management	Energy	EPG
		Manufacturer of diamond roof drill bits and support products specifically designed for underground mining operations.				
10-Apr	Asset	Neptune Chemical Pump Company	Lansdale, PA	Fluid Management	Fluid Solutions	Pump Solutions Group
		Manufacturer of chemical metering pumps, chemical feed systems and peripheral products.				
31-Dec	Stock	Hillap Fittings Ltd	Calgary, Alberta	Fluid Management	Fluid Solutions	OPW FTG
		Manufacturer of high and low temperature & pressure sealing and product recovery technologies.				

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

For certain acquisitions that occurred in 2008, the Company is in the process of obtaining or finalizing appraisals of tangible and intangible assets and it is continuing to evaluate the initial purchase price allocations, as of the acquisition date, which will be adjusted as additional information relative to the fair values of the assets and liabilities of the businesses becomes known. Accordingly, management has used their best estimate in the initial purchase price allocation as of the date of these financial statements.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the dates of the 2008 acquisitions and the amounts assigned to goodwill and intangible asset classifications:

	<b>2008</b>
	<b>(In thousands)</b>
Current assets, net of cash acquired	\$ 21,538
PP&E	4,528
Goodwill	56,393
Intangibles	31,852
<b>Total assets acquired</b>	<b>114,311</b>
Total liabilities assumed	(10,550)
<b>Net assets acquired</b>	<b>\$ 103,761</b>

The amounts assigned to goodwill and major intangible asset classifications by segment for the 2008 acquisitions are as follows:

	<b>Fluid Management</b>	<b>Industrial Products</b>	<b>Total</b>	<b>Average Amortization Period (Years)</b>
	<b>(dollar amounts in thousands)</b>			
Goodwill — Tax deductible	\$ 42,405	\$ 623	\$ 43,028	N/A
Goodwill — Non-tax deductible	1,467	11,898	13,365	N/A
Trademarks	6,590	991	7,581	15
Patents	2,558	—	2,558	13
Customer intangibles	13,730	7,783	21,513	9
Unpatented technologies	200	—	200	5
	<b>\$ 66,950</b>	<b>\$ 21,295</b>	<b>\$ 88,245</b>	



**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**2007 Acquisitions**

Date	Type	Acquired Companies	Location (Near)	Segment	Platform	Operating Company
31-Jan	Stock	Biode	Westbrook, ME	Electronic Technologies	N/A	Vectron
Designer and manufacturer of fluid viscosity sensors and viscometer readers.						
28-Feb	Asset	Pole/Zero Corporation	West Chester, OH	Electronic Technologies	N/A	MPG
Designer and manufacturer of radio frequency filters that resolve wireless communication interference issues.						
31-Mar	Asset	Theta Oilfield Services	Brea, CA	Fluid Management	Energy	EPG
Provider of oilwell optimization software.						
31-Jul	Asset	Hannecson International	Haimen, China	Industrial Products	Mobile Equipment	Rotary Lift
Manufacturer of vehicle lifts including lifts for residential and car enthusiast markets.						
18-Sep	Stock	Griswold Pump	Thomasville, GA	Fluid Management	Fluid Solutions	Pump Solutions Group
Manufacturer of centrifugal pumps and peripheral products.						
1-Nov	Stock	Windrock Inc.	Knoxville, TN	Fluid Management	Energy	GEG
Manufacturer of portable and online monitoring and diagnostic equipment used in the gas, oil, petrochemical, marine and power generation industries.						
18-Dec	Asset	Industrial Motion Control LLC	Wheeling, IL	Industrial Products	Material Handling	DE-STA-CO
Industrial automation manufacturer of mechanical motion control products.						

**Pro Forma Information**

The following unaudited pro forma information illustrates the effect on Dover's revenue and net earnings for the twelve-month periods ended December 31, 2008 and 2007, assuming that the 2008 and 2007 acquisitions had all taken place on January 1, 2007.

	Years Ended December 31,	
	2008	2007
(In thousands, except per share figures)		
<b>Revenue from continuing operations:</b>		
As reported	\$ 7,568,888	\$ 7,317,270
Pro forma	7,586,656	7,475,872
<b>Net earnings from continuing operations:</b>		
As reported	\$ 694,758	\$ 669,750
Pro forma	695,421	681,750
<b>Basic earnings per share from continuing operations:</b>		
As reported	\$ 3.69	\$ 3.33
Pro forma	3.69	3.39
<b>Diluted earnings per share from continuing operations:</b>		
As reported	\$ 3.67	\$ 3.30
Pro forma	3.67	3.36

These pro forma results of operations have been prepared for comparative purposes only and include certain adjustments to actual financial results for the relevant periods, such as imputed financing costs, and estimated additional amortization and depreciation expense as a result of intangibles and fixed assets acquired. They do not purport to be indicative of the results of operations that actually would have resulted had the acquisitions occurred on the date indicated or that may result in the future.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**4. Inventories**

The following table displays the components of inventory:

	At December 31, 2008	At December 31, 2007
(In thousands)		
Raw materials	\$ 319,407	\$ 314,504
Work in progress	144,017	161,750
Finished goods	231,507	249,678
<b>Subtotal</b>	<b>694,931</b>	<b>725,932</b>
Less LIFO reserve	58,810	51,988
<b>Total</b>	<b>\$ 636,121</b>	<b>\$ 673,944</b>

At December 31, 2008 and 2007, domestic inventories, net determined by the LIFO inventory method amounted to \$56.4 million and \$66.7 million, respectively.

**5. Property, Plant & Equipment**

The following table details the components of property, plant & equipment, net:

	At December 31, 2008	At December 31, 2007
(In thousands)		
Land	\$ 49,015	\$ 54,579
Buildings and improvements	547,223	527,429
Machinery, equipment and other	1,792,615	1,777,028
	2,388,853	2,359,036
Accumulated depreciation	(1,516,719)	(1,466,799)
<b>Total</b>	<b>\$ 872,134</b>	<b>\$ 892,237</b>

**6. Accrued Expenses**

The following table details the major components of other current accrued expenses:

	At December 31, 2008	At December 31, 2007
(In thousands)		
Warranty	\$ 44,174	\$ 47,010
Taxes other than income	25,454	22,546
Unearned revenue	14,356	15,006
Accrued interest	28,839	19,491
Legal and environmental	6,064	5,639
Restructuring and exit	10,112	4,337
Other	80,620	71,368
	209,619	185,397
	<b>\$ 209,619</b>	<b>\$ 185,397</b>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

From time to time, the Company will initiate various restructuring programs at its operating companies or record severance and exit costs in connection with purchase accounting for acquisitions (see Note 3 for additional detail). During the latter half of 2008, the Company announced plans to increase the amount of restructuring efforts in response to the significant decline in global economic activity. The Company expects further restructuring plans to occur in 2009 resulting in costs of approximately \$40.0 million. Restructuring charges are recorded primarily in Selling and administrative expenses in the Consolidated Statement of Operations. The following table details the Company's severance and exit reserve activity during 2008:

	<u>Severance</u>	<u>Exit</u> <u>(In thousands)</u>	<u>Total</u>
<b>At December 31, 2007(A)</b>	\$ 5,762	\$ 22,668	\$ 28,430
Provision	14,980	12,384	27,364
Purchase accounting	2,933	2,698	5,631
Payments	(16,094)	(12,035)	(28,129)
Other, including impairments	(378)	(1,961)	(2,339)
<b>At December 31, 2008(B)</b>	<u>\$ 7,203</u>	<u>\$ 23,754</u>	<u>\$ 30,957</u>

- (A) Includes \$26.8 million related to purchase accounting accruals.  
(B) Includes \$27.9 million related to purchase accounting accruals.

**7. Goodwill and Other Intangible Assets**

The changes in the carrying value of goodwill by segment through the year ended December 31, 2008 are as follows:

	<u>12/31/06</u>	<u>2007</u> <u>Acquisitions</u>	<u>Other</u> <u>Adjustments</u> <u>Primarily</u> <u>Currency</u> <u>Translations</u>	<u>12/31/07</u> <u>(In thousands)</u>	<u>2008</u> <u>Acquisitions</u>	<u>Other</u> <u>Adjustments</u> <u>Primarily</u> <u>Currency</u> <u>Translations</u>	<u>12/31/08</u>
Electronic Technologies	\$ 963,018	\$ 51,269	\$ 10,570	\$ 1,024,857	\$ —	\$ (48,151)(B)	\$ 976,706
Industrial Products	877,465	32,368	(4,336)	905,497	12,521	1,197	919,215
Fluid Management	501,800	27,635	6,728	536,163	43,872	(8,814)	571,221
Engineered Systems	771,940	—	21,272(A)	793,212	—	(4,788)	788,424
<b>Total</b>	<u>\$ 3,114,223</u>	<u>\$ 111,272</u>	<u>\$ 34,234</u>	<u>\$ 3,259,729</u>	<u>\$ 56,393</u>	<u>\$ (60,556)</u>	<u>\$ 3,255,566</u>

- (A) Increase includes final purchase accounting adjustments of \$18.0 million related to the December 2006 acquisition of Markem Corp., with the remainder due to currency translation.  
(B) Includes \$38.0 million related to the sale of Rasco.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets:

	At December 31, 2008		Average Life (years) (dollar amounts in thousands)	At December 31, 2007	
	Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization
<b>Amortized Intangible Assets:</b>					
Trademarks	\$ 32,223	\$ 12,453	29	\$ 40,943	\$ 13,684
Patents	129,233	79,241	13	131,106	74,153
Customer Intangibles	681,636	200,169	9	678,970	141,203
Unpatented Technologies	129,303	61,871	9	153,364	55,984
Non-Compete Agreements	3,475	3,400	5	4,348	4,315
Drawings & Manuals	13,653	5,441	5	13,597	4,368
Distributor Relationships	72,413	17,193	20	72,444	13,302
Other	22,725	10,270	14	18,839	8,443
<b>Total</b>	<b>1,084,661</b>	<b>390,038</b>	<b>11</b>	<b>1,113,611</b>	<b>315,452</b>
<b>Unamortized Intangible Assets:</b>					
Trademarks	257,786			253,491	
<b>Total Intangible Assets</b>	<b>\$ 1,342,447</b>	<b>\$ 390,038</b>		<b>\$ 1,367,102</b>	<b>\$ 315,452</b>

Total intangible amortization expense for the twelve months ended December 31, 2008, 2007 and 2006 was \$101.9 million, \$92.1 million and \$67.0 million, respectively.

Amortization expense, based on current intangible balances is estimated to be \$96.1 million in 2009, \$95.6 million in 2010, \$92.3 million in 2011, \$76.1 million in 2012 and \$74.3 million in 2013.

**8. Dispositions**

During 2008 the Company closed on a sale of a line of business in the Electronic Technologies segment resulting in a \$7.5 million (\$7.5 million after-tax) gain, which was recorded in Selling and administrative expenses in the Consolidated Statement of Operations.

In addition, during 2008, the Company discontinued one business and completed the sale of one previously discontinued business. At December 31, 2008, only one business remains held for sale. The major classes of discontinued assets and liabilities included in the Consolidated Balance Sheets are as follows:

	At December 31, 2008	At December 31, 2007
	(In thousands)	
<b>Assets of Discontinued Operations</b>		
Current assets	\$ 32,498	\$ 38,360
Non-current assets	36,608	114,397
	<u>\$ 69,106</u>	<u>\$ 152,757</u>
<b>Liabilities of Discontinued Operations</b>		
Current liabilities	\$ 13,371	\$ 25,987
Non-current liabilities	65,752	29,548
	<u>\$ 79,123</u>	<u>\$ 55,535</u>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In addition to the entity currently held for sale in discontinued operations, the assets and liabilities of discontinued operations include residual amounts related to businesses previously sold. These residual amounts include property, plant and equipment, deferred tax assets, short and long-term reserves, and contingencies.

Summarized results of the Company's discontinued operations are detailed in the following table:

	Years Ended December 31,		
	2008	2007 (In thousands)	2006
Revenue	\$ 84,065	\$ 169,924	\$ 779,960
Loss on sale, net of taxes(1)	\$ (101,692)	\$ (4,086)	\$ (37,362)
Earnings (loss) from operations before taxes	(3,886)	(14,619)	4,593
Benefit (provision) for income taxes related to operations	1,651	10,035	(1,129)
Loss from discontinued operations, net of tax	<u>\$ (103,927)</u>	<u>\$ (8,670)</u>	<u>\$ (33,898)</u>

(1) Includes impairments and other adjustments to previously sold discontinued operations.

Additional information related to the after-tax loss on sale of \$101.7 million recorded in discontinued operations during 2008 is as follows:

- During the fourth quarter of 2008, the Company recorded an additional \$21.3 million (\$21.3 million after tax) write-down to the carrying value of Triton, an operating company previously included in the Engineered Systems segment, to its estimated fair market value and recorded other gains of \$0.6 million after tax related to previously sold companies.
- In addition, during the fourth quarter of 2008, the Company reached final settlement on certain Federal tax matters related to businesses previously discontinued and sold, resulting in a charge of approximately \$15.0 million in discontinued operations. Also, consistent with FIN 48, the Company recognized certain state tax assessments related to previously sold discontinued operations, resulting in a charge of approximately \$13.0 million and other adjustments totaling a benefit of approximately \$0.8 million, after tax.
- During the third quarter of 2008, the Company completed the sale of a previously discontinued business and recorded other adjustments, resulting in a net loss of approximately \$0.7 million, after tax.
- During the second quarter of 2008, the Company discontinued Triton and reclassified Crenlo, which had been included in discontinued operations since the third quarter of 2007, into the Industrial Products segment. In the second quarter of 2008, the Company recorded a \$51.1 million (\$51.1 million after tax) write-down to the carrying value of Triton to its estimated fair market value.
- During the first quarter of 2008, the Company recorded adjustments to the carrying value of a business held for sale and other adjustments resulting in a net after tax loss of approximately \$2.0 million.

During 2007, the Company discontinued two businesses, of which one was sold during the same year. In addition, the Company sold five businesses that were previously discontinued. Additional information related to the after-tax loss on sale of \$17.1 million recorded in discontinued operations during 2007 is as follows:

- During the fourth quarter of 2007, the Company completed the sale of Graphics Microsystems and recorded other adjustments for an after-tax gain of \$13.3 million.
- During the third quarter of 2007, the Company discontinued two businesses, Crenlo and Graphics Microsystems. In addition, during the third quarter of 2007, the Company finalized the sale of two previously discontinued businesses and recorded other adjustments resulting in a net after-tax loss of \$1.6 million.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

- During the second quarter of 2007, the Company completed the sale of a previously discontinued business and recorded other adjustments for businesses still held for sale, resulting in a net loss of approximately \$5.0 million (\$8.3 million after-tax).
- During the first quarter of 2007, the Company completed the sales of Kurz Kasch, discontinued in 2006, and SWF, discontinued in 2005, and recorded other adjustments for businesses still held for sale and to reserves related to completed sales, resulting in a net loss of approximately \$9.6 million (\$7.5 million after-tax).

During 2006, the Company discontinued thirteen businesses, of which eight were sold during 2006. In addition, the Company sold two businesses that were previously discontinued in 2005. Additional information related to the significant items included in the after-tax loss on sale of \$37.4 million recorded in discontinued operations during 2006 is as follows:

- During the fourth quarter of 2006, the Company finalized the sales of five previously discontinued businesses, including Alphasem, Vitronics Soltec, Universal Instruments and Hover Davis. In addition, the Company discontinued three small businesses and adjusted the carrying value of a previously discontinued business resulting in a net loss of \$38.9 million (\$27.0 million after-tax).
- During the third quarter of 2006, the Company finalized the sales of four previously discontinued businesses, including Mark Andy, RPA Process Technologies and Heil Truck. As a result of the gains on the sales (\$27.2 million net of tax) and adjustments to the carrying value of other previously discontinued businesses (\$21.6 million net of tax), the Company recorded a \$5.6 million gain, net of tax.
- During the second quarter of 2006, the Company discontinued seven businesses, including Universal Instruments, Alphasem, Vitronics Soltec, Mark Andy, Kurz Kasch and Heil Truck, and as a result, recorded a \$106.5 million write-down (\$87.9 million after-tax) of the carrying values of these businesses to their estimated fair market value.
- During the first quarter of 2006, Dover completed the sale of Tranter PHE, a business discontinued in the fourth quarter of 2005, resulting in a pre-tax gain of approximately \$109.0 million (\$85.5 million after-tax). In addition, during the first quarter of 2006, the Company discontinued and sold a business for a loss of \$2.5 million (\$2.2 million after-tax). Also, during the first quarter of 2006, the Company discontinued an operating company, comprised of two businesses, resulting in an impairment of approximately \$15.4 million (\$14.4 million after-tax).

**9. Lines of Credit and Debt**

During the second quarter ended June 30, 2008, the Company repaid its \$150 million 6.25% Notes due June 1, 2008. In addition, on March 14, 2008, Dover issued \$350 million of 5.45% notes due 2018 and \$250 million of 6.60% notes due 2038. The net proceeds of \$594.1 million from the notes were used to repay borrowings under Dover's commercial paper program, and were reflected in long-term debt in the Consolidated Balance Sheet at December 31, 2008. The notes and debentures are redeemable at the option of Dover in whole or in part at any time at a redemption price that includes a make-whole premium, with accrued interest to the redemption date.

During the first quarter of 2008, Dover entered into several interest rate swaps in anticipation of the debt financing completed on March 14, 2008 which, upon settlement, resulted in a net gain of \$1.2 million which was deferred and will be amortized over the life of the related notes.

There is presently one outstanding swap agreement for a total notional amount of \$50.0 million, or CHF65.1 million, which swaps the U.S. dollar 6-month LIBOR rate and the Swiss Franc 6-month LIBOR rate. This agreement hedges a portion of the Company's net investment in non-U.S. operations and the fair value outstanding at December 31, 2008 was a loss of \$12.0 million which was based on quoted market prices for similar instruments (uses Level 2 inputs under the SFAS No. 157 hierarchy). This hedge is effective.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During the third quarter of 2008, the Company entered into a foreign currency hedge which was subsequently settled within the quarter. As a result of terminating the hedge, the Company recorded a gain of \$2.4 million in the third quarter ended September 30, 2008.

On November 9, 2007, the Company entered into a \$1 billion 5-year unsecured revolving credit facility with a syndicate of banks (the "Credit Agreement") which replaced a facility with substantially similar terms. At the Company's election, loans under the Credit Agreement will bear interest at a Eurodollar or Sterling rate based on LIBOR, plus an applicable margin ranging from 0.130% to 0.35% (subject to adjustment based on the rating accorded the Company's senior unsecured debt by S&P and Moody's), or at a base rate pursuant to a formula defined in the Credit Agreement. In addition, the Credit Agreement requires the Company to pay a facility fee and a utilization fee in certain circumstances and imposes various restrictions on the Company such as, among other things, the requirement for the Company to maintain an interest coverage ratio of EBITDA to consolidated net interest expense of not less than 3.5 to 1. The Company was in compliance with all of its debt covenants at December 31, 2008 and had a coverage ratio of 13.5 to 1. The Company primarily uses this facility as liquidity back-up for its commercial paper program and has not drawn down any loans under the \$1 billion facility and does not anticipate doing so. As of December 31, 2008, the Company had commercial paper outstanding in the principal amount of \$191.5 million.

During the third quarter of 2006, the Company closed a structured five-year, non-interest bearing, \$165.1 million amortizing loan with a non-US lender, which also included a participation fee received by the Company of \$9.9 million. The loan was recorded at face value. The Company also expects to incur a total of \$5.7 million in debt related issuance costs over the course of the loan. Beginning in April 2007, the repayment schedule requires payments every April and September with the final payment to be made in July 2011. The participation fee will be amortized ratably into Other Expense (income), net over the term of the loan and is recorded in Other Deferrals in the Consolidated Balance Sheet. The loan agreement includes a put and call provision that could have been exercised starting in June 2008 through the end of the loan term.

In November 2008, the Canadian Dollar Credit Facility with the Bank of Nova Scotia expired. The Company did not renew the facility in 2008.

Notes payable shown on the consolidated balance sheets for 2008 and 2007 principally represented commercial paper issued in the U.S. The weighted average interest rate for short-term borrowings for the years 2008 and 2007 was 2.4% and 5.1%, respectively.

Dover's long-term debt with a book value of \$1,892.9 million, of which \$32.2 million matures in less than one year, had a fair value of approximately \$2,018.5 million at December 31, 2008. On December 31, 2007, the Company's long-term debt instruments had a book value of \$1,485.2 million and a fair value of approximately \$1,496.0 million. The estimated fair value of the long-term debt is based on quoted market prices for similar issues.

A summary of the Company's long-term debt is as follows for the years ended December 31:

	Maturities	Weighted Average Interest Rate	Weighted Average Effective Interest Rate	2008	2007
(In thousands)					
Notes* (Face value \$1,400,624 and \$983,563, respectively)	2010 to 2038	5.44%	5.73%	\$ 1,393,505	\$ 981,780
Debentures ** (Face value \$500,000 and \$500,000, respectively)	2028 to 2035	5.89%	5.95%	495,039	494,843
Other long-term debt, including capital leases				4,379	8,555
Total long-term debt				1,892,923	1,485,178
Less current installments				32,194	33,175
Long-term debt, excluding current installments				<u>\$ 1,860,729</u>	<u>\$ 1,452,003</u>

\* Includes unamortized discount of \$7.1 million and \$1.8 million in 2008 and 2007, respectively.

\*\* Includes unamortized discount of \$5.0 million and \$5.2 million in 2008 and 2007, respectively.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Annual repayments of long-term debt are \$32.2 million in 2009, \$38.1 million in 2010, \$434.2 million in 2011, \$0.0 million in 2012, \$0.3 million in 2013 and \$1,388.1 million thereafter.

The Company may, from time to time, enter into interest rate swap agreements to manage its exposure to interest rate changes. Interest rate swaps are agreements to exchange fixed and variable rate payments based on notional principal amounts.

**10. Equity and Cash Incentive Program**

**2005 Equity and Cash Incentive Plan**

On April 20, 2004, the stockholders approved the Dover Corporation 2005 Equity and Cash Incentive Plan (the “2005 Plan”) to replace the 1995 Incentive Stock Option Plan and 1995 Cash Performance Program (the “1995 Plan”), which expired on January 30, 2005. Under the 2005 Plan, a maximum aggregate of 20 million shares are reserved for grants (non-qualified and incentive stock options, stock appreciation rights (“SARs”), and restricted stock) to key personnel between February 1, 2005 and January 31, 2015, provided that no incentive stock options shall be granted under the plan after February 11, 2014 and a maximum of one million shares may be granted as restricted stock. The exercise price of options and SARs may not be less than the fair market value of the stock at the time the awards are granted. The period during which these options and SARs are exercisable is fixed by the Company’s Compensation Committee at the time of grant, but generally may not commence sooner than three years after the date of grant, and may not exceed ten years from the date of grant. All stock options or SARs issued under the 1995 Plan or the 2005 Plan vest after three years of service and expire at the end of ten years. All stock options and SARs are granted at regularly scheduled quarterly Compensation Committee meetings (usually only at the meeting during the first quarter) and have an exercise price equal to the closing price of Dover’s stock on the New York Stock Exchange on the date of grant. New common shares are issued when options or SARs are exercised.

In 2008, the Company issued 2,234,942 SARs under the 2005 Plan. No stock options were issued in 2008 and the Company does not anticipate issuing stock options in the future. The fair value of each grant was estimated on the date of grant using a Black-Scholes option-pricing model with the following assumptions:

	<u>2008 Grant SARs</u>	<u>2007 Grant SARs</u>	<u>2006 Grant SARs</u>
Risk-free interest rate	3.21%	4.84%	4.63%
Dividend yield	1.86%	1.43%	1.52%
Expected life (years)	6.5	6.5	8
Volatility	26.09%	28.25%	30.73%
Option grant price	\$ 42.30	\$ 50.60	\$ 46.00
Fair value of options granted	\$ 10.97	\$ 16.65	\$ 17.01



**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

A summary of activity for SARs and stock options for the years ended December 31, 2008, 2007, and 2006 is as follows:

	SARs				Stock Options			
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Outstanding at 1/1/2006					13,598,833	\$ 34.61		
Granted	1,886,989	\$ 46.00						
Forfeited	(171,479)	46.00			(336,319)	38.73		
Exercised	—	—	\$ —		(2,485,219)	30.71	\$ 42,055,643	
Outstanding at 12/31/2006	<u>1,715,510</u>	46.00	5,524,224	9.10	<u>10,777,295</u>	35.38	149,127,629	
Exercisable at December 31, 2006 through February 14, 2013					<u>6,708,069</u>	\$ 32.86		
Outstanding at 1/1/2007	1,715,510	\$ 46.00			10,777,295	35.38		
Granted	1,731,882	50.60			—	—		
Forfeited	(206,166)	48.11			(276,125)	37.02		
Exercised	—	—	\$ —		(2,240,440)	33.74	\$ 34,095,507	
Outstanding at 12/31/2007	<u>3,241,226</u>	48.32	2,072,808	8.61	<u>8,260,730</u>	35.77	108,935,136	
Exercisable at December 31, 2007 through February 14, 2014					<u>6,253,310</u>	\$ 35.06		
Outstanding at 1/1/2008	3,241,226	\$ 48.32			8,260,730	\$ 35.77		
Granted	2,234,942	42.30			—	—		
Forfeited	(373,193)	45.90			(139,826)	36.82		
Exercised	—	—	\$ —		(2,040,458)	34.29	\$ 15,806,826(A)	
Outstanding at 12/31/2008	<u>5,102,975</u>	45.82	—	8.23	<u>6,080,446</u>	36.22	35,359,392	4.29
Exercisable at December 31, 2008 through:								
2009	—	—	—		174,000	\$ 31.00	\$ 1,920,960	
2010	—	—	—		232,994	39.08	688,702	
2011	—	—	—		730,434	40.99	764,051	
2012	—	—	—		705,369	37.92	2,903,891	
2013	—	—	—		1,225,901	24.55	21,439,566	
2014	—	—	—		1,392,559	41.25	1,103,078	
2015	—	—	—		1,619,189	38.00	6,539,144	
Total exercisable	<u>—</u>	—	—	—	<u>6,080,446</u>	36.22	35,359,392	4.21

(A) Cash received by the Company for stock options exercised during the year ended December 31, 2008 totaled \$70.6 million.

Unrecognized compensation expense related to non-vested SARs was \$18.7 million at December 31, 2008. This cost is expected to be recognized over a weighted average period of 1.7 years. The fair value of options vested during the years ended December 31, 2008, 2007 and 2006 were \$26.2 million, \$28.5 million and \$27.2 million, respectively.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Additional Detail**

Range of Exercise Prices	SARs Outstanding			SARs Exercisable		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$42.30-\$50.60	5,102,975	\$ 45.86	8.23	—	\$ —	—

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$24.50-\$31.00	1,400,801	\$ 25.32	3.62	1,400,801	\$ 25.32	3.62
\$33.00-\$39.00	2,550,052	38.09	4.84	2,550,052	38.09	4.84
\$39.40-\$43.00	2,129,593	41.17	4.08	2,129,593	41.17	3.85

The Company also has a restricted stock program (as part of the 2005 Plan), under which common stock of the Company may be granted at no cost to certain officers and key employees. In general, restrictions limit the sale or transfer of these shares during a two or three year period, and restrictions lapse proportionately over the two or three year period. The Company did not grant any restricted shares in 2008, 2007 or 2006, and there are no grants outstanding as of December 31, 2008.

In addition, the Company has a stock compensation plan under which non-employee directors are granted shares of Dover's common stock each year as more than half of their compensation for serving as directors. During 2008, the Company issued an aggregate of 29,213 shares, net, of its common stock to twelve outside directors (after withholding 11,582 additional shares to satisfy tax obligations) as partial compensation for serving as directors of the Company during 2008. During 2007, the Company issued an aggregate of 14,129 shares of its common stock, net, to twelve outside directors (after withholding an aggregate of 6,056 additional shares to satisfy tax obligations), as partial compensation for serving as directors of the Company during 2007. During 2006, the Company issued an aggregate of 11,004 shares, net, of its common stock to ten outside directors (after withholding an aggregate of 3,958 additional shares to satisfy tax obligations), as partial compensation for serving as directors of the Company during 2006.

**11. Income Taxes**

Income taxes have been based on the following components of "Earnings Before Provision for Income Taxes and Discontinued Operations" in the Consolidated Statements of Operations:

	For the Years Ended December 31,		
	2008	2007 (In thousands)	2006
Domestic	\$ 527,509	\$ 543,024	\$ 481,073
Foreign	418,510	369,343	333,781
	<u>\$ 946,019</u>	<u>\$ 912,367</u>	<u>\$ 814,854</u>

Total income taxes were as follows:

	For the Years Ended December 31,		
	2008	2007 (In thousands)	2006
Taxes on income from continuing operations	\$ 251,261	\$ 242,617	\$ 219,174
Credit to Stockholders' equity for tax benefit related to stock option exercises	(8,449)	(10,319)	(15,316)
	<u>\$ 242,812</u>	<u>\$ 232,298</u>	<u>\$ 203,858</u>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Income tax expense (benefit) for the years ended December 31, 2008, 2007 and 2006 is comprised of the following:

	For the Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
<b>Current:</b>			
U.S. Federal	\$ 124,193	\$ 180,595	\$ 159,541
State and local	24,060	14,006	11,414
Foreign	69,549	78,026	68,743
<b>Total current — continuing</b>	<b>217,802</b>	<b>272,627</b>	<b>239,698</b>
<b>Deferred:</b>			
U.S. Federal	21,207	(30,066)	(20,189)
State and local	301	10,410	1,359
Foreign	11,951	(10,354)	(1,694)
<b>Total deferred — continuing</b>	<b>33,459</b>	<b>(30,010)</b>	<b>(20,524)</b>
<b>Total expense — continuing</b>	<b>\$ 251,261</b>	<b>\$ 242,617</b>	<b>\$ 219,174</b>

Differences between the effective income tax rate and the U.S. Federal income statutory rate are as follows:

	For the Years Ended December 31,		
	2008	2007	2006
U.S. Federal income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of Federal income tax benefit	1.7	1.8	1.3
Foreign operations tax effect	(6.9)	(6.8)	(5.1)
Subtotal	(5.2)	(5.0)	(3.8)
R&E tax credits	(0.5)	(0.4)	(0.5)
Foreign export program benefits	—	—	(0.3)
Domestic manufacturing deduction	(0.7)	(1.0)	(0.6)
Foreign tax credits	(0.1)	(0.1)	(0.3)
Branch losses	(0.5)	(0.3)	(1.0)
Settlement of tax contingencies	(1.9)	(1.8)	(4.2)
Repatriation of foreign earnings	—	—	1.6
Other, principally non-tax deductible items	0.5	0.2	1.0
<b>Effective rate from continuing operations</b>	<b>26.6%</b>	<b>26.6%</b>	<b>26.9%</b>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The tax effects of temporary differences that give rise to future deferred tax assets and liabilities are as follows:

	At December 31,	
	2008	2007
	(In thousands)	
<b>Deferred Tax Assets:</b>		
Accrued insurance	\$ 10,174	\$ 11,142
Accrued compensation, principally postretirement benefits and other employee benefits	116,781	131,436
Accrued expenses, principally for state income taxes, interest and warranty	75,115	79,107
Long-term liabilities, principally warranty, environmental, and exit costs	4,006	3,807
Inventories, principally due to reserves for financial reporting purposes and capitalization for tax purposes	24,259	25,409
Net operating loss and other carryforwards	79,880	100,154
Accounts receivable, principally due to allowance for doubtful accounts	7,448	7,182
Prepaid pension assets	11,345	—
Other assets	20,784	24,443
<b>Total gross deferred tax assets</b>	<b>349,792</b>	<b>382,680</b>
Valuation allowance	(55,486)	(64,534)
<b>Total deferred tax assets</b>	<b>\$ 294,306</b>	<b>\$ 318,146</b>
<b>Deferred Tax Liabilities:</b>		
Accounts receivable	\$ (9,372)	\$ (10,332)
Plant and equipment, principally due to differences in depreciation	(47,687)	(41,013)
Intangible assets, principally due to different tax and financial reporting bases and amortization lives	(477,966)	(492,679)
Prepaid pension assets	—	(15,342)
<b>Total gross deferred tax liabilities</b>	<b>\$ (535,025)</b>	<b>\$ (559,366)</b>
<b>Net deferred tax liability</b>	<b>\$ (240,719)</b>	<b>\$ (241,220)</b>

The components of the net deferred tax liability are classified as follows in the consolidated balance sheets:

Current deferred tax asset	\$ 73,686	\$ 76,115
Non-current deferred tax liability	(314,405)	(317,335)

The Company has loss carryforwards for federal and foreign purposes as of December 31, 2008 of \$21.3 million and \$65.4 million, respectively, and, as of December 31, 2007, \$48.8 million and \$97.0 million, respectively. The federal loss carryforwards are available for use against the Company's consolidated federal taxable income and expire in 2025. The entire balance of the foreign losses is available to be carried forward, with \$11.4 million of these losses beginning to expire during the years 2009 through 2027. The remaining \$54.0 million of such losses can be carried forward indefinitely.

The Company has loss carryforwards for state purposes as of December 31, 2008 and 2007 of \$205.3 million and \$244.2 million, respectively. The state loss carryforwards are available for use by the Company between 2009 and 2027.

The Company has foreign tax credit carryforwards of \$27.9 million and \$30.5 million at December 31, 2008 and 2007, respectively that are available for use by the Company between 2009 and 2014.

The Company has research and development credits of \$3.9 million at December 31, 2008 and \$4.1 million at December 31, 2007 that are available for use by the Company between 2009 and 2026.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

At December 31, 2008, the Company had available alternative minimum tax credits of \$3.1 million, which are available for use by the Company indefinitely, and alternative minimum tax foreign tax credits of \$11.7 million that are available for use by the Company between 2009 and 2026.

The Company maintains valuation allowances by jurisdiction against the deferred tax assets related to certain of these carryforwards as utilization of these tax benefits are not assured for certain jurisdictions.

The Company has not provided for U.S. federal income taxes or tax benefits on the undistributed earnings of its international subsidiaries because such earnings are reinvested and it is currently intended that they will continue to be reinvested indefinitely. At December 31, 2008, the Company has not provided for federal income taxes on earnings of approximately \$669.9 million from its international subsidiaries.

In 2008 and 2007, the Company recognized \$18.3 million and \$19.8 million respectively, in tax benefits related to the resolution of various state and U.S. income tax issues. During 2006, the Company recognized an \$11.0 million tax benefit, primarily related to the resolution of a state income tax issue.

**Unrecognized Tax Benefits**

Effective January 1, 2007, Dover adopted the provisions of FIN 48. See Note 2 for additional information on the impact of adoption on Dover's Consolidated Financial Statements.

Dover files Federal income tax returns, as well as multiple state, local and non-U.S. jurisdiction tax returns. The Company is no longer subject to examinations of its federal income tax returns by the Internal Revenue Service ("IRS") for years through 2004. All significant state and local, and international matters have been concluded for years through 1995 and 2000, respectively. With the exception of matters in litigation, for which an estimate cannot be made due to uncertainties, the Company does not believe it is reasonably possible that its unrecognized tax benefits will significantly change within the next twelve months.

The following table is a reconciliation of the beginning and ending balances of the Company's unrecognized tax benefits:

	<u>Continuing</u>	<u>Discontinued</u>	<u>Total</u>
		(In thousands)	
<b>Unrecognized tax benefits at January 1, 2007</b>	<b>\$ 184,907</b>	<b>\$ 38,746</b>	<b>\$ 223,653</b>
Additions based on tax positions related to the current year	22,257	—	22,257
Additions for tax positions of prior years	32,264	16,937	49,201
Reductions for tax positions of prior years	(39,415)	(18,507)	(57,922)
Settlements	(3,118)	(2,189)	(5,307)
Lapse of statutes	(8,137)	—	(8,137)
<b>Unrecognized tax benefits at December 31, 2007</b>	<b>188,758</b>	<b>34,987</b>	<b>223,745</b>
Additions based on tax positions related to the current year	24,015	—	24,015
Additions for tax positions of prior years	25,866	22,578	48,444
Reductions for tax positions of prior years	(19,267)	(10,906)	(30,173)
Settlements	(2,859)	—	(2,859)
Lapse of statutes	(11,466)	—	(11,466)
<b>Unrecognized tax benefits at December 31, 2008</b>	<b>\$ 205,047(A)</b>	<b>\$ 46,659</b>	<b>\$ 251,706</b>

(A) If recognized, the net amount of potential tax benefits that would impact the Company's effective tax rate is \$161.9 million. During the years ended December 31, 2008, 2007 and 2006, the Company recorded potential interest and penalty expense of \$(0.6) million, \$12.9 million and \$5.0 million, respectively, related to its unrecognized tax benefits as a component of provision for income taxes. The Company had accrued interest and penalties of \$45.9 million at December 31, 2008 and \$56.8 million at December 31, 2007.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**12. Commitments and Contingent Liabilities**

A few of the Company's subsidiaries are involved in legal proceedings relating to the cleanup of waste disposal sites identified under Federal and State statutes that provide for the allocation of such costs among "potentially responsible parties." In each instance, the extent of the Company's liability appears to be very small in relation to the total projected expenditures and the number of other "potentially responsible parties" involved and is anticipated to be immaterial to the Company. In addition, a few of the Company's subsidiaries are involved in ongoing remedial activities at certain plant sites, in cooperation with regulatory agencies, and appropriate reserves have been established.

The Company and certain of its subsidiaries are also parties to a number of other legal proceedings incidental to their businesses. These proceedings primarily involve claims by private parties alleging injury arising out of use of Dover company products, exposure to hazardous substances or patent infringement, litigation and administrative proceedings involving employment matters, and commercial disputes. Management and legal counsel periodically review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, the availability and extent of insurance coverage, and established reserves. While it is not possible at this time to predict the outcome of these legal actions or any need for additional reserves, in the opinion of management, based on these reviews, it is unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the financial position, results of operations, cash flows or competitive position of the Company.

The Company leases certain facilities and equipment under operating leases, many of which contain renewal options. Total rental expense, net of insignificant sublease rental income, on all operating leases was \$76.7 million, \$70.5 million and \$53.9 million for the years ended December 31, 2008, 2007 and 2006, respectively. Contingent rentals under the operating leases were not significant. Aggregate future minimum lease payments for operating leases as of December 31, 2008 are \$46.1 million in 2009, \$36.2 million in 2010, \$27.8 million in 2011, \$20.9 million in 2012, \$16.9 million in 2013 and \$41.7 million thereafter.

Aggregate future minimum lease payments for capital leases as of December 31, 2008 are \$2.4 million in 2009, \$2.3 million in 2010, \$2.3 million in 2011, \$2.1 million in 2012, \$1.6 million in 2013 and \$5.2 million thereafter.

Warranty program claims are provided for at the time of sale. Amounts provided for are based on historical costs and adjusted for new claims. A rollforward of the warranty reserve is as follows:

	2008	(In thousands)	2007
Beginning Balance January 1	\$ 55,446		\$ 47,897
Provision for warranties	43,153		37,796
Increase from acquisitions	102		378
Settlements made	(38,420)		(30,842)
Other adjustments	(4,144)		217
Ending Balance December 31	<u>\$ 56,137</u>		<u>\$ 55,446</u>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**13. Employee Benefit Plans**

The Company offers a defined contribution plan to most of its employees. The Company also has defined benefit pension plans (the “plans”) covering certain employees of Dover and its subsidiaries. The plans’ benefits are generally based on years of service and employee compensation. The Company’s funding policy is consistent with the funding requirements of ERISA and applicable international laws. Dover adopted SFAS 158 on December 31, 2006 and in accordance with the standard Dover used a measurement date of December 31st for its pension and other postretirement benefit plans for the year ended December 31, 2008. Prior to 2008, Dover used a September 30th measurement date for the majority of its defined benefit plans.

The Company is responsible for overseeing the management of the investments of the plans’ assets and otherwise ensuring that the plans’ investment programs are in compliance with ERISA, other relevant legislation, and related plan documents. Where relevant, the Company has retained professional investment managers to manage the plans’ assets and implement the investment process. The investment managers, in implementing their investment processes, have the authority and responsibility to select appropriate investments in the asset classes specified by the terms of their applicable prospectus or investment manager agreements with the plans.

The primary financial objective of the plans is to secure participant retirement benefits. Accordingly, the key objective in the plans’ financial management is to promote stability and, to the extent appropriate, growth in the funded status. Related and supporting financial objectives are established in conjunction with a review of current and projected plan financial requirements.

The assets of the plans are invested to achieve an appropriate return for the plans consistent with a prudent level of risk. The asset return objective is to achieve, as a minimum over time, the passively managed return earned by market index funds, weighted in the proportions outlined by the asset class exposures identified in the plans’ strategic allocation. The fair value of the majority of the plans assets were determined by the plans’ trustee using quoted market prices for identical instruments (considered Level 1 inputs under the SFAS No. 157 hierarchy) as of December 31, 2008. The fair value of various other investments were determined by the plans’ trustee using directly observable market corroborated inputs, including quoted prices for similar assets (considered Level 2 inputs under the SFAS No. 157 hierarchy).

The expected return on asset assumption used for pension expense was developed through analysis of historical market returns, current market conditions and the past experience of plan asset investments. In developing the expected return on asset assumption, estimates of future market returns by asset category are less than actual long-term historical returns in order to best anticipate future experience. Overall, it is projected that the investment of plan assets will achieve a 7.75% net return over time from the asset allocation strategy.

Dover’s discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans’ expected benefit payment stream. The plans’ expected cash flows are then discounted by the resulting year-by-year spot rates.

The Company also provides, through non-qualified plans, supplemental retirement benefits in excess of qualified plan limits imposed by Federal tax law. These plans are supported by the general assets of the Company.

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Obligations and Funded Status**

	Qualified Defined Benefits		Non Qualified Supplemental Benefits		Post-Retirement Benefits	
	2008	2007	2008	2007	2008	2007
	(In thousands)					
<b>Change in benefit obligation</b>						
Benefit obligation at beginning of year	\$ 500,915	\$ 525,507	\$ 153,538	\$ 159,915	\$ 15,874	\$ 19,819
Benefits earned during the year	13,042	15,215	7,688	8,156	274	358
Interest cost	28,337	27,482	9,434	9,146	954	1,102
Plan participants' contributions	446	122	—	—	190	153
Benefits paid	(31,393)	(41,370)	(15,669)	(12,326)	(1,998)	(1,664)
Federal Subsidy on benefits paid	—	—	—	—	130	—
Actuarial (gain) loss	6,131	(30,843)	(7,908)	(15,883)	1,102	(4,026)
Amendments	997	(5,688)	2,888	4,530	—	132
Settlements and curtailments	(445)	235	—	—	—	—
Effect of adoption of SFAS 158 measurement date	(1,734)	—	2,724	—	(56)	—
Currency rate changes	(31,405)	10,255	—	—	—	—
Benefit obligation at end of year	<u>484,891</u>	<u>500,915</u>	<u>152,695</u>	<u>153,538</u>	<u>16,470</u>	<u>15,874</u>
<b>Change in Plan Assets</b>						
Fair value of plan assets at beginning of year	506,876	488,101	—	—	—	—
Actual return on plan assets	(76,299)	44,132	—	—	—	—
Company contributions	35,400	8,700	15,669	12,326	1,808	1,511
Employee contributions	446	122	—	—	190	153
Benefits paid	(31,393)	(41,370)	(15,669)	(12,326)	(1,998)	(1,664)
Settlements and curtailments	1,266	—	—	—	—	—
Effect of adoption of SFAS 158 measurement date	(713)	—	—	—	—	—
Currency rate changes	(24,872)	7,191	—	—	—	—
Fair value of plan assets at end of year	<u>410,711</u>	<u>506,876</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Funded status</b>	<u>(74,180)</u>	<u>5,961</u>	<u>(152,695)</u>	<u>(153,538)</u>	<u>(16,470)</u>	<u>(15,874)</u>
Employer contributions from 10/1 to 12/31	—	—	—	1,556	—	—
<b>Prepaid (accrued) benefit cost</b>	<u>\$ (74,180)</u>	<u>\$ 5,961</u>	<u>\$ (152,695)</u>	<u>\$ (151,982)</u>	<u>\$ (16,470)</u>	<u>\$ (15,874)</u>
<b>Amounts recognized in the statement of financial position consist of:</b>						
Assets and Liabilities						
Other assets and deferred charges	\$ 2,293	\$ 49,051	\$ —	\$ —	\$ —	\$ —
Accrued compensation and employee benefits	(792)	(738)	(33,418)	(8,473)	(1,168)	(1,332)
Other deferrals (principally compensation)	(75,681)	(42,352)	(119,277)	(143,509)	(15,302)	(14,542)
Intangible asset	—	—	—	—	—	—
Total Assets and Liabilities	<u>(74,180)</u>	<u>5,961</u>	<u>(152,695)</u>	<u>(151,982)</u>	<u>(16,470)</u>	<u>(15,874)</u>
Net actuarial (gains) losses	141,447	38,466	(1,658)	6,249	(3,850)	(5,529)
Prior service (credit) cost	9,181	8,625	65,069	71,510	(1,185)	(1,400)
Net asset at transition, other	(167)	(293)	—	—	—	—
Deferred taxes	(52,661)	(16,379)	(22,194)	(27,216)	1,762	2,425
Total Accumulated other comprehensive (earnings) loss, net of tax	97,800	30,419	41,217	50,543	(3,273)	(4,504)
<b>Net amount recognized at December 31,</b>	<u>\$ 23,620</u>	<u>\$ 36,380</u>	<u>\$ (111,478)</u>	<u>\$ (101,439)</u>	<u>\$ (19,743)</u>	<u>\$ (20,378)</u>
<b>Accumulated benefit obligations</b>	<u>\$ 444,633</u>	<u>\$ 444,242</u>	<u>\$ 104,645</u>	<u>\$ 95,598</u>		
<b>Information for plans with accumulated benefit obligations in excess of plan assets:</b>						
ABO	\$ 345,853	\$ 105,781	\$ 104,645	\$ 95,598		
PBO	377,122	106,892	152,696	153,538		
Fair value of plan assets	305,936	64,516	—	—		



**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Net Periodic Cost**

	Defined Benefits			Supplemental Benefits			Post-Retirement Benefits		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Expected return on plan assets	\$ (34,341)	\$ (32,760)	\$ (31,238)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Service Cost	13,042	15,215	15,782	7,688	8,156	6,890	274	358	165
Interest Cost	28,337	27,482	25,010	9,434	9,146	8,323	954	1,102	831
Amortization of:									
Prior service cost (income)	1,343	1,506	1,403	7,463	7,086	6,476	(172)	(172)	(172)
Transition obligation	(53)	(237)	(1,093)	—	—	—	—	—	—
Recognized actuarial (gain) loss	3,933	10,144	10,252	—	586	1,014	(478)	(112)	(63)
Settlement and curtailments (gain) loss	(1,149)	2,400	—	—	—	—	—	—	—
Total net periodic benefit cost	\$ 11,112	\$ 23,750	\$ 20,116	\$ 24,585	\$ 24,974	\$ 22,703	\$ 578	\$ 1,176	\$ 761

The cost of contractual termination benefits were \$0.4 million and \$0.4 million in 2007 and 2006, respectively. There were no costs related to contractual termination benefits recorded in 2008.

**Assumptions**

The weighted-average assumptions used in determining the benefit obligations were as follows:

	Defined Benefits		Supplemental Benefits		Post-Retirement Benefits	
	2008	2007	2008	2007	2008	2007
Discount rate	5.90%	6.10%	6.10%	6.25%	6.00%	6.00%
Average wage increase	4.33%	4.20%	6.00%	6.00%	—	—
Ultimate medical trend rate	—	—	—	—	5.00%	5.00%

The weighted-average assumptions used in determining the net periodic cost were as follows:

	Defined Benefits			Supplemental Benefits			Post-Retirement Benefits		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Discount rate	6.10%	5.60%	5.40%	6.25%	5.75%	5.50%	6.00%	5.75%	5.50%
Average wage increase	4.20%	4.30%	4.10%	6.00%	6.00%	6.00%	—	—	—
Expected return on plan assets	6.40%	7.40%	7.90%	—	—	—	—	—	—
Ultimate medical trend rate	—	—	—	—	—	—	5.00%	5.00%	4.50%

**Plan Assets**

The actual and target weighted-average asset allocation for benefit plans was as follows:

	December 2008	December 2007	Current Target
Equity — domestic	29%	37%	35%
Equity — international	20%	26%	22%
Fixed income — domestic	41%	29%	35%
Real estate	10%	8%	8%
Total	100%	100%	100%

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Future Estimates**

**Benefit Payments**

Estimated future benefit payments to retirees, which reflect expected future service, are as follows:

	<u>Defined Benefits</u>	<u>Supplemental Benefits</u> (In thousands)	<u>Post-Retirement Benefits</u>
2009	\$ 28,000	\$ 33,000	\$ 1,000
2010	31,000	6,000	1,000
2011	32,000	13,000	1,000
2012	33,000	9,000	1,000
2013	33,000	9,000	1,000
2014-2018	175,000	45,000	7,000

**Contributions**

Estimated contributions to be made during 2009 are as follows:

	<u>Defined Benefit</u>	<u>Supplemental Benefits</u> (In thousands)
To plan assets	\$ 6,000	\$ —
To plan participants	1,000	33,000

**2009 Amortization Expense**

Estimated amortization expense for 2009 related to amounts in Accumulated Other Comprehensive Earnings (Loss) at December 31, 2008 is as follows:

	<u>Defined Benefits</u>	<u>Supplemental Benefits</u> (In thousands)	<u>Post-Retirement</u>
Amortization of:			
Prior service cost (income)	\$ 1,291	\$ 7,463	\$ (116)
Transition obligation	(40)	—	
Recognized actuarial (gain) loss	5,506	(1)	(561)
<b>Total</b>	<u>\$ 6,757</u>	<u>\$ 7,462</u>	<u>\$ (677)</u>

Pension cost for all defined contribution, defined benefit, and supplemental plans was \$81.7 million for 2008, \$83.6 million for 2007 and \$70.4 million for 2006.

For post-retirement benefit measurement purposes, a 9% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rates) was assumed for 2009. The rate was assumed to decrease gradually to 5% by the year 2017 and remain at that level thereafter. The health care cost trend rate assumption can have an effect on the amounts reported. For example, increasing (decreasing) the assumed health care cost trend rates by one percentage point in each year would increase (decrease) the accumulated post-retirement benefit obligation as of December 31, 2008 by \$0.5 million (\$0.5 million) and would have a negligible impact on the net post-retirement benefit cost for 2008.

The post-retirement benefit plans cover approximately 2,019 participants, approximately 1,177 of whom are eligible for medical benefits. The plans are effectively closed to new entrants. The post-retirement benefit obligation amounts at December 31, 2008 and 2007 include approximately \$4.6 million and \$4.4 million in obligations, respectively, recorded in discontinued operations.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**14. Segment Data**

Dover identifies its operating segments through the underlying management reporting structure related to its operating companies and through commonalities related to products, processes, distribution and/or markets served. The Company's segment structure allows the management of each segment to focus its attention on particular markets and provide oversight capacity to acquire additional businesses.

Dover's four reportable segments are briefly described below:

Industrial Products manufactures equipment and components for use in material handling such as industrial and recreational winches, utility, construction and demolition machinery attachments, hydraulic parts, industrial automation tools, 4WD and AWD power train systems and other accessories of off-road vehicles. In addition, mobile equipment related products include refuse truck bodies, tank trailers, compactors, balers, vehicle service lifts, car wash systems, internal engine components, fluid control assemblies and various aerospace components.

Engineered Systems manufactures or assembles the following products: refrigeration systems, display cases, walk-in coolers, foodservice equipment, commercial kitchen air and ventilation systems, heat transfer equipment, and food and beverage packaging machines. The segment also manufactures product identification related products such as industrial marking and coding systems used to code information (e.g., dates and serial numbers) on consumer products. In addition, the segment produces several printing products for cartons used in warehouse logistics operations as well as bar code printers and portable printers.

Fluid Management manufactures the following products that serve the energy markets (i.e. oil and gas): sucker rods, gas well production control devices, drill bit inserts for oil and gas exploration, control valves, piston and seal rings, control instrumentation, remote data collection and transfer devices, components for compressors, turbo machinery, motors and generators. In addition, the segment manufactures various products that provide fluid solutions, including nozzles, swivels and breakaways used to deliver various types of fuel, suction system equipment, unattended fuel management systems, integrated tank monitoring, pumps used in fluid transfer applications, quick disconnect couplings used in a wide variety of biomedical and commercial applications, and chemical portioning and dispensing systems.

Electronic Technologies manufactures advanced micro-component products for the hearing aid and consumer electronics industries, high frequency capacitors, microwave electromagnetic switches, radio frequency and microwave filters, electromagnetic products, and frequency control/select components. In addition, the segment builds sophisticated automated assembly and testing equipment for the electronics industry.

Selected information by geographic regions is presented below:

	Revenue			Long-Lived Assets	
	For the Years Ended December 31,			At December 31,	
	2008	2007	2006	2008	2007
	(In thousands)				
United States	\$ 4,246,792	\$ 4,110,359	\$ 3,679,668	\$ 576,501	\$ 577,925
Europe	1,544,144	1,489,316	1,154,772	138,829	163,531
Other Americas	642,673	614,769	535,137	32,072	32,490
Total Asia	968,169	927,685	884,640	108,556	102,200
Other	167,110	175,141	165,311	16,176	16,091
	<u>\$ 7,568,888</u>	<u>\$ 7,317,270</u>	<u>\$ 6,419,528</u>	<u>\$ 872,134</u>	<u>\$ 892,237</u>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Revenue is attributed to regions based on the location of the Company's customer, which in some instances is an intermediary and not necessarily the end user. Long-lived assets are comprised of net property, plant and equipment. The Company's operating companies are based primarily in the United States of America and Europe. Dover's businesses serve thousands of customers, none of which accounted for more than 10% of consolidated revenue. Accordingly, it is impracticable to provide revenue from external customers for each product and service sold by segment.

Selected financial information by market segment is as follows:

	For the Years Ended December 31,		
	2008	2007	2006
	(In thousands)		
<b>REVENUE</b>			
Industrial Products	\$ 2,459,505	\$ 2,407,260	\$ 2,123,360
Engineered Systems	2,010,350	2,052,058	1,566,979
Fluid Management	1,714,046	1,482,008	1,329,603
Electronic Technologies	1,396,131	1,390,103	1,411,564
Intra — segment eliminations	(11,144)	(14,159)	(11,978)
Total consolidated revenue	<u>\$ 7,568,888</u>	<u>\$ 7,317,270</u>	<u>\$ 6,419,528</u>
<b>EARNINGS FROM CONTINUING OPERATIONS</b>			
Segment Earnings:			
Industrial Products	\$ 299,740	\$ 312,486	\$ 264,232
Engineered Systems	278,553	291,727	234,107
Fluid Management	385,317	304,576	267,377
Electronic Technologies	193,641	180,337	214,947
Total segments	1,157,251	1,089,126	980,663
Corporate expense/other	(115,195)	(87,170)	(88,805)
Net interest expense	(96,037)	(89,589)	(77,004)
Earnings from continuing operations before provision for income taxes and discontinued operations	946,019	912,367	814,854
Provision for taxes	251,261	242,617	219,174
Earnings from continuing operations — total consolidated	<u>\$ 694,758</u>	<u>\$ 669,750</u>	<u>\$ 595,680</u>
<b>OPERATING MARGINS (pre-tax)</b>			
Segments:			
Industrial Products	12.2%	13.0%	12.4%
Engineered Systems	13.9%	14.2%	14.9%
Fluid Management	22.5%	20.6%	20.1%
Electronic Technologies	13.9%	13.0%	15.2%
Total Segment	15.3%	14.9%	15.3%
Earnings from continuing operations	12.5%	12.5%	12.7%

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Selected financial information by market segment (continued) (in thousands):

<b>TOTAL ASSETS AT DECEMBER 31:</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Industrial Products	\$ 2,069,743	\$ 2,142,969	\$ 2,063,429
Engineered Systems	1,729,331	1,839,670	1,827,491
Fluid Management	1,231,391	1,156,089	1,077,819
Electronic Technologies	1,820,173	2,006,882	1,879,485
Corporate (principally cash and equivalents and marketable securities)	947,560	770,040	494,643
Total continuing assets	7,798,198	7,915,650	7,342,867
Assets from discontinued operations	69,106	152,757	283,791
Consolidated total	<u>\$ 7,867,304</u>	<u>\$ 8,068,407</u>	<u>\$ 7,626,658</u>

**DEPRECIATION and AMORTIZATION (continuing)**

	<u>For the Years Ended December 31.</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Industrial Products	\$ 73,516	\$ 69,739	\$ 54,375
Engineered Systems	61,062	54,580	33,093
Fluid Management	49,962	43,700	38,882
Electronic Technologies	75,587	74,720	68,248
Corporate	1,027	1,037	1,242
Consolidated total	<u>\$ 261,154</u>	<u>\$ 243,776</u>	<u>\$ 195,840</u>

**CAPITAL EXPENDITURES (continuing)**

Industrial Products	\$ 43,194	\$ 40,842	\$ 42,284
Engineered Systems	33,609	43,207	40,068
Fluid Management	61,054	51,197	53,302
Electronic Technologies	37,730	37,946	55,583
Corporate	208	461	700
Consolidated total	<u>\$ 175,795</u>	<u>\$ 173,653</u>	<u>\$ 191,937</u>

**DOVER CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**15. Stockholders' Equity.**

The Company has the authority to issue up to 100,000 shares of \$100 par value preferred stock and up to 500,000,000 shares of \$1 par value common stock. None of the preferred stock has been issued. As of December 31, 2008 and 2007, 246,615,007 and 244,547,336 shares of common stock were issued, respectively. In addition, the Company had 60,618,384 and 50,508,428 shares in treasury, held at cost, as of December 31, 2008 and 2007, respectively.

**Share Repurchases**

**2008**

During the fourth quarter of 2007, the Board of Directors approved a \$500 million share repurchase program authorizing repurchases of Dover's common shares through the end of 2008. During the twelve months ended December 31, 2008, the Company repurchased 10,000,000 shares of its common stock in the open market at an average price of \$46.15 per share. As of December 31, 2008, all shares authorized by the program were purchased.

**2007**

During the third and fourth quarters of 2007, the Board of Directors approved two separate share repurchase programs authorizing repurchases of approximately 20,000,000 common shares through the end of 2008. The Company entered into an accelerated share repurchase agreement on August 2, 2007 ("ASR") under which it purchased 6,000,000 shares of its common stock at an initial purchase price of \$51.64 per share. Upon final settlement of this ASR in the fourth quarter of 2007, the final economic purchase price was \$48.36 per share, representing an average of the volume weighted average price of the Company's common stock during the outstanding period less a negotiated discount amount. In addition, during 2007, the Company made other open market purchases of its common stock totaling 6.4 million shares at an average price of \$46.78 per share.

**16. Quarterly Data (Unaudited)**

Quarter	Revenue	Gross Profit	Continuing Operations		Net Earnings				
			Earnings	Per Share - Basic (In thousands, except per share data)	Per Share - Diluted	Net Earnings	Per Share - Basic	Per Share - Diluted	
<b>2008</b>									
First	\$ 1,865,486	\$ 679,545	\$ 147,930	\$ 0.77	\$ 0.77	\$ 147,176	\$ 0.76	\$ 0.76	
Second	2,010,978	739,620	186,911	0.99	0.98	135,277	0.72	0.71	
Third	1,965,776	704,343	190,335	1.02	1.01	187,651	1.01	1.00	
Fourth	1,726,648	606,499	169,582	0.91	0.91	120,727	0.65	0.65	
	<u>\$ 7,568,888</u>	<u>\$ 2,730,007</u>	<u>\$ 694,758</u>	3.69	3.67	<u>\$ 590,831</u>	3.13	3.12	
<b>2007</b>									
First	\$ 1,744,433	\$ 621,433	\$ 137,819	\$ 0.67	\$ 0.67	\$ 128,930	\$ 0.63	\$ 0.63	
Second	1,824,143	653,617	174,671	0.85	0.85	172,195	0.84	0.84	
Third	1,865,106	668,358	182,128	0.91	0.90	174,591	0.87	0.86	
Fourth	1,883,588	676,094	175,132	0.89	0.89	185,364	0.95	0.94	
	<u>\$ 7,317,270</u>	<u>\$ 2,619,502</u>	<u>\$ 669,750</u>	3.33	3.30	<u>\$ 661,080</u>	3.28	3.26	

All quarterly and full-year periods reflect the impact of certain operations that were discontinued. As a result, the quarterly data presented above will not agree to previously issued quarterly financial statements.

**SCHEDULE II**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**Years Ended December 31, 2008, 2007 and 2006 (In thousands)**

	(In thousands)					Balance at End of Year
	Balance at Beginning of Year	Acquired by Purchase or Merger	Charged to Cost and Expense	Accounts Written Off	Other	
Year Ended December 31, 2008						
Allowance for Doubtful Accounts	\$ 32,211	40	12,040	(10,650)	(994)	\$ 32,647
Year Ended December 31, 2007						
Allowance for Doubtful Accounts	\$ 27,531	805	6,372	(4,683)	2,186	\$ 32,211
Year Ended December 31, 2006						
Allowance for Doubtful Accounts	\$ 25,232	3,135	6,254	(5,192)	(1,898)	\$ 27,531
	Balance at Beginning of Year	Acquired by Purchase or Merger	Additions	Reductions	Other	Balance at End of Year
Year Ended December 31, 2008						
Deferred Tax Valuation Allowance	\$ 64,534	—	2,818	(7,554)	(4,312)	\$ 55,486
Year Ended December 31, 2007						
Deferred Tax Valuation Allowance	\$ 63,842	—	7,910	(11,034)	3,816	\$ 64,534
Year Ended December 31, 2006						
Deferred Tax Valuation Allowance	\$ 51,856	13,829	11,849	(10,362)	(3,330)	\$ 63,842
	Balance at Beginning of Year	Acquired by Purchase or Merger	Charged to Cost and Expense	Reductions	Other	Balance at End of Year
Year Ended December 31, 2008						
Inventory Reserves	\$ 100,081	1,033	24,113	(22,920)	(1,836)	\$ 100,471
Year Ended December 31, 2007						
Inventory Reserves	\$ 91,515	7,904	23,605	(25,000)	2,057	\$ 100,081
Year Ended December 31, 2006						
Inventory Reserves	\$ 86,153	11,150	16,938	(29,671)	6,945	\$ 91,515
	Balance at Beginning of Year	Acquired by Purchase or Merger	Charged to Cost and Expense	Reductions	Other	Balance at End of Year
Year Ended December 31, 2008						
LIFO Reserve	\$ 51,988	—	6,822	—	—	\$ 58,810
Year Ended December 31, 2007						
LIFO Reserve	\$ 48,248	—	3,740	—	—	\$ 51,988
Year Ended December 31, 2006						
LIFO Reserve	\$ 38,805	—	9,443	—	—	\$ 48,248

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act were effective as of December 31, 2008 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Controls**

During the fourth quarter of 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Inherent Limitations Over Internal Controls**

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management's report on the effectiveness of the Company's internal control over financial reporting is included in Item 8 of this Form 10-K. Management, including the Company's Chief Executive Officer and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Item 9B. Other Information**

Not applicable.



**PART III**

**Item 10. Directors and Executive Officers and Corporate Governance**

The information with respect to the directors and the board committees of the Company required to be included pursuant to this Item 10 is included under the caption “ITEMS TO BE VOTED UPON, Proposal 1 — Election of Directors” in the 2009 Proxy Statement relating to the 2009 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission pursuant to Rule 14a-6 under the Exchange Act of 1934 in accordance with applicable SEC deadlines, and is incorporated in this Item 10 by reference. The information with respect to the executive officers of the Company required to be included pursuant to this Item 10 is included under the caption “Executive Officers of the Registrant” in Part I of this Annual Report on Form 10-K and is incorporated in this Item 10 by reference.

The information with respect to Section 16(a) reporting compliance required to be included in this Item 10 is included under the caption “ITEMS TO BE VOTED UPON — Proposal 1 — Election of Directors — Section 16(a) Beneficial Ownership Reporting Compliance” in the 2009 Proxy Statement and is incorporated in this Item 10 by reference.

The Company has adopted a code of ethics that applies to its chief executive officer and senior financial officers. A copy of this code of ethics can be found on the Company’s website at [www.dovercorporation.com](http://www.dovercorporation.com). In the event of any amendment to, or waiver from, the code of ethics, the Company will publicly disclose the amendment or waiver by posting the information on its website.

**Item 11. Executive Compensation**

The information with respect to executive compensation required to be included pursuant to this Item 11 is included under the caption “Executive Compensation” in the 2009 Proxy Statement and is incorporated in this Item 11 by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information regarding security ownership of certain beneficial owners and management that is required to be included pursuant to this Item 12 is included under the caption “ITEMS TO BE VOTED UPON — Proposal 1 — Election of Directors — Security Ownership of Certain Beneficial Owners and Management” in the 2009 Proxy Statement and is incorporated in this Item 12 by reference.

**EQUITY COMPENSATION PLANS**

The Equity Compensation Plan Table below presents information regarding the Company’s equity compensation plans at December 31, 2008:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	11,183,421	40.60	12,832,804
Equity compensation plans not approved by stockholders	—	—	—
<b>Total</b>	<b>11,183,421</b>	<b>40.60</b>	<b>12,832,804</b>

The Company has three compensation plans under which equity securities of the Company have been authorized for issuance and have been issued to employees and to non-employee directors. These are the 1995 Incentive Stock

Option Plan and 1995 Cash Performance Program (the "1995 Plan"), the 2005 Equity and Cash Incentive Plan (the "2005 Plan") and the 1996 Non-Employee Directors' Stock Compensation Plan (the "Directors' Plan"). The information regarding the 2005 Plan and the Directors' Plan that is required to be included pursuant to this Item 12 is included under the captions "ITEMS TO BE VOTED UPON — Proposal 2 — Proposal to Approve the Amendments to the 2005 Equity and Cash Incentive Plan" and "ITEMS TO BE VOTED UPON — Proposal 1 — Election of Directors" and "Directors' Compensation," respectively, in the 2009 Proxy Statement and is incorporated in this Item 12 by reference. The table above does not reflect shares eligible for issuance under the 1996 Non-Employee Directors' Stock Compensation Plan, which does not specify a maximum number of shares issuable under it.

The 1995 Plan was adopted in 1995 (replacing the 1984 Plan which expired in January 1995) and provided for stock options, restricted stock awards and cash performance awards. The 1995 Plan expired in January 2005, but Column A of the table above includes options that remain outstanding under it.

Options granted under the 1995 Plan were all designated as non-qualified stock options. The exercise price of options and stock appreciations rights (SARs) is the closing price of Dover's stock on the New York Stock Exchange on the date of grant. Options granted under this plan may not be sold, transferred, hypothecated, pledged or otherwise disposed of by any of the holders except by will or by the laws of descent and distribution except that a holder may transfer any non-qualified option granted under this plan to members of the holder's immediate family, or to one or more trusts for the benefit of such family members, provided that the holder does not receive any consideration for the transfer. SARs are not transferable except by bequest or inheritance.

The information above summarizes the material aspects of the 1995 Plan. The rights and obligations of participants are determined by the provisions of the plan document itself.

**Item 13. *Certain Relationships and Related Transactions and Director Independence***

The information with respect to any reportable transaction, business relationship or indebtedness between the Company and the beneficial owners of more than 5% of the Common Stock, the directors or nominees for director of the Company, the executive officers of the Company or the members of the immediate families of such individuals that are required to be included pursuant to this Item 13 is included in Dover's 2009 Proxy Statement under the caption "ITEMS TO BE VOTED UPON — Proposal 1 — Election of Directors" and is incorporated in this Item 13 by reference.

**Item 14. *Principal Accountant Fees and Services***

The information set forth under the caption "ITEMS TO BE VOTED UPON — Proposal 5 — Ratification of Appointment of Independent Registered Public Accountants - Relationship with Independent Registered Public Accounting Firm" in the 2009 Proxy Statement is incorporated in this Item 14 by reference.

The information with respect to audit committee pre-approval policies and procedures required to be included pursuant to this Item 14 is included in the section entitled "Pre-Approval of Services by Independent Registered Public Accounting Firm" under the caption "Relationship with Independent Registered Public Accounting Firm" in the 2009 Proxy Statement and is incorporated in this Item 14 by reference.

**PART IV**

**Item 15. *Exhibits, Financial Statement Schedules***

(a)(1) Financial Statements

Financial Statements covered by the Report of Independent Registered Public Accounting Firm:

- (A) Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006.
- (B) Consolidated Balance Sheets as of December 31, 2008 and 2007.
- (C) Consolidated Statements of Stockholders' Equity and Comprehensive Earnings for the years ended December 31, 2008, 2007, and 2006.

(D) Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006.

(E) Notes to consolidated financial statements.

(2) Financial Statement Schedule

The following financial statement schedule is included in Item No. 8 of this report on Form 10-K:

- Schedule II — Valuation and Qualifying Accounts

All other schedules are not required and have been omitted.

(3) Not covered by the Report of Independent Registered Public Accounting Firm:

Quarterly financial data (unaudited)

(4) See (b) below.

(b) Exhibits:

- (3)(i)(a) Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Period Ended June 30, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (3)(i)(b) Certificate of Correction to the Restated Certificate of Incorporation dated as of January 24, 2003, filed as Exhibit 3(i) to the Company's Current Report on Form 8-K filed February 28, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (3)(ii) By-Laws of the Company as amended and restated as of November 6, 2008, filed as Exhibit 3(ii) to the Company's Current Report on Form 8-K filed November 12, 2008 (SEC File No. 001-04018), are incorporated by reference.
- (4.1) Indenture, dated as of June 8, 1998 between Dover Corporation and The First National Bank Chicago, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.2) Form of 6.65% Debentures due June 1, 2028 (\$200,000,000 aggregate principal amount), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.3) Form of 6.50% Notes due February 15, 2011 (\$400,000,000 aggregate principal amount), filed as Exhibit 4.3 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.4) Indenture, dated as of February 8, 2001 between the Company and BankOne Trust Company, N.A., as trustee, filed as Exhibit 4.1 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.5) First Supplemental Indenture among Dover Corporation, J.P. Morgan Trust Company, National Association, as original trustee, and The Bank of New York, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.6) Form of 4.875% Notes due October 15, 2015 (\$300,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.7) Form of 5.375% Debentures due October 15, 2035 (\$300,000,000 aggregate principal amount), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.8) Second Supplemental Indenture between Dover Corporation and The Bank of New York, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference. The Company agrees to furnish to the Securities and Exchange Commission upon request, a copy of any instrument with respect to long-term debt under which the total amount of securities authorized does not exceed 10 percent of the total consolidated assets of the Company.
- (4.9) Form of Global Note representing the 5.45% Notes due March 15, 2018 (\$350,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.

- (4.10) Form of Global Note representing 6.60% Notes due March 15, 2038 (\$250,000,000 aggregate principal amount) filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.
- (10.1) Employee Savings and Investment Plan, filed as Exhibit 99 to Registration Statement on Form S-8 (SEC File No. 33-01419), is incorporated by reference.\*
- (10.2) Amended and Restated 1996 Non-Employee Directors' Stock Compensation Plan, filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.
- (10.3) Executive Officer Annual Incentive Plan, as amended and restated as of January 1, 2009.\*
- (10.4) Executive Change in Control Agreement as amended and restated as of January 1, 2009.\*
- (10.5) 1995 Incentive Stock Option Plan and 1995 Cash Performance Program, as amended as of May 4, 2006 with respect to all awards then outstanding, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.6) Deferred Compensation Plan, as amended and restated as of January 1, 2009.\*
- (10.7) 2005 Equity and Cash Incentive Plan, as amended as of January 1, 2009.\*
- (10.8) Form of award grant letters for stock option and cash performance grants made under 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.9) Form of award grant letter for SSARs and cash performance awards made under the 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.9 to Annual Report on Form 10-K for the year ended December 31, 2005 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.10) Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2009.\*
- (10.11) Letter Agreement between Ronald L. Hoffman and the Company, dated November 28, 2008, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 26, 2008 is incorporated by reference.\*
- (10.12) Five-year Credit Agreement dated as of November 9, 2007 by and among Dover Corporation, the Lenders listed therein, the Borrowing Subsidiaries party thereto, JPMorgan Chase Bank, N.A as Administrative Agent, Deutsche Bank Securities Inc. as Syndication Agent, and Bank of America, N.A., The Royal Bank of Scotland plc and Wachovia Bank, National Association as Documented Agents, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 14, 2007 (SEC File No. 001-04018), is incorporated by reference.
- (14) Dover Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers, filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (21) Subsidiaries of Dover.
- (23.1) Consent of Independent Registered Public Accounting Firm.
- (24) Power of Attorney (included in signature page).
- (31.1) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert G. Kuhbach.
- (31.2) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert A. Livingston.
- (32) Certification pursuant to 18 U.S.C. Section 1350, signed and dated by Robert G. Kuhbach and Robert A. Livingston.

\* Executive compensation plan or arrangement.

(d) Not applicable.



<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ THOMAS J. DEROSA</i> Thomas J. Derosa	Director	February 20, 2009
<hr/> <i>/s/ JEAN-PIERRE M. ERGAS</i> Jean-Pierre M. Ergas	Director	February 20, 2009
<hr/> <i>/s/ PETER T. FRANCIS</i> Peter T. Francis	Director	February 20, 2009
<hr/> <i>/s/ KRISTIANE C. GRAHAM</i> Kristiane C. Graham	Director	February 20, 2009
<hr/> <i>/s/ RICHARD K. LOCHRIDGE</i> Richard K. Lochridge	Director	February 20, 2009
<hr/> <i>/s/ BERNARD G. RETHORE</i> Bernard G. Rethore	Director	February 20, 2009
<hr/> <i>/s/ MICHAEL B. STUBBS</i> Michael B. Stubbs	Director	February 20, 2009
<hr/> <i>/s/ MARY A. WINSTON</i> Mary A. Winston	Director	February 20, 2009

**EXHIBIT INDEX**

- (3)(i)(a) Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Period Ended June 30, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (3)(i)(b) Certificate of Correction to the Restated Certificate of Incorporation dated as of January 24, 2003, filed as Exhibit 3(i) to the Company's Current Report on Form 8-K filed February 28, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (3)(ii) By-Laws of the Company as amended and restated as of November 6, 2008, filed as Exhibit 3(ii) to the Company's Current Report on Form 8-K filed November 12, 2008 (SEC File No. 001-04018), are incorporated by reference.
- (4.1) Indenture, dated as of June 8, 1998 between Dover Corporation and The First National Bank Chicago, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.2) Form of 6.65% Debentures due June 1, 2028 (\$200,000,000 aggregate principal amount), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.3) Form of 6.50% Notes due February 15, 2011 (\$400,000,000 aggregate principal amount), filed as Exhibit 4.3 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.4) Indenture, dated as of February 8, 2001 between the Company and BankOne Trust Company, N.A., as trustee, filed as Exhibit 4.1 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.5) First Supplemental Indenture among Dover Corporation, J.P. Morgan Trust Company, National Association, as original trustee, and The Bank of New York, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.6) Form of 4.875% Notes due October 15, 2015 (\$300,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.7) Form of 5.375% Debentures due October 15, 2035 (\$300,000,000 aggregate principal amount), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.8) Second Supplemental Indenture between Dover Corporation and The Bank of New York, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-040018) is incorporated by reference. The Company agrees to furnish to the Securities and Exchange Commission upon request, a copy of any instrument with respect to long-term debt under which the total amount of securities authorized does not exceed 10 percent of the total consolidated assets of the Company.
- (4.9) Form of Global Note representing the 5.45% Notes due March 15, 2018 (\$350,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.
- (4.10) Form of Global Note representing 6.60% Notes due March 15, 2038 (\$250,000,000) aggregate principal amount) filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.
- (10.1) Employee Savings and Investment Plan, filed as Exhibit 99 to Registration Statement on Form S-8 (SEC File No. 33-01419), is incorporated by reference.\*
- (10.2) Amended and Restated 1996 Non-Employee Directors' Stock Compensation Plan, filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.
- (10.3) Executive Officer Annual Incentive Plan, as amended and restated as of January 1, 2009.\*
- (10.4) Executive Change in Control Agreement as amended and restated as of January 1, 2009.\*
- (10.5) 1995 Incentive Stock Option Plan and 1995 Cash Performance Program, as amended as of May 4, 2006 with respect to all awards then outstanding, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.6) Deferred Compensation Plan, as amended and restated as of January 1, 2009.\*

- (10.7) 2005 Equity and Cash Incentive Plan, as amended as of January 1, 2009.\*
- (10.8) Form of award grant letters for stock option and cash performance grants made under 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.9) Form of award grant letter for SSARs and cash performance awards made under the 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.9 to Annual Report on Form 10-K for the year ended December 31, 2005 (SEC File No. 001-04018) is incorporated by reference.\*
- (10.10) Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2009.\*
- (10.11) Letter Agreement between Ronald L. Hoffman and the Company, dated November 28, 2008, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 26, 2008 is incorporated by reference.\*
- (10.12) Five-year Credit Agreement dated as of November 9, 2007 by and among Dover Corporation, the Lenders listed therein, the Borrowing Subsidiaries party thereto, JPMorgan Chase Bank, N.A as Administrative Agent, Deutsche Bank Securities Inc. as Syndication Agent, and Bank of America, N.A., The Royal Bank of Scotland plc and Wachovia Bank, National Association as Documented Agents, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 14, 2007 (SEC File No. 001-04018), is incorporated by reference.
- (14) Dover Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers, filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (21) Subsidiaries of Dover.
- (23.1) Consent of Independent Registered Public Accounting Firm.
- (24) Power of Attorney (included in signature page).
- (31.1) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert G. Kuhbach.
- (31.2) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert A. Livingston.
- (32) Certification pursuant to 18 U.S.C. Section 1350, signed and dated by Robert G. Kuhbach and Robert A. Livingston.

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\* Executive compensation plan or arrangement.

(d) Not applicable.



DOVER CORPORATION EXECUTIVE OFFICER ANNUAL INCENTIVE PLAN  
(Amended and Restated as of January 1, 2009)

1. **Purpose.** The purposes of the Dover Corporation Executive Officer Annual Incentive Plan (the "Plan") are to provide annual incentive compensation to designated executive officers of Dover Corporation (the "Company") based on the achievement of established performance targets, to encourage such executive officers to remain in the employ of the Company, to assist the Company in attracting and motivating new executive officers and to qualify the incentive payments awarded under the Plan (the "Awards") as qualified "performance-based compensation" so that payments under the Plan shall be deductible in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").
  2. **Eligibility.** The Compensation Committee of the Board of Directors of the Company (the "Committee") shall each year determine the Executive Officers of the Company eligible to participate in the Plan (the "Participants"). For purposes hereof, "Executive Officers" shall mean the Chief Executive Officer and the Chief Operating Officer of the Company, each executive of the Company or an Affiliate who reports directly to the Chief Executive Officer or the Chief Operating Officer of the Company, and any other executive of the Company or an Affiliate as may be selected by the Committee or who is an "executive officer" of the Company within the meaning of Rule 3b-7 under the Securities Exchange Act of 1934. As used herein, "Affiliate" shall mean each corporation that is a member of the Company's affiliated group, within the meaning of Section 1504 of the Code (without regard to Section 1504(b) of the Code) other than any subsidiary of the Company that is itself a publicly held corporation as such term is defined in Section 162(m) of the Code and the Treasury regulations issued thereunder and any subsidiaries of such publicly held corporation subsidiary.
  3. **Performance Periods.** Each performance period for purposes of the Plan shall have a duration of one calendar year, commencing January 1 and ending the next December 31 ("Performance Period").
  4. **Administration.** The Committee shall have the full power and authority to administer and interpret the Plan and to establish rules for its administration including, without limitation, correcting any defect, supplying any omission or reconciling any inconsistency in this Plan in the manner and to the extent it shall deem necessary to carry this Plan into effect. Unless otherwise specified by the Committee at the time of grant, all Awards are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code ("Qualified Performance Awards"). The Committee retains the discretion to grant Awards that are not intended to qualify as Qualified Performance Awards, to determine the terms and conditions of such Awards and adjust or prorate such Awards. All decisions of the Committee on any question concerning the selection of Participants and the interpretation and administration of the Plan shall be final, conclusive, and binding upon all parties.
  5. **Performance Targets.** On or before the 90th day of each Performance Period, the Committee shall establish in writing one or more performance targets ("Performance Targets") for the Performance Period. The Performance Targets shall in all instances be determined on the basis of the one or more of the following performance criteria as they apply to the Company as a whole or to a subsidiary, a division, or business unit:
    - (a) earnings before
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interest, taxes, depreciation and amortization, (b) cash flow, (c) earnings per share, (d) operating earnings, (e) return on equity, (f) return on investment, (g) total shareholder return or internal total shareholder return, (h) net earnings, (i) sales or revenue, (j) expense targets, (k) targets with respect to the value of common stock, (l) margins, (m) pre-tax or after-tax net income, (n) market penetration, (o) geographic goals, (p) business expansion goals, or (q) goals based on operational efficiency.

6. **Incentive Payout Calculation.** As soon as practicable after the end of each Performance Period, the Committee shall make a determination in writing with regard to the attainment of the Company's Performance Targets specified pursuant to Section 5 for such Performance Period and shall calculate the possible payout of incentive awards for each Participant.

7. **Reduction Of Calculated Payouts.** The Committee shall have the power and authority to reduce or eliminate for any reason the payout calculated pursuant to Section 6 that would otherwise be payable to a Participant based on the established target Award and payout schedule, provided, however, that the exercise of discretion to reduce or eliminate the payout to one Participant may not result in an increase in the amount payable to another Participant.

8. **Payouts.** Qualified Performance Awards shall not be paid before the Committee certifies in writing that the Performance Targets specified pursuant to Section 5 have been satisfied. No portion of a Qualified Performance Award may be paid if the Performance Targets have not been satisfied. Notwithstanding the forgoing, the Committee may, in its sole and absolute discretion, permit the payment of Qualified Performance Awards with respect to a Performance Period in the case of death or disability of the Participant or a change in ownership or control of the Company (within the meaning of Section 280G of the Code) during such Performance Period without regard to actual achievement of the Performance Targets and whether or not payment of such Awards would be deductible under Section 162(m) of the Code but only if such payment would not cause Awards made under the Plan to fail to be qualified performance-based compensation under Section 162(m) of the Code and Treasury regulations issued thereunder. The Committee may, in its sole and absolute discretion, permit the payment of Awards which are not Qualified Performance Awards without regard to actual achievement of the Performance Targets. In no event shall the payout under the Plan to any Participant for any Performance Period exceed \$5 million. Payment of the Award determined in accordance with the Plan for each Performance Period shall be made to a Participant in cash within two and one-half (2 1/2) months following the Performance Period.

9. **Miscellaneous Provisions.**

(a) The Board of Directors of the Company shall have the right to suspend or terminate the Plan at any time and may amend or modify the Plan with respect to future Performance Periods prior to the beginning of any Performance Period, provided that no such amendment or modification which is expected to materially increase benefits payable to Participants under the Plan who are "covered employees" within the meaning of Section 162(m) of the Code ("Covered Employees") shall be made unless such measures as the Committee deems necessary for the increased benefit to be deductible as qualified performance-based compensation pursuant to Section 162(m) of the Code have been taken.

(b) Nothing contained in the Plan or any agreement related hereto shall affect or be construed as affecting the terms of the employment of any Participant except as specifically provided herein or therein. Nothing contained in the Plan or any agreement related hereto shall impose or be construed as imposing any obligation on (i) the Company or any Affiliate to continue the employment of any Participant or (ii) any Participant to remain in the employ of the Company or any Affiliate. The Company reserves the right to make bonus or other incentive awards to Participants under other plans maintained by the Company or otherwise as determined by the Company in its sole discretion, which other plans or arrangements need not be intended to meet the requirements of Section 162(m) of the Code.

(c) No person shall have any claim to be granted an Award under the Plan and there is no obligation of uniformity of treatment of eligible employees under the Plan. Awards under the Plan may not be assigned or alienated.

(d) The Company or Affiliate, as applicable, shall have the right to deduct from any Award to be paid under the Plan any federal, state or local taxes required by law to be withheld with respect to such payment.

(e) If any provision of the Plan or an Award would cause the Awards granted to a Covered Employee not to be qualified "performance-based compensation" under Section 162(m) of the Code, that provision, insofar as it pertains to such Covered Employee, shall be severed from, and shall be deemed not to be a part of, the Plan or an Award, but the other provisions hereof shall remain in full force and effect.

(f) It is intended that the Awards granted under the Plan shall be exempt from, or in compliance with, Section 409A of the Code. In the event any of the Awards issued under the Plan are subject to Section 409A of the Code, it is intended that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to a Participant under Section 409A of the Code. The Plan shall be interpreted to that end and, consistent with that objective and notwithstanding any provision herein to the contrary, the Company may unilaterally take any action it deems necessary or desirable to amend any provision herein to avoid the application of, or excise tax under, Section 409A of the Code provided that such action is consistent with the requirements of Section 162(m) of the Code. Neither the Company nor its current or former employees, officers, directors, representatives or agents shall have any liability to any current or former Participant with respect to any accelerated taxation, additional taxes, penalties, or interest for which any current or former Participant may become liable in the event that any amounts payable under the Plan are determined to violate Section 409A.

(g) Notwithstanding anything herein to the contrary, to the extent required by Section 409A of the Code and Treasury regulations, upon a termination of employment (other than as a result of death) of a person determined by the Board of Directors of the Company (or a committee of the Board of Directors as such body shall delegate) to be a "specified employee" (within the meaning of Section 409A of the Code), distributions determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code shall be delayed until six months after such termination of employment if such termination constitutes a "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Code and the Treasury regulations issued thereunder) and such distribution shall be made at the

beginning of the seventh month following the date of the specified employee's termination of employment.

10. **Adoption.** The Plan initially became effective as of January 1, 1998 subject to approval by the stockholders of the Company which was obtained on April 28, 1998. The Plan was subsequently re-approved by the Company stockholders on April 2, 2003 and May 1, 2008, and was amended and restated in its entirety effective January 1, 2009 to comply with the provisions of Sections 409A and 162(m) of the Code and applicable guidance issued by the Treasury Department and the Internal Revenue Service. For the period from January 1, 2005 to December 31, 2008, the Plan was administered in good faith compliance with Section 409A of the Code and applicable guidance issued by the Treasury Department and the Internal Revenue Service. The Plan is hereby further amended and restated in its entirety effective January 1, 2009, subject to approval by the stockholders at the May 7, 2009 stockholders meeting.

## EXECUTIVE CHANGE-IN-CONTROL AGREEMENT

AGREEMENT made as of this \_\_\_\_ day of December, 2008 by and between DOVER CORPORATION, a Delaware corporation (the "**Corporation**"), and \_\_\_\_\_ (the "**Executive**");

**WITNESSETH:**

WHEREAS, the Board of Directors of the Corporation (the "**Board**") has determined that the Executive is a key executive of the Corporation or of a direct or indirect subsidiary of the Corporation (a "**Subsidiary**");

WHEREAS, the Board considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Corporation and its stockholders;

WHEREAS, the possibility of an unsolicited tender offer or other takeover bid for the Corporation and the consequent change in control, and the uncertainty and questions which such possibility may raise among management, may result in the departure or distraction of the Executive to the detriment of the Corporation and its stockholders;

WHEREAS, the Corporation desires to provide the Executive with severance benefits in the event that the Executive's employment with the Corporation or with a Subsidiary, as the case may be, is terminated under certain circumstances following a change in control in order to assure a continuing dedication by the Executive to the performance of the Executive's duties notwithstanding the occurrence of a tender offer or other takeover bid for the Corporation and, particularly, to ensure that the Executive will be in a position to assess and advise the Board whether proposals from third persons would be in the best interests of the Corporation and its stockholders without being influenced by the uncertainties as to the Executive's own situation;

WHEREAS, the Executive has agreed that in addition to his or her regular duties the Executive will, in the best interests of the Corporation and its stockholders and as requested by the Board, assist the Corporation in the evaluation of any such takeover or tender offer proposal or potential combination or acquisition and render such other assistance in connection therewith as the Board may determine to be appropriate, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto agree as follows:

1. Services During Certain Events.

In the event any Person begins a tender or exchange offer, circulates a proxy to stockholders, or takes other steps seeking to effect a Change in Control (as hereinafter defined), the Executive will not voluntarily terminate his or her employment with the Corporation or a Subsidiary, as the case may be, and will continue to render services to the Corporation or such Subsidiary until such Person has abandoned or terminated efforts to effect a Change in Control or until 180 days after a Change in

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Control has occurred; provided, however, that this Section 1 shall not apply if an Executive experiences a Termination (as defined in Section 3(a)).

2. **Definitions.**

(a) **"Affiliate"** shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

(b) **"Beneficial Owner"** shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly reported on a Form 13-F.

(c) A **"Change in Control"** shall be deemed to have taken place upon the occurrence of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by

the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such transaction or series of transactions.

(d) **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

(e) **"Exchange Act"** shall mean the Securities Exchange Act of 1934, as amended from time to time.

(f) **"Person"** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

(g) A **"Potential Change in Control"** shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(ii) the Corporation or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation representing 15% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Corporation or its Affiliates); or

(iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

### 3. Termination After Change in Control.

(a) No benefits shall be payable under this Agreement except in the event of a Termination. For purposes of this Agreement, a **"Termination"** shall occur if any of the following events occur within 18 months after a Change in Control:

(i) The termination by the Corporation or a Subsidiary, as the case may be, of the Executive's employment for any reason other than Cause (as defined herein), death, or Disability (as defined herein).

(ii) The termination by the Executive of the Executive's employment for Good Reason. Before the Executive may terminate his or her employment for Good Reason, the Executive must provide written notice to the Corporation within 90 days after the occurrence of the condition giving rise to such claim of Good Reason. If the Corporation fails to correct the condition giving rise to the claim of Good Reason within 30 days of receipt of such written notice, the Executive may elect to terminate his employment for Good Reason at any time within two years after the occurrence of the condition giving rise to the claim of Good Reason. Good Reason shall be deemed to exist upon the occurrence, without the Executive's express written consent, of any of the following events:

(A) A material reduction in the duties or responsibilities held by the Executive prior to the Change in Control; or

(B) A material diminution in the duties or responsibilities held by the supervisor to whom the Executive is required to report from those in effect immediately prior to the Change in Control or thereafter; or

(C) A material reduction of the Executive's base salary from that in effect immediately prior to the Change in Control or as the same may be increased thereafter from time to time or a material change in the geographic location from which the Executive was based immediately prior to the Change in Control, except for required travel on business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control; or

(D) Any other action or inaction that constitutes a material breach by the Corporation or its affiliates or successors of this Agreement.

(b) A Termination also shall have occurred if the Executive's employment with the Corporation or a Subsidiary, as the case may be, is involuntarily terminated for any reason other than Cause (as defined herein), death or Disability (as defined herein) after a Potential Change in Control has occurred, provided the Termination is at the direction of the acquiring entity or other third party otherwise involved in the event causing the Potential Change in Control and the Termination occurs within the six month period preceding the actual occurrence of a Change in Control.

(c) The termination of the Executive's employment shall be deemed to have been for "Cause" only if the termination shall have been based on (i) the Executive having willfully and continually failed to perform substantially his or her duties with the Corporation (other than such failure resulting from incapacity due to physical or mental illness, death or Disability) after not less than 20 days have expired following a written demand for substantial performance has been delivered to the Executive by the Board or the President of the Corporation which specifically identifies the manner in which the Executive is not substantially performing his or her duties; or (ii) the Executive having willfully engaged in conduct which is materially and demonstrably injurious to the Corporation. For purposes of this section, no act, or failure to act, on the part of the Executive shall be considered "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that such action or omission was in, or not opposed to, the best interests of the Corporation. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel to the Corporation shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of



the Corporation. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a written resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting called and held for that purpose after reasonable notice to and opportunity for the Executive and the Executive's counsel to be heard by the Board, finding that the Executive was guilty of the conduct set forth above in (i) or (ii) and specifying the particulars thereof in detail.

(d) "**Disability**" shall mean the Executive's absence from the performance of duties on a full time basis for 180 consecutive days as a result of the Executive's incapacity due to physical or mental illness, unless, within 30 days after notice of termination due to disability is given to the Executive following such absence, the Executive shall have returned to the full time performance of duties.

#### 4. Severance Benefits.

Upon Termination of the Executive, the Executive shall be entitled to, and within 60 days of such Termination the Corporation shall provide or commence to provide the Executive with, the following severance benefits:

(a) Payment to the Executive as compensation for services rendered to the Corporation of a lump sum cash amount (the "Lump Sum Amount") equal to three times the sum of (a) the Executive's base salary as in effect immediately prior to the date of termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, and (b) the average annual bonus earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Corporation in respect of the three fiscal years ending immediately prior to the fiscal year in which occurs the date of Termination or, if higher, immediately prior to the fiscal year in which occurs the Change in Control (but excluding therefrom any amounts paid or accrued under the Dover Corporation Cash Performance Program).

(b) The Executive's participation in the life, accidental death and dismemberment and health insurance plans of the Corporation prior to the Change in Control shall be continued without interruption, or equivalent benefits provided by the Corporation (collectively, the "**Continuation Benefits**"), for a period of three years from the date of Termination; provided, however, that Executive pays the full cost of his coverage under such plans, except that Executive shall pay only the required contributions for any health care continuation coverage required to be provided to or on behalf of Executive under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), on the same basis as any other plan participant electing similar COBRA continuation coverage under the Company health plan. Executive shall be reimbursed by the Company, on an after-tax basis, for his cost of the Continuation Benefits. The amount of expenses eligible for reimbursement or Continuation Benefits provided during one calendar year shall not affect the expenses eligible for reimbursement or amount of Continuation Benefits provided during a subsequent calendar year (except with respect to health plan maximums imposed on the reimbursement of expenses referred to in Section 105(b) of the Code), the right to reimbursement or Continuation Benefits may not be exchanged or substituted for other forms of compensation to the Executive, and any reimbursement or payment under the Continuation Benefits arrangements will be paid no later than the last day of the calendar year following the calendar year in which the Executive incurred the expense giving rise to such reimbursement or payment.

(c) If any payment or other benefit provided to the Executive under this Agreement in connection with his Termination is determined, in whole or in part, to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code and the Executive is a “specified employee” (within the meaning of Section 409A of the Code), any such payment or benefit due within the six-month period after the Executive’s Termination shall be made or commenced at the beginning of the seventh month following the date of Termination. Thereafter, any payments that remain outstanding as of the day immediately following the six-month period after Termination shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement. The determination of whether the Executive is a specified employee as of any time shall be made by the Board or by such committee, person, or persons as the Board shall delegate for such purpose.

5. Stock Option and Other Plans.

The rights of the Executive at the date of Termination under the Corporation’s stock option, savings, cash performance, deferred compensation, retirement and other incentive and benefit plans or programs, including but not limited to any terminating distributions and vesting of rights under such plans or programs or awards or grants thereunder shall be governed by the terms of those respective plans or programs and any agreements relating to such plans or programs.

6. Term.

This Agreement shall commence on the date hereof and shall continue in effect until the one year anniversary thereof; provided, however, that, commencing on the date of such anniversary, the term of this Agreement shall automatically be extended for one additional year unless, at least 180 days prior to the last day of any term, the Corporation or the Executive shall have given notice that this Agreement shall not be extended; and provided, further, that this Agreement shall continue in effect for a period of 18 months beyond the term provided herein if a Change in Control of the Corporation shall have occurred during such term. Notwithstanding anything herein to the contrary, the term of this Agreement, and all the Corporation’s obligations hereunder, shall terminate upon the Executive’s termination of employment that does not constitute a Termination.

7. Indemnification.

If litigation or arbitration shall be brought to enforce or interpret any provision contained herein, whether by the Corporation, the Executive, or any other person, the Corporation will indemnify the Executive for any reasonable attorneys’ fees and disbursements incurred by the Executive in such litigation or arbitration, and hereby agrees to pay pre-judgment interest on any money judgment obtained by the Executive in such litigation or arbitration calculated at the prime interest rate charged by JPMorgan Chase Bank, New York, New York in effect from time to time from the date that payment to the Executive should have been made under this Agreement.

8. Confidentiality.

The Executive shall retain in confidence any proprietary or confidential information known to the Executive concerning the Corporation and its Subsidiaries and their respective businesses so long as such information is not publicly available, except as shall be required by law or as shall be reasonably necessary for disclosure to the Executive's legal advisors.

9. Taxes.

If any payments or benefits received or to be received by the Executive in connection with a Change in Control or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Corporation or any Subsidiary or affiliate of the Corporation or any successor to any of them, any Person whose actions result in a Change in Control or any Person affiliated with the Corporation or such Person) (such payments or benefits, excluding the Gross-Up Payment (as defined below) being hereinafter referred to as the "**Total Payments**") shall be subject to the Excise Tax (as defined below) on such Total Payments, then the Corporation shall pay to the Executive an additional amount (the "**Gross-Up Payment**") such that the portion of the Gross-Up Payment retained by the Executive, after the deduction of all taxes payable by the Executive on the Gross-Up Payment and interest and penalties on such taxes, including, without limitation, any income and employment taxes and the Excise Tax imposed on the Gross-Up Payment (and any interest and penalties imposed with respect thereto), shall be equal to the Reimbursable Excise Tax (as defined below) (and any interest and penalties imposed with respect thereto).

As used herein, (i) **Excise Tax** shall mean the tax imposed by Section 4999 of the Code or any successor provision of the Code, together with any interest and penalties with respect thereto; (ii) **Reimbursable Excise Tax** shall be the amount of the Excise Tax on the Taxable Amount (as defined below) determined as if the Taxable Amount were the only portion of the Total Payments on which the Excise Tax is imposed; and (iii) **Taxable Amount** shall be the Lump Sum Amount as reduced by the "base amount" determined pursuant to Section 280G(b)(3) of the Code.

In the event that the Executive and the Corporation dispute the calculation of amounts payable pursuant to this Section 9, the determination of whether such calculation is correct shall be made by an independent accounting firm or law firm mutually acceptable to the Executive and the Corporation and such determination shall be conclusive and binding on the Corporation and the Executive.

Subject to the six-month delay provision of Section 4(c) herein, to the extent applicable, any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Corporation to the Executive within 30 days following termination of employment. In the event of a dispute as to the calculation of amounts payable under the Section 9, any additional payment to the Executive shall be made within 15 days of the receipt of the determination by the accounting firm or law firm, but in no event later than by the end of the calendar year following the calendar year in which the Executive remits the related taxes.

10. General.

(a) Obligations of the Corporation. In the event that the Executive is employed by a Subsidiary, the Corporation, while remaining as primary obligor, may cause such Subsidiary to perform the Corporation's obligations hereunder.

(b) Payment Obligations Absolute. The Corporation's obligation to pay the Executive the amounts due hereunder and to make the arrangements provided for herein shall be absolute and unconditional and shall not be affected by any circumstances, including without limitation, any set-off, counterclaim, recoupment, defense or other right which the Corporation may have against him or her or anyone else under this Agreement or otherwise. Each and every payment made hereunder by the Corporation shall be final and the Corporation will not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto for any reason whatsoever. In no event shall the Executive be obligated to seek other employment in mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Corporation's obligation to make the payments and arrangements required to be made under this Agreement.

(c) Successors; Binding Agreement.

(i) As used in this Agreement, the Corporation refers not only to itself but also to its successors by merger or otherwise. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business and/or assets, by written agreement in binding form and substance, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had occurred. Failure of the Corporation to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement, and shall entitle the Executive to make demand upon and require the Corporation, if it is not already required to do so, to provide the severance benefits required by Section 4 above.

(ii) This Agreement shall be binding upon and inure to the benefit of the Executive and his or her estate and to the benefit of the Corporation and any successor to the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by the Executive.

(d) Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective, and then only to the extent of such prohibition or unenforceability without affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) Controlling Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to the principles of conflict of laws, except insofar as it may require application of the corporation law of the State of Delaware.

(f) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to the other party, or sent by registered

or certified mail, return receipt requested, postage prepaid, addressed to the respective party at the address stated below or to such other address as the addressee may have given by a similar notice:

If to the Executive:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to the Corporation:

Dover Corporation  
280 Park Avenue  
New York, New York 10017  
Attention: Chief Executive Officer

(g) Amendment; Section 409A Compliance. This Agreement may be modified or amended only by an agreement in writing executed by both of the parties hereto. Notwithstanding the foregoing, to the extent that any terms or conditions of this Agreement are not, in the determination of the Corporation, in compliance with Section 409A of the Code and regulations and rulings issued thereunder, this Agreement nevertheless shall be operated in compliance with Section 409A of the Code; and any amendments that are necessary to ensure compliance with Section 409A of the Code shall be adopted by the parties within such time as shall be permitted to ensure compliance with Section 409A of the Code, and the Executive specifically agrees to the adoption of any such amendments that the Corporation in its sole discretion believes are necessary for this Agreement to comply with Section 409A of the Code. It is intended that the payments and benefits made or provided under this Agreement shall be exempt from, or in compliance with, Section 409A of the Code. In the event any of the payments or benefits made or provided under this Agreement are subject to Code Section 409A, it is intended that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to the Executive under Code Section 409A. Neither the Corporation nor its current employees, officers, directors, representatives or agents shall have any liability to the Executive with respect to any accelerated taxation, additional taxes, penalties, or interest for which the Executive may become liable in the event that any amounts payable under this Agreement are determined to violate Section 409A.

(h) No Employment. Except as otherwise expressly provided in this Agreement, this Agreement shall not confer any right or impose any obligation on the Executive to continue in the employ of the Corporation nor shall it limit the right of the Corporation or the Executive to terminate the Executive's employment at any time prior to a Change in Control.

(i) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in New York, New York by three arbitrators, of which each party shall appoint one, in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes then in effect. Any arbitrator not appointed by a party shall be selected from the CPR Panels of Distinguished Neutrals. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§1 to 16. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The Corporation shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant hereto. The arbitrators are

not empowered to award damages in excess of actual damages. Notwithstanding anything to the contrary herein, in any dispute involving whether a Termination was for Good Reason or for Cause, as the case may be, the Corporation shall have the obligation to present its case by establishing, and shall prevail in the proceeding only if and to the extent it establishes, with clear and convincing evidence that the Termination was in fact not as the result of Good Reason or was for Cause, as the case may be.

(j) Conflict in Benefits. Subject to Section 10(k), this Agreement is not intended to and shall not repeal or terminate any other written agreement between the Executive and the Corporation presently in effect or hereafter executed. Any benefits provided hereunder and not provided under any other written agreement shall be in addition to the benefits provided by any other written agreement.

(k) Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and arrangements, whether written or oral, between the parties hereto with respect to the subject matter hereof, including without limitation all versions of this Agreement previously in effect between the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

\_\_\_\_\_  
EXECUTIVE

DOVER CORPORATION

By: \_\_\_\_\_  
Name: **[insert name of Segment CEO]**

**DOVER CORPORATION**  
**DEFERRED COMPENSATION PLAN**  
**(As Amended and Restated effective as of January 1, 2009)**

**ARTICLE I**  
**ESTABLISHMENT OF THE PLAN**

1.1 Purpose. The purpose of the Plan is to provide a means whereby the Company may afford a select group of management or highly compensated employees (as such phrase is defined for the purpose of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) with an opportunity to irrevocably defer to a future year the receipt of certain compensation. The Plan is intended to be an unfunded, nonqualified deferred compensation plan.

**ARTICLE II**  
**DEFINITIONS**

As used in this Plan, the following terms shall have the meanings herein specified:

2.1 "Adverse Benefit Determination" means a denial, reduction, or termination of, or a failure to provide or make full or partial payment for, a Benefit, including any denial, reduction, termination, or failure to provide or make payment based on a determination of a claimant's eligibility to participate in the Plan.

2.2 "Appropriate Procedure" means the form, procedure or method provided or prescribed by the Committee for the purposes stated herein.

2.3 "Beneficiary" means the person or persons designated by a Participant to receive any payments which may be required to be paid pursuant to the Plan following his or her death, or in the absence of any such designated person, the Participant's estate; provided, however, that a married Participant's Beneficiary shall be his or her spouse unless the spouse consents in writing to the designation of a different Beneficiary. For purposes hereof, Beneficiary may be a natural person or an estate or trust.

2.4 "Benefit" means the amount credited to a Participant's Deferred Compensation Account pursuant to such Participant's Deferred Compensation Agreement, plus or minus Credited Investment Return (Loss).

2.5 "Board" means the Board of Directors of Dover Corporation.

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2.6 “Bonus” means any cash incentive or other compensation which is awarded by the Company in its discretion to a Participant as remuneration based on annual calendar year performance in addition to the Participant’s Salary and any Cash-Based Long-Term Incentive Compensation. Bonus for purposes of this Plan shall be determined without regard to any reductions (a) for salary deferral contributions to a plan qualified under Section 125 or Section 401(k) of the Code or (b) pursuant to any deferral election in accordance with Article IV of the Plan.

2.7 “Cash-Based Long-Term Incentive Compensation” means cash awards under the Cash Performance Awards provisions of the Dover Corporation 1995 Incentive Stock Option Plan and 1995 Cash Performance Program, the Dover Corporation 2005 Equity and Cash Incentive Plan, similar successor plans and such other plans or programs as the Committee from time to time shall designate. Cash-Based Long-Term Incentive Compensation for purposes of this Plan shall be determined without regard to any reductions (a) for salary deferral contributions to a plan qualified under Section 125 or Section 401(k) of the Code or (b) pursuant to any deferral election in accordance with Article IV of the Plan.

2.8 “Change of Control” shall have the same meaning as specified in the Dover Corporation 2005 Equity and Cash Incentive Plan or any successor to such plan and program.

2.9 “Code” means the Internal Revenue Code of 1986, as amended.

2.10 “Committee” means the Plan Committee, or its designee, appointed pursuant to Article IX to manage and administer the Plan.

2.11 “Company” means Dover Corporation, a Delaware corporation, and any present or future subsidiary corporation of Dover Corporation, for the period of time such corporation is owned or controlled by Dover Corporation, unless the Board determines that such entity should not be included in the Plan. For purposes of the Plan, the term “subsidiary corporation” shall be defined as set forth in Section 424(f) of the Code.

2.12 “Company Contribution” means an amount added to a Participant’s Deferred Compensation Account by the Company pursuant to Section 5.4.

2.13 “Compensation” means the Salary, Bonus and/or any Cash-Based Long-Term Incentive Compensation received by a Participant for a Plan Year and any other form of remuneration as the Committee shall determine.

2.14 “Compensation Limit” means the compensation limit of Section 401(a)(17) of the Code, as adjusted under Section 401(a)(17)(B) of the Code for increases in the cost of living.

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2.15 "Credited Investment Return (Loss)" means the hypothetical investment return which shall be credited to a Participant's Deferred Compensation Account pursuant to Article V.

2.16 "Deemed Investment Elections" means the investment elections described in Article V.

2.17 "Deferred Compensation Account" means the book entry account established under the Plan for each Participant, to which shall be credited specified deferrals and contributions attributable to a Participant and the Participant's Credited Investment Return (Loss) determined under Article V and which shall be reduced by any distributions made to a Participant. A Participant's Deferred Compensation Account shall include such Sub-Accounts as shall be established pursuant to the provisions of the Plan.

2.18 "Deferred Compensation Agreement" means the agreement to participate in the Plan and defer Compensation between Participants and the Company in the form or Appropriate Procedure as the Committee may prescribe from time to time.

2.19 "Determination Date" means the date on which the amount of a Participant's Deferred Compensation Account is determined as provided in Article V hereof. The last day of each month shall be a Determination Date.

2.20 "Disability" means a disability which causes a Participant who has not met the requirements for Retirement to be eligible to receive disability benefits under his or her employer's long-term disability insurance program, provided that any such disability meets the criteria specified in Section 1.409A-3(i)(4) of the Treasury Regulations, or, in the case of a Participant who does not meet the criteria specified above, a disability which would cause the Participant to be determined to be totally disabled by the Social Security Administration and eligible for social security disability benefits. An Employee's Disability shall be deemed to have ended on the last day of the last month with respect to which he or she receives benefits described in the preceding sentence.

2.21 "Distribution Affidavit" means the affidavit of a Participant or Beneficiary submitted to the Company to claim that he or she is entitled to a different Benefit distribution than the Trustee has been directed to pay to the Participant or Beneficiary under the Plan. A Distribution Affidavit shall be considered a claim for benefits by the Participant or Beneficiary pursuant to Article VIII hereof.

2.22 "Distribution Date" means the date on which distribution of a Participant's Benefits is made or commenced pursuant to Article VI.

2.23 "Effective Date" of the Plan as amended and restated as set forth herein means January 1, 2009. The original effective date of the Plan is August 1, 2001. For the period from January 1, 2005 through December 31, 2008, the Plan was administered in good

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faith compliance with Section 409A of the Code and applicable guidance issued by the Treasury Department and the Internal Revenue Service.

2.24 "Grandfathered Benefit" means a Sub-Account that consists of the amount credited to a Participant's Deferred Compensation Account as of December 31, 2004, plus or minus Credited Investment Return (Loss) on such amount thereafter, or any amount accrued to a Participant under a Supplemental Plan that was vested as of December 31, 2004.

2.25 "Hardship" means one (1) or more of the following events which causes an unforeseen financial hardship to the Participant or his or her family:

- (1) A serious illness or accident of the Participant or a dependent (as defined in Section 152(a) of the Code) of the Participant;
- (2) A loss of the Participant's primary residence due to casualty; or
- (3) Other similar circumstances arising out of events substantially beyond the control of the Participant, as determined by the Committee.

2.26 "Investment Allocation Election Form" means the form or Appropriate Procedure prescribed by the Committee on which a Participant allocates his or her Deferred Compensation Account among one or more deemed investment options.

2.27 "Investment Election Change Form" means the form or Appropriate Procedure prescribed by the Committee on which a Participant can make changes to his or her initial or any subsequent deemed investment elections.

2.28 "Non-Grandfathered Benefit" means a Sub-Account that consists of the amount of deferrals and contributions credited to a Participant's Deferred Compensation Account after December 31, 2004, plus or minus Credited Investment Return (Loss) thereon.

2.29 "Participant" means a highly compensated or key management employee of the Company who has been designated by the Committee as eligible to participate in the Plan pursuant to Section 3.1 and for whom a Deferred Compensation Account has been established.

2.30 "Plan" means this Dover Corporation Deferred Compensation Plan, as it may be amended from time to time.

2.31 "Plan Year" means the calendar year.

2.32 "Retirement" means the Participant's termination of employment on or after (a) his or her 65th birthday, (b) his or her completion of ten (10) "years of service" and attainment of age 55 or (c) with respect to a Participant's Grandfathered Benefit, completion of such other time as the Committee, in its sole discretion, determines is

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sufficient to grant a Participant an approved earlier retirement date. For purposes hereof, a year of service means each period of twelve (12) months of completed employment with the Company or with any other entity which is required to be aggregated with Dover Corporation pursuant to Section 414(b) or (c) of the Code.

2.33 "Salary" for purposes of the Plan shall be the total of the Participant's base salary paid by the Company for a calendar year and considered "wages" for FICA and federal income tax withholding, but without regard to any deferrals made pursuant to this Plan and any reductions for salary deferred contributions to a plan qualified under Section 125 or Section 401(k) of the Code. For purposes of this Plan, Salary shall not include severance or other payments made in connection with a Participant's Termination of Service.

2.34 "Scheduled In-Service Withdrawal Date" means the date or dates elected by a Participant for the early distribution of Benefits, as provided in Section 4.2 or Section 6.5.

2.35 "Specified Employee" means an employee within the meaning of Section 409A(a)(2)(B)(i) of the Code and any applicable regulations or other pronouncements issued by the Internal Revenue Service with respect thereto. The determination of who the Specified Employees are as of any time shall be made by the Board or by such committee, person or persons as the Board shall delegate for such purpose.

2.36 "Sub-Account" means a separate account or accounts into which a Participant's Deferred Compensation Account shall be divided, including without limitation separate accounts with respect to a Participant's Grandfathered Benefit and Non-Grandfathered Benefit. Such Sub-Accounts may be established with respect to the portion of a Deferred Compensation Account attributable to contributions made with respect to any Plan Year or the liability for which was transferred from the Supplemental Plan to this Plan, or which was established to reflect the various investments in which the Participant's Deferred Compensation Account is deemed to be invested or for such other purposes as the Committee may determine.

2.37 "Supplemental Plan" means (a) the Dover Corporation Supplemental Executive Retirement Plan and (b) any other non-qualified plan which (i) is unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees and (ii) is designated by the Committee as a "Supplemental Plan" for purposes of this Plan .

2.38 "Termination of Service" means the Participant's ceasing his or her employment with the Company and each other entity which is required to be aggregated with Dover Corporation pursuant to Section 414(b) or (c) of the Code for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death or Disability, in each instance that would meet the requirements to be considered a "Separation from Service" within the meaning of Section 1.409A-1(b) of the Treasury Regulations.

2.39 "Trust" means the trust referred to in Article VII of the Plan.

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2.40 "Trustee" means the trustee of the Trust.

2.41 "Trust Agreement" means the agreement entered into between the Company and the Trustee to carry out the purposes of the Plan, as amended or restated from time to time.

2.42 "Unforeseeable Emergency" means one or more of the following events which causes a severe financial hardship to the Participant:

- a. illness or accident of the Participant or his or her spouse, Beneficiary or dependent;
- b. loss of the Participant's property due to casualty, including the need to repair or rebuild such property with such repair or rebuild not covered by insurance;
- c. other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control, including, without limitation the need to pay medical expenses for the Participant or his or her spouse, Beneficiary or dependent, foreclosure of or eviction of the Participant from his or her primary residence or the payment of funeral expenses of the Participant or his or her spouse, Beneficiary or dependent.

For purposes of this Section 2.42, "dependent" shall mean such term as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B).

### **ARTICLE III**

#### **ELIGIBILITY**

3.1 a. Eligibility to Participate. The employees who shall be eligible to participate in the Plan shall be limited to key management or highly compensated employees of the Company who are selected by the Committee, in its sole discretion, to participate in the Plan, and who, at the time of filing a deferral election pursuant to Article IV:

- (i) are on a regular periodic U.S. payroll of the Company;
  - (ii) are expected to have a combination of annual Salary and Bonus in excess of the Compensation Limit for such calendar year for which they expect to make contributions to the Plan;
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- (iii) are hired or promoted prior to October 1<sup>st</sup> of the year in which they otherwise meet the requirements to become a Participant; and
- (iv) are currently participating in, or if newly hired or promoted, are expected to be granted in the next calendar year an award under, the Dover Corporation 1995 Incentive Stock Option Plan and Cash Performance Program, the Dover Corporation 2005 Equity and Cash Incentive Plan or any successor to such plans and programs.

The Committee may from time to time, in its sole and absolute discretion, modify the above eligibility requirements and make such additional or other requirements for eligibility as it may determine.

b. Cessation of Deferrals. A Participant's future deferrals under the Plan shall cease, and the Participant may not defer any Compensation under the Plan, during any year in which he or she fails to satisfy the minimum annual compensation threshold of Section 3.1(a)(ii) above.

**ARTICLE IV**  
**ELECTION TO DEFER**

4.1 Compensation Eligible for Deferral. A Participant may elect to defer Salary, Bonus and/or Cash-Based Long-Term Incentive Compensation for each Plan Year as follows:

- a. Any whole-number percentage of Salary up to 50%;
- b. Any whole-number percentage or flat dollar amount of Bonus up to 100%;
- c. Any whole-number percentage or flat dollar amount of Cash-Based Long-Term Incentive Compensation up to 100%; and/or
- d. Such combination of flat dollar amount and or percentage of Bonus or Cash-Based Long-Term Incentive Compensation (not exceeding the percentages set forth above) and any other form of Compensation as the Committee in its sole discretion may determine.

The minimum aggregate amount that may be deferred by a Participant during a Plan Year is \$5,000. Such minimum may be satisfied by deferring Salary, Bonus and/or Cash-Based Long-Term Incentive Compensation.

In the event that a Participant's Compensation remaining after the Participant elects to defer an amount of his or her Salary, Bonus and/or Cash-Based Long-Term Incentive Compensation or other amounts permitted to be deferred hereunder is not sufficient to allow for the full payment of all FICA, federal, state and/or local income tax liabilities or benefit plan withholding requirements, the actual amount which shall be credited to the Participant's Deferred Compensation Account shall be reduced to the extent necessary for

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the maximum amount allowable after all applicable taxes and withholding requirements have been met.

#### 4.2 Deferral Election.

An employee eligible to make a deferral election or who anticipates becoming eligible to make a deferral election in the upcoming Plan Year shall become a Participant by timely executing a Deferred Compensation Agreement and such other documents as the Committee shall designate and delivering such agreement and other documents or complying with the Appropriate Procedure as directed by the Committee. The Deferred Compensation Agreement shall specify:

- a. the portion to be deferred of Salary, Bonus and/or Cash-Based Long-Term Incentive Compensation and any other form of Compensation permitted by the Committee, and the portion of the distribution a Participant expects to receive in a lump sum pursuant to a Supplemental Plan which the Participant elects to have transferred and paid pursuant to the provisions of this Plan; and
- b. the time for the commencement of payment of Benefits which must be either on account of Retirement, Disability, Termination of Service, or at a Scheduled In-Service Withdrawal Date to be specified by the Participant. A Participant may select a different time for commencement of payment of Benefits attributable to Compensation deferred with respect to each Plan Year or with respect to amounts transferred from a Supplemental Plan.

Once a properly completed Deferred Compensation Agreement is received by the Committee, the elections of the Participant shall be irrevocable, except as otherwise provided herein.

#### 4.3 Timing of Deferral Election.

- a. Election to Defer Salary. Elections to defer the receipt of Salary must be received by the Committee by November 30 (or such later date as the Committee shall determine) of each year to be effective with respect to the first pay period of the following Plan Year.
  - b. Election to Defer Bonus, Cash-Based Long-Term Incentive Compensation, A Supplemental Plan Lump Sum Distribution and Other Compensation. Elections to defer receipt of any Bonus and/or Cash-Based Long-Term Incentive Compensation must be received by the Committee by November 30 (or such later date as the Committee shall determine) of each year to be effective for the Bonus and/or Cash-Based Long-Term Incentive Compensation payable in the second Plan Year following the Plan Year during which the election is made. Any election made by a Participant to have any amount transferred to the Plan from a Supplemental Plan shall be given effect only if such election was made not less than twelve (12) months prior to the Participant's retirement or other termination of employment for any reason and shall be applicable
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only with respect to a participant's Grandfathered Benefit in a Supplemental Plan. The Committee shall determine the timing of deferrals of other forms of Compensation.

c. Changing an Election. A Participant's deferral election shall be irrevocable for the Plan Year and shall continue in effect from year to year thereafter unless, and until, increased, decreased, or terminated by the Participant for any subsequent Plan Year by filing an election pursuant to Section 4.3 a. or b. above; provided, however, that an election to have all or a portion of a lump sum distribution from a Supplemental Plan transferred to this Plan may be revoked if a new election to do so is made at least twelve (12) months prior to the Participant's retirement or other termination of employment for any reason

## ARTICLE V

### DEFERRED COMPENSATION ACCOUNT

5.1 Establishment of Deferred Compensation Account. Compensation deferred hereunder shall be credited to a Deferred Compensation Account (or Sub-Account) established by the Committee for each Participant. The amount of Compensation deferred by a Participant shall be credited to his or her Deferred Compensation Account (or Sub-Account) within five (5) business days of the date on which such amounts would have been paid to the Participant but for the Participant's election to defer receipt hereunder, or as soon thereafter as is administratively practicable.

Each Participant's Deferred Compensation Account (or Sub-Account) as of each Determination Date shall consist of the balance of the Participant's Deferred Compensation Account as of the immediately preceding Determination Date adjusted for:

- a. additional deferrals pursuant to Section 4.2,
- b. Company Contributions (if any) pursuant to Section 5.4;
- c. distributions (if any); and
- d. the appropriate Credited Investment Return (Loss).

All adjustments and earnings related thereto, will be determined on a daily basis and recorded to the Participants' Deferred Compensation Accounts as of each Determination Date.

5.2 Deemed Investment Elections. The Committee shall designate from time to time one or more investment options in which Deferred Compensation Accounts (or Sub-Accounts) may be deemed invested. A Participant or Beneficiary shall allocate his or her Deferred Compensation Account among the deemed investment options in one percent (1%) increments by filing with the Committee an Investment Allocation Election Form. Notwithstanding the foregoing, the Committee may disapprove a Participant's deemed

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investment elections and allocate a Participant's Deferred Compensation Account in any manner as it, in its sole discretion, shall determine.

The Committee shall have the sole discretion to determine the number of deemed investment options to be designated hereunder and the nature of the options and may change or eliminate any of the deemed investment options from time to time. In the event of such change or elimination, the Committee shall give each Participant timely notice and opportunity to make a new election. Failure of a Participant to do so shall grant the Committee absolute discretion to make an election for such Participant. No such change shall be considered to be an amendment to the Plan pursuant to Section 10.1.

5.3 Change of Investment Election. After selecting his or her initial deemed investment elections under Section 5.2, a Participant may make changes to his or her deemed investment elections for amounts deferred for a Plan Year and all amounts in such Participant's Deferred Compensation Account. Such changes may be made only in whole percentages. Any such change shall be effective the first day of the month (or such other date as the Committee shall determine) if an Investment Election Change Form is received by the Committee no later than the 25<sup>th</sup> day of the prior month (or such other date as the Committee shall determine).

5.4 Company Contributions. In addition to the deferrals elected by the Participants, the Company may choose at any time to make discretionary Company Contributions, based on individual or overall corporate performance or such other criteria as the Committee shall determine, to the Deferred Compensation Accounts of Participants in such amounts as it, in its sole discretion, determines.

5.5 Credited Investment Return (Loss). Each Participant's Deferred Compensation Account (or Sub-Account) shall be credited monthly, or more frequently as the Committee may specify, with the Credited Investment Return (Loss) attributable to his or her Deferred Compensation Account (or Sub-Account). The Credited Investment Return (Loss) is the amount which the Participant's Deferred Compensation Account would have earned if the amounts credited to the Deferred Compensation Account had, in fact, been invested in accordance with the Participant's Deemed Investment Elections.

5.6 Vesting. A Participant shall be one hundred percent (100%) vested in the amounts the Participant elects to defer into his or her Deferred Compensation Account and the Credited Investment Return (Loss) credited thereon. In the event a Company Contribution is credited to a Participant's Deferred Compensation Account pursuant to Section 5.4, the Company Contribution and the Credited Investment Return (Loss) thereon shall vest as determined in the discretion of the Committee.

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## ARTICLE VI

### PAYMENT OF DEFERRED COMPENSATION ACCOUNT

6.1 Time of Payment. Except as otherwise specifically provided herein, distribution of the vested balance of a Participant's Deferred Compensation Account (or Sub-Account) shall be made to such Participant as set forth in Section 6.9.

6.2 Distribution upon Retirement or Disability. Upon a Participant's Retirement or Disability, his or her Deferred Compensation Account (or Sub-Account) shall be payable over a period of five (5), ten (10) or fifteen (15) years, or in a single lump sum payment, as elected by the Participant in his or her Deferred Compensation Agreement or as otherwise elected pursuant to the provisions of the Plan. If a Participant fails to make a valid distribution election, the distribution shall be made in annual installments over a ten (10) year period. Notwithstanding the above, distributions as a result of Retirement may be deferred as elected by a Participant; provided, however, in no event may any distribution commence later than the last day of the first calendar quarter of the year following the year in which the Participant attains age seventy (70), regardless of whether the Participant has terminated employment with the Company. A Participant may change the method of distribution on account of Retirement or Disability (from lump sum to installments or vice versa or to change the date on which a distribution would be made or commence to be made or the period over which the installments would be made) by giving at least twelve (12) months notice to the Committee by following the Appropriate Procedure prior to his or her Retirement or attainment of age seventy (70), if applicable and, if such election is on account of Retirement or Disability, the election shall not take effect until at least 12 months after the date on which the election is made; provided further, however, that the distribution, or commencement of the distribution, of any Non-Grandfathered Benefit on account of Retirement is extended for at least five (5) years beyond the prior time as of which the distribution was to have been made or commence to have been made. If, prior to distribution of the Participant's Deferred Compensation Account, a Participant who had incurred a Disability no longer meets the definition of Disability and returns to work with the Company, no payment of a Grandfathered Benefit shall be made from the Plan on account of the prior Disability, and distribution of the Participant's Deferred Compensation Account shall be made as otherwise provided in this Article VI. All distributions subject to this Section 6.2 shall be determined and paid pursuant to, and shall otherwise be subject to, the provisions of Sections 6.9, 6.10, 6.11 and 6.12.

6.3 Distribution Upon Death. In the event a Participant dies prior to the distribution of the Participant's entire Deferred Compensation Account, distribution of the Participant's Deferred Compensation Account (or the remaining balance thereof) shall be made in a single lump sum payment on such date as the Committee shall determine; provided, however, that such date shall be within ninety (90) days following the Participant's Death or such later date as shall meet the requirements of the Treasury Regulations. All distributions subject to this Section 6.3 shall be determined and paid

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pursuant to, and shall otherwise be subject to, the provisions of Sections 6.9, 6.10 and 6.11.

6.4 Distribution Upon Other Termination of Service. If a Participant incurs a Termination of Service, voluntarily or involuntarily, for reasons other than Retirement, death or Disability, the value of the Participant's Deferred Compensation Account balance shall be paid in a single lump sum payment pursuant to Sections 6.9, 6.10, 6.11 and 6.12.

6.5 Scheduled In-Service Withdrawals.

a. A Participant may elect a Scheduled In-Service Withdrawal Date applicable to all or a portion of his or her Deferred Compensation Account or applicable to all or a portion of a Sub-Account attributable to contributions made with respect to any specified Plan Year. Such initial election shall be made in the Participant's original Deferred Compensation Agreement and shall specify the portion or amount of the Participant's Deferred Compensation Account (or, if applicable, Sub-Account) to be distributed; provided that such portion or amount specified shall not exceed the portion or amount credited to the Participant's Deferred Compensation Account which is vested as of any Scheduled In-Service Withdrawal Date. A Participant may elect to extend to a later date a Scheduled In-Service Withdrawal Date by filing a written request to do so with the Committee at least twelve (12) months prior to such date (such election not taking effect until at least 12 months after the date on which the election is made). A Participant shall be granted no more than two (2) such extensions with respect to any initial Scheduled In-Service Withdrawal Date. The minimum period of extension (i) with respect to a Participant's Grandfathered Benefit is two (2) years from the original Scheduled In-Service Withdrawal Date with respect to the first extension and two (2) years from the extended date of distribution with respect to the second extension and (ii) with respect to the Participant's Non-Grandfathered Benefit is five (5) years beyond the prior time as of which the distribution was to have been made or commence to have been made with respect to the first extension and five (5) years from the extended date of distribution with respect to the second extension.

b. No election of a Scheduled In-Service Withdrawal Date shall be given effect unless such election specifies a Scheduled In-Service Withdrawal Date which is at least two (2) years after the end of the Plan Year in which the election is received by the Committee. The distribution of the elected amount or portion of the Participant's Deferred Compensation Account (or Sub-Account) must commence no later than the last day of the first calendar quarter of the year following the year in which the Participant attains age seventy (70), regardless of whether the Participant has terminated employment with the Company.

c. A Participant may elect to receive the distribution in a single lump sum payment or annual installments over two (2), three (3), four (4) or five (5) years. The form of distribution may be amended by the Participant up to twelve (12) months prior to any elected Scheduled In-Service Withdrawal Date by giving prior written notice to the

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Committee (such election not taking effect until at least 12 months after the date on which the election is made); provided, however, that the time of distribution of Non Grandfathered Benefits whose form of distribution is amended shall be extended for a period of not less than 5 (years) beyond the prior time as of which the distribution was to have been made or commence to have been made. All distributions subject to this Section 6.5 shall be determined and paid pursuant to, and shall otherwise be subject to, the provisions of Sections 6.9, 6.10 and 6.11.

d. If a Participant incurs a Termination of Service by reason of Retirement or Disability prior to a Scheduled In-Service Withdrawal Date, the amount of the distribution shall be distributed as the Participant elected for Retirement or Disability, as the case may be. If the Participant incurs a Termination of Service for any other reason, the distribution will be in the form of a single lump sum payment. If a Participant incurs a Termination of Service by reason of Retirement or Disability while he or she is receiving scheduled in-service installment distributions, the balance of the Participant's Deferred Compensation Account shall be distributed to the Participant as elected for Retirement or Disability, as the case may be. If the Participant incurs a Termination of Service for any other reason, the remaining installments will be distributed in a single lump sum payment.

6.6 Non-Scheduled Withdrawals. Other provisions of the Plan notwithstanding, a Participant may at any time request a distribution of some or all of his or her Grandfathered Benefit (with a minimum distribution amount of \$5,000) for any reason. In such event, ten percent (10%) of the amount requested to be distributed from the Participant's Grandfathered Benefit will be forfeited and not paid to the Participant, and, if the Participant continues to be employed with the Company, the Participant may make no further deferrals during the period commencing on the first day of the Plan Year next following the Plan Year in which the distribution was made and continuing thereafter for a period equal to twelve (12) months plus the number of days from the date on which the distribution was made to the last day of the Plan Year in which the distribution was made. Notwithstanding the foregoing, if the distribution is requested within one (1) year following a Change of Control, only five percent (5%) of the amount requested to be distributed from the Participant's Grandfathered Benefit will be forfeited and not paid to the Participant and, if the Participant continues to be employed with the Company, the Participant may make no further deferrals for the following Plan Year. Any amounts forfeited may, at such time as the Committee shall determine, be returned to the Company, to the extent such amounts are then held in the Trust.

6.7 Hardship Distributions and Distributions on Account of an Unforeseeable Emergency.

a. This Section 6.7a. is applicable with respect to a Participant's Grandfathered Benefit. In the event that the Committee, upon written petition of a Participant or Beneficiary, determines in its sole discretion that the Participant or Beneficiary has suffered a Hardship, the Committee shall distribute to the Participant or Beneficiary as soon as reasonably practicable following such determination, an amount, not in excess of

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the value of the Participant's Grandfathered Benefit, necessary to alleviate the Hardship. A Participant or Beneficiary claiming Hardship will be required to submit such documentation of the Hardship and proof that the loss is not covered by other means as the Committee shall request. A Participant who has been granted a distribution on account of Hardship may, if the Participant continues to be employed with the Company, make no further deferrals for the balance of that Plan Year and the following Plan Year.

b. This Section 6.7b. is applicable with respect to a Participant's Non-Grandfathered Benefit. In the event that the Committee, upon written petition of a Participant, determines in its sole discretion that the Participant has suffered an Unforeseeable Emergency, the Committee may distribute, within 90 days of such occurrence, an amount not in excess of the value of the Participant's vested Non-Grandfathered Benefit, necessary to alleviate such Unforeseeable Emergency. A Participant claiming an Unforeseeable emergency will be required to submit such documentation of the Unforeseeable Emergency and proof that the loss is not covered by other means that are reasonably available to the Participant as the Committee shall request.

Entitlement of a Participant to a withdrawal on account of an Unforeseeable Emergency shall be contingent on meeting the requirements set forth below. A withdrawal is on account of an Unforeseeable Emergency if the withdrawal is made on account of an "immediate and heavy financial need" of the Participant as the result of an Unforeseeable Emergency and is "necessary" to satisfy the financial need. A withdrawal is "necessary" to satisfy a financial need of the Participant only if the Participant demonstrates to the satisfaction of the Committee that the withdrawal is in an amount which does not exceed the amount required to meet such financial need and cannot be satisfied from other resources reasonably available to the Participant, including, without limitation, by reimbursement or compensation from insurance or by the liquidation of the Participant's assets (to the extent any such liquidation does not cause a severe financial hardship) or by cancellation of any deferrals elected by the Participant. A withdrawal will not be deemed "necessary" to satisfy an immediate and heavy financial need of a Participant unless all of the following requirements are satisfied: (i) the withdrawal does not exceed the amount necessary to alleviate the immediate and heavy financial need of the Participant (plus the amount of any tax or penalties attributable to the amount of the withdrawal), (ii) the Participant has obtained all currently available distributions from other non-qualified deferred compensation plans, other than any distributions on account of the Unforeseeable Emergency currently available under other non-qualified plans maintained by the Company, whether or not such plans are subject to Section 409A of the Code; (iii) deferral elections of the Participant under this Plan will be cancelled, as will any deferral elections permitted to be cancelled under any other non-qualified deferred compensation plan that would be aggregated with this Plan under Treasury Regulation Section 1.409A-1(c) without violating the provisions of Section 409A of the Code; provided, however, that the actions listed above do not increase the Participant's financial need.

The Committee may require such financial and other information as is reasonably necessary for it to make a determination hereunder and may reasonably rely on

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representations made by the Participant pursuant hereto. The Committee's determination shall be made on the basis of all relevant facts and circumstances under the general rules set forth above and shall be final.

6.8 Designation of Beneficiary. The Participant shall have the right to designate, on such form as may be prescribed by the Company, a Beneficiary or Beneficiaries to receive any Benefits due under Article VI which may remain unpaid at the Participant's death and shall have the right at any time to revoke such designation and to substitute another such Beneficiary or Beneficiaries. If, upon the death of the Participant, there is no valid designation of a Beneficiary or no designated Beneficiary survives the Participant, the Beneficiary shall be the Participant's estate. If a Beneficiary survives the Participant and dies prior to the distribution of all Benefits to which such Beneficiary is entitled from the Plan, any remaining amounts payable from the Plan shall be paid to the Beneficiary's estate.

6.9 Distributions Generally.

a. All distributions from the Plan (other than non-scheduled withdrawals pursuant to Section 6.6 or distributions on account of Hardship or an Unforeseeable Emergency pursuant to Section 6.7) shall be made in accordance with the following procedure: the Participant's Deferred Compensation Account or Sub-Account from which the distribution is to be made shall be valued as of the January 31<sup>st</sup> of the Plan Year next following the Plan Year in which the Participant's Retirement, Disability, death, Termination of Service or other "distributable event" occurs. If the distribution is to be made in a single lump sum payment, the lump sum shall be paid as soon as administratively practicable following the January 31<sup>st</sup> as of which the valuation described above is made, but in no event later than the March 31<sup>st</sup> following such valuation. If the distribution is to be made in installments, the same January 31<sup>st</sup> valuation described above shall be made and then divided by the number of years over which the installment payments are to be made. Such amount shall be paid as soon as administratively practicable after the determination is made, but in no event later than the March 31<sup>st</sup> following such January 31<sup>st</sup> valuation. A new valuation and annual installment amount (based on the number of remaining annual installments to be made) shall be determined as of each subsequent January 31<sup>st</sup> during which installment payments are to be made and such payments shall be made no later than the March 31<sup>st</sup> following each such determination. As used herein, "distributable event" shall mean the date of a Participant's Retirement, Disability, death or Termination of Service; provided, however, that if a Participant has elected to have a payment deferred for a specified period following Retirement, "distributable event" with respect to such payment shall mean the year to which the payment is deferred. Examples to illustrate the application of the timing of the valuation and distribution of Account values pursuant to Section 6.9 are provided in the Appendix to the Plan.

b. Notwithstanding the foregoing, if the Deferred Compensation Account or Sub-Account or Sub-Accounts from which all initial installment payments which begin to be made during a year is \$50,000 or less as of the applicable January 31<sup>st</sup> valuation

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described in 6.9 a. above, the entire amount remaining in such Deferred Compensation Account or Sub-Account shall be distributed in a single lump sum payment as soon as administratively practicable following such January 31<sup>st</sup> valuation, but in no event later than the March 31<sup>st</sup> following such January 31<sup>st</sup> valuation.

c. Distributions of Non-Scheduled Withdrawals and on account of Hardship or an Unforeseeable Emergency shall be made as soon as administratively practicable (and in the case of an Unforeseeable Emergency, no later than 90 days) following, if applicable, approval of such distributions by the Committee, or, if later, in the case of Non-Scheduled Withdrawals, the date requested by the Participant or, if applicable, approved by the Committee for such distribution.

d. Notwithstanding the foregoing, the Committee in its sole discretion may revise any of the distribution procedures or timing described above; provided that no such distribution shall be made or commence to be made later than the March 31<sup>st</sup> of the year following the date of the relevant distribution event and no such revision shall cause any Grandfathered Benefit to become subject to Section 409A of the Code or any Participant or other payee to become subject to any additional tax or other penalty pursuant to Section 409A of the Code.

e. The distribution to a Participant or Beneficiary of the full amount of the Participant's Deferred Compensation Account under the Plan shall be in full satisfaction of all claims the Participant or Beneficiary may have against the Company, Committee or Trustee with respect to the Plan, and the Committee in its discretion may require that any payee under the Plan execute a receipt and release as a condition precedent to the receipt of any distribution from the Plan.

f. The entitlement to a series of installment payments under the Plan shall be treated as a single payment for purposes of Section 409A, including for purposes of the subsequent changes in the time or form of payment as provided in Treasury Regulation Section 1.409A-2(b)(2).

g. Although it is intended that payments scheduled to be made under the Plan shall be made as provided herein, in no event shall any such payment be made later than the end of the calendar year in which the scheduled payment was to have been made, or, if later, prior to the 15<sup>th</sup> day of the third month following the date as of which the scheduled payment was to have been made; provided, however, that the Participant or Beneficiary shall not have any direct or indirect discretion to designate the taxable year in which such payment pursuant to this Section 6.9g is to be made. For purposes hereof, the scheduled payment date of a payment that is scheduled to be made during a 90-day period shall be the first day of the 90-day period.

h. Notwithstanding any provision hereof to the contrary, the Committee shall have the discretion to modify the time or schedule of payments to be made hereunder, but only in the circumstances described in Section 1.409A-3(j)(4) of the

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Treasury Regulations, or, subject to applicable provisions of Section 409A of the Code, as may be necessary to comply with applicable law.

6.10 Distributions in Cash. All distributions of Deferred Compensation Accounts shall be paid in United States dollars.

6.11 Limitation on Distributions to Covered Employees. Notwithstanding any other provision of this Article VI, in the event that a Participant is a "covered employee" as defined in Section 162(m)(3) of the Code and any applicable regulations or other pronouncements issued by the Internal Revenue Service with respect thereto, or would be a covered employee if the Benefits were distributed in accordance with his or her distribution election or withdrawal request, the maximum amount which may be distributed from the Participant's Deferred Compensation Account in any Plan Year, shall not exceed one million dollars (\$1,000,000) less the amount of compensation paid to the Participant in such Plan Year which is not "performance-based" (as defined in Section 162(m)(4)(C) of the Code), which amount shall be reasonably determined by the Company at the time of the proposed distribution. Any amount which is not distributed to the Participant in a Plan Year as a result of the limitation set forth in this Section 6.11 shall be distributed to the Participant in the first Plan Year in which distribution of such amount is in compliance with the foregoing limitation set forth in this Section 6.11 and with the provisions of Section 6.12; provided, however, that the Company also delays the payment of all other amounts that are not deductible in accordance with Section 162(m) of the Code which are scheduled to be distributed to such Participant for that year and to any other similarly situated "covered employees."

6.12 Distributions to Specified Employees. Notwithstanding any provision of the Plan to the contrary, no distribution of a Non-Grandfathered Benefit to a Specified Employee following his or her Termination of Service (other than as the result of the Specified Employee's death) shall be made (or commence to be made) earlier than the first day of the month coincident with or next following six months after his or her Termination of Service. Any distribution subject to this provision shall be delayed until the end of the six-month period, and any payment due within the six-month period shall be paid at the beginning of the seventh month following the date of the Specified Employee's Termination of Service.

6.13 Compliance with Section 409A. It is intended that (a) this Plan and all benefits payable thereunder shall comply in all material respects with the applicable provisions of Section 409A of the Code; (b) to the maximum extent possible each provision of the Plan, and any actions taken pursuant to the Plan, shall be interpreted so that any such provision or action shall be deemed to be in compliance with Section 409A of the Code; and (c) no election made by a Participant hereunder, and no change made by a Participant to a previous election shall be accepted if the Committee determines that acceptance of such election or change could violate any of the requirements of Section 409A of the Code, resulting in early taxation and penalties. Neither the Company nor its current employees, officers, directors, representatives or agents shall have any liability to any current or former Participant with respect to any accelerated taxation, additional taxes,

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penalties or interest for which any current or former Participant may become liable in the event that any amounts payable under the Plan are determined to violate Section 409A of the Code.

**ARTICLE VII**  
**ESTABLISHMENT OF TRUST**

7.1 Establishment of Trust. The Company may, in its sole discretion, establish a grantor trust, as described under Section 671 of the Code, which is subject to the claims of the general creditors of the Company, for the purpose of accumulating assets to provide for the obligations hereunder. The establishment of such a trust shall not affect the Company's liability to pay benefits hereunder except that the Company's liability shall be offset by any payments actually made to a Participant under such a trust. In the event such a trust is established, the amount to be contributed shall be determined by the Company and the investment of such assets shall be in accordance with the trust document.

Notwithstanding the foregoing, in the event a Change of Control is likely to occur, at least thirty (30) days prior to the expected date of the Change of Control, the Company shall establish and contribute to a grantor trust as described above if no such trust is then in effect with respect to the Plan, or shall contribute to an existing grantor trust, an irrevocable contribution to such trust equal to the sum of a. and b. below:

- a. two (2) times the average of the total annual deferrals of Compensation made by Participants to the Plan for the three (3) calendar years immediately preceding the expected date of the Change of Control; and
- b. the amount by which (i) 125% of the value of all Participants' Deferred Compensation Account balances as of thirty (30) days prior to the expected date of the Change of Control exceeds (ii) the amount that would be received by the Trust if all of the assets of the Trust as of thirty (30) days prior to the expected date of the Change of Control were immediately liquidated.

The amount of the Change of Control contribution shall be determined in good faith by Towers Perrin (or other actuarial consulting firm of national repute as the Committee shall determine), and the Company, Trustee and the record keeper of the Plan shall promptly provide Towers Perrin (or other actuarial consulting firm) with such information as the firm shall reasonably request in order to make such determination.

Any Trustee appointed coincident with or after a Change of Control shall have occurred shall be a federally or state chartered bank or trust company with assets of not less than one billion dollars (\$1,000,000,000).

Notwithstanding anything to the contrary in this Section 7.1, the Company shall not make any contributions to a trust pursuant to this Section 7.1 if such contributions would cause

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adverse tax consequences to Participants under Section 409(b)(3) of the Code.

7.2 Status of Trust. Participants shall have no direct or secured claim in any asset of the Trust or in specific assets of the Company and will have the status of general unsecured creditors of the Company for any amounts due under this Plan. Trust assets and income will be subject to the claims of the Company's creditors.

## ARTICLE VIII

### CLAIM FOR BENEFITS PROCEDURE

#### 8.1 Claim for Benefits.

a. Any claim for benefits under the Plan shall be made in writing to the Committee. A Distribution Affidavit submitted to the Company by a Participant or Beneficiary shall be considered a claim for benefits to be determined by the Committee in accordance with the claim review procedures set forth in this Article VIII.

b. If a claim for benefits is wholly or partially denied (i.e., is an "Adverse Benefit Determination"), the Committee shall notify the claimant (or his or her authorized representative) of such Adverse Benefit Determination, either in writing or electronically, within a reasonable period of time, but not later than ninety (90) days after receipt of the claim by the Committee, unless the Committee determines that special circumstances warrant an extension of time for processing the claim. If the Committee determines that special circumstances require an extension of time for processing a claim, the Committee shall furnish written notification of the extension to the claimant (or his or her authorized representative) prior to the termination of the initial ninety (90) day period, but in no event shall the extension exceed a period of 90 days from the end of such initial period. The notice of extension shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the final decision.

The Committee shall provide the claimant with written or electronic notice of the Adverse Benefit Determination. Such notice shall provide:

- (i) The specific reason(s) for the Adverse Benefit Determination;
  - (ii) Specific references to the relevant Plan provisions (including internal rules, guidelines, etc.) upon which the determination is based;
  - (iii) A description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and
  - (iv) A description of the Plan's claim review procedure, including time limits applicable to those procedures, and a statement of the claimant's right to bring a
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civil action under Section 502(a) of ERISA following an Adverse Benefit Determination.

**8.2 Request for Review of a Denial of a Claim for Benefits.** Upon the receipt by the claimant (or his or her authorized representative) of written or electronic notice of the Adverse Benefit Determination, the claimant (or his or her authorized representative) may, within sixty (60) days, file a written request with the Committee requesting a review of the denial of the claim, which review shall include a hearing if deemed necessary by the Committee. In connection with the claimant's appeal of the denial of his or her claim, he or she (or his or her authorized representative) may review relevant documents and may submit written comments, documents, records and other information relating to the claim for benefits, regardless of whether the information was submitted or considered in the initial benefit determination. The claimant (or his or her authorized representative) must be given, upon request and without charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. To provide for fair review and a full record, the claimant (or his or her authorized representative) must submit in writing all facts, reasons and arguments in support of his or her position within the time allowed for filing a written request for review. All issues and matters not raised for review will be deemed waived by the claimant.

**8.3 Decision Upon Review of a Denial of a Claim for Benefits.** The Committee shall render a decision on the claim review promptly, but no more than sixty (60) days after the receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which case the sixty (60) day period shall be extended to one hundred-twenty (120) days. If the Committee determines that special circumstances require an extension of time for deciding the determination on review, the Committee shall furnish written notification of the extension to the claimant (or his or her authorized representative) prior to the termination of the initial sixty (60) day period. The notice of extension shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review.

The Committee shall provide the claimant (or his or her authorized representative) with written or electronic notice of the Committee's determination on review. In the case of an Adverse Benefit Determination, such notice shall:

- a. Provide the specific reason(s) for the Adverse Benefit Determination;
  - b. Be written in a manner calculated to be understood by the claimant;
  - c. Provide specific references to the relevant Plan provisions upon which the determination is based;
  - d. Include a statement that the claimant (or his or her authorized representative) may receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
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e. Include a statement describing any voluntary appeal procedures offered by the Plan and the claimant's (or his or her authorized representative's) right to obtain the information about such procedures, along with a statement of the claimant's right to bring an action under Section 502(a) of ERISA.

The decision of the Committee shall be final and binding in all respects on the Company, the claimant and any other person claiming an interest in the Plan through or on behalf of the claimant. No arbitration pursuant to Section 8.4 or lawsuit pursuant to Section 8.5 may be commenced by or on behalf of a claimant with respect to this Plan until after and unless the claim and review process described above in this Article VIII has been exhausted.

#### **8.4 Mandatory Arbitration Procedure.**

a. Any claim remaining after the claim review process described above in this Article VIII has been exhausted shall, to the extent permitted by applicable law and except as otherwise provided in Section 8.5, be submitted exclusively to mandatory arbitration in New York City or, at the Company's election, another agreed-upon location.

b. Except as otherwise set forth herein, said arbitration shall be pursuant to the National Rules for Resolution of Employment Disputes of the American Arbitration Association, as amended from time to time. The matter shall be submitted to one arbitrator who shall be a lawyer with at least ten (10) years professional experience and who has familiarity with employee compensation plans. All information regarding the claim or arbitration, including the arbitration award, shall not be disclosed by the claimant or the arbitrator to any third party, except pursuant to legal process, without the written consent of Dover Corporation. In no event may the arbitrator allow the claimant to join claims of any other claimant in a single arbitration proceeding without the written consent of Dover Corporation. The arbitrator shall have no authority to add to, detract from, or otherwise modify any provisions of the Plan (including this Section 8.4) or of the Trust Agreement. The arbitrator shall apply the substantive law of the State of New York to the extent not preempted by federal law, and the arbitrator's decision shall be final and binding. The arbitrator's fees shall be borne by the party which does not prevail. If neither party prevails entirely, the arbitrator's fees shall be paid as determined by the arbitrator.

**8.5 Procedure After a Change of Control.** After a Change of Control, a Participant or Beneficiary may elect to submit any claim remaining after the claim review process described above in this Article VIII has been exhausted, to the extent permitted by applicable law, to mandatory arbitration pursuant to Section 8.4 or the Participant or Beneficiary may file a lawsuit in any court of competent jurisdiction to resolve the claim.

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**ARTICLE IX**  
**ADMINISTRATION**

9.1 Plan Administration. The Plan shall be administered by a Committee, consisting of not less than three (3) members to be appointed by the Board. In the absence of any such appointment, the Compensation Committee of the Board shall be the Committee. The Committee shall administer the Plan in accordance with its terms, and shall have all powers necessary to accomplish such purpose, including the power and authority to construe and interpret the Plan, to define the terms used herein, to prescribe, amend and rescind rules and regulations, agreements, forms and notices relating to the administration of the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. Any actions of the Committee with respect to the Plan shall be conclusive and binding upon all persons interested in the Plan. The Committee may delegate any of its powers or duties to others as it shall determine and may retain counsel, agents and such clerical and accounting services as it may require in carrying out the provisions of the Plan. An employee of the Company or Committee member who is also a Participant in the Plan shall not be involved in the decisions of the Company or Committee regarding any determination of any specific claim for benefit with respect to himself or herself.

9.2 Information. The records of the Company shall be determinative of each Participant's period of employment, Termination of Service, leave of absence, reemployment, years of service, personal data, and Salary, Bonus, Cash-Based Long Term Compensation, other Compensation and amounts payable from a Supplemental Plan. Participants and their Beneficiaries shall furnish to the Committee such evidence, data or information, and execute such documents as the Committee requests.

9.3 Periodic Statements. The Committee shall furnish statements to each Participant reflecting the amount credited to a Participant's Deferred Compensation Account and transactions therein not less frequently than once each calendar year.

9.4 Indemnification. No employee of the Company or member of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of this Plan, and the Company shall indemnify and hold harmless each member of the Committee therefor, including indemnification for any expenses and legal fees incurred in connection therewith, unless attributable to his or her own fraud or willful misconduct. The Company shall not be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company.

9.5 Expenses of Administration. Any expense incurred by the Company or the Committee relative to the administration of the Plan shall be paid by the Company.

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**ARTICLE X**  
**MISCELLANEOUS**

10.1 Amendment and Termination. The Plan may be amended at any time by the Board and may be terminated at any time by the Board; provided, however, that no such amendment or termination shall adversely affect the rights of Participants or their beneficiaries with respect to amounts credited to the Deferred Compensation Accounts prior to such amendment or termination, without the written consent of the Participant.

10.2 No Implied Rights. Neither the establishment of the Plan nor any amendment thereof shall be construed as giving any Participant, Beneficiary, or any other person any legal or equitable right unless such right shall be specifically provided for in the Plan or conferred by specific action of the Committee or Company in accordance with the terms and provisions of the Plan. Except as expressly provided in this Plan, the Company shall not be required or be liable to make any payment under this Plan.

10.3 No Right to Company Assets. Neither a Participant, a Beneficiary, nor any other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever, including, without limiting the generality of the foregoing, any specific funds, assets or other property which the Company, in its sole discretion, may set aside in anticipation of a liability hereunder in a Trust. Any benefits which become payable hereunder shall be paid from the general assets of the Company. Each Participant and his or her Beneficiary shall have only a contractual right to the amounts, if any, payable hereunder, unsecured by any asset of the Company. Nothing contained in the Plan constitutes a guarantee by the Company that the assets of the Company shall be sufficient to pay any benefits to any person. Nothing herein shall preclude the Company from purchasing life insurance policies to provide any of the Benefits or to have any such policies purchased held by the Trust.

10.4 No Employment Rights. Nothing contained herein shall be construed as conferring upon any Participant the right to continue in the employ of the Company as an employee.

10.5 Offset. If, at the time payments or installments of payments are to be made hereunder, either the Participant or Beneficiary is indebted or obligated to the Company, then the payments remaining to be made to the Participant or the Beneficiary may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation. However, an election by the Company not to reduce any such payment or payments shall not constitute a waiver of its claim, or prohibit or otherwise impair the Company's right to offset future payments for such indebtedness or obligation.

10.6 Non-assignability. Neither a Participant, a Beneficiary, nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are expressly

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declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant, a Beneficiary, or any other person, or be transferable by operation of law in the event of a Participant's, a Beneficiary's, or any other person's bankruptcy or insolvency.

10.7 Notice. Any notice required or permitted to be given under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, and if given to the Committee or the Company, delivered to the principal office of the Company, directed to the attention of the Committee, or if delivered in such other manner as the Committee or Company may direct. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the third business day after the date shown on the postmark or the receipt for registration or certification.

10.8 Governing Laws. The Plan shall be construed and administered according to the laws of the State of New York to the extent not preempted by federal law.

10.9 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.10 Successors. The terms and conditions of this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participant and his or her heirs, executors, administrators and legal representatives.

10.11 Compliance. The Committee shall impose such restrictions on the Plan, any interest therein or any interest constituting a security as it may deem advisable in order to comply with the Securities Act of 1933, as amended, the requirements of the New York Stock Exchange or any other applicable stock exchange or automated quotation system, any state securities laws applicable to such a transfer, any provision of the Company's Certificate of Incorporation or Bylaws, or any other law, regulation or binding contract to which the Company is a party.

10.12 Tax Withholding. The Company shall have the right to deduct from amounts otherwise payable in settlement of a Participant's Deferred Compensation Account any sums that federal, state, local or foreign tax law requires to be withheld with respect to such payment.

10.13 Entire Agreement. This Plan constitutes the entire understanding and agreement with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations or warranties among any Participant and the Company other than those set forth or provided for herein.

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**APPENDIX**

**Examples of Distributions Pursuant to Section 6.9**

The examples set forth below are solely for purposes of illustration with respect to the valuation and distribution of amounts payable from the Plan:

(a) A Participant terminates employment on account of Retirement on March 2, 2008. The Participant has not made any provision for deferral or for payment other than in a single lump sum payment. The Participant's Deferred Compensation Account will be valued as of January 31, 2009 and distribution of the Deferred Compensation Account will be made no later than March 31, 2009.

(b) A Participant terminates employment on account of Retirement on March 2, 2008. The Participant has elected to have the payment deferred for two years following Retirement. The "distributable event" occurs on March 2, 2010. The Participant's Deferred Compensation Account will be valued as of January 31, 2011 and distribution of the Deferred Compensation Account will be made no later than March 31, 2011.

(c) A Participant terminates employment on account of Retirement on March 2, 2008. The Participant has elected to have the payment deferred for two years following Retirement and then to be paid in five installments. The "distributable event" occurs on March 2, 2010. The Participant's Deferred Compensation Account will be valued as of January 31, 2011. The value of the Deferred Compensation Account will be divided by five and the resulting amount will be distributed no later than March 31, 2011. The remaining Deferred Compensation Account will then be valued as of January 31, 2012. This value will be divided by four and the resulting amount will be distributed no later than March 31, 2012. Subsequently, one-third of the January 31, 2013 value will be distributed no later than March 31, 2013, one-half of the January 31, 2014 value will be distributed no later than March 31, 2014 and the balance of the Deferred Compensation Account, valued as of January 31, 2015 will be distributed no later than March 31, 2015.

**DOVER CORPORATION**  
**2005 EQUITY AND CASH INCENTIVE PLAN**  
**(as amended effective January 1, 2009)**

**A. PURPOSE AND SCOPE OF  
THE PLAN**

1. *Purpose.* The 2005 Equity and Cash Incentive Plan (the “**Plan**”) is intended to promote the long-term success of Dover Corporation by providing salaried officers and other key employees of Dover Corporation and its subsidiaries, on whom major responsibility for the present and future success of Dover Corporation rests, with long-range and medium-range inducement to remain with the organization and to encourage them to increase their efforts to make Dover Corporation successful. The term “**Corporation**” shall mean Dover Corporation and any present or future corporation which is or would be a “subsidiary corporation” of Dover Corporation as defined in Section 424 of the Internal Revenue Code of 1986, as amended (the “**Code**”), unless the context requires otherwise.

2. *Successor Plan.* The Plan is the successor to the 1995 Incentive Stock Option Plan and 1995 Cash Performance Program (the “**Predecessor Plan**”). No further grants of options, restricted stock or cash performance awards may be made under the Predecessor Plan after the Predecessor Plan expires on January 30, 2005. Options, restricted stock and performance awards under the Predecessor Plan shall be administered pursuant to the provisions of the Predecessor Plan.

3. *Administration.* The Plan shall be administered and interpreted by the Compensation Committee or such other Committee of the Board of Directors as the Board may designate if there is no Compensation Committee (the “**Committee**”), consisting of not less than three (3) persons appointed by the Board of Directors of Dover Corporation from among its members. A person may serve as a Committee member provided he or she shall comply in all respects with any qualifications required by law, including specifically being a “non-employee director” for purposes of the rules promulgated under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and an “outside director” for purposes of Section 162(m) of the Code, and satisfying any other independence requirement under applicable law and regulations. The Committee will have sole and complete authority to administer all aspects of the Plan, including but not limited to: (a) determining the individuals eligible to receive stock options, SSARs (as defined in Paragraph 6), restricted stock and/or cash performance awards under the Plan; (b) granting options, SSARs, restricted stock and cash performance awards; (c) determining the number of shares to be subject to options and SSARs, and the amount of restricted stock and cash performance awards to be granted to any such eligible individuals at any time or from time to time; (d) determining the terms and conditions under which option and SSAR grants, restricted stock awards and cash performance awards will be made; and (e) determining whether objectives, conditions and performance criteria for cash performance awards and, if applicable, restricted stock awards have been met. The Committee may, subject to the provisions of the Plan, from time to time establish such rules and regulations as it deems appropriate for the proper administration of the Plan. The Committee’s decisions shall be final.

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conclusive and binding with respect to the interpretation and administration of the Plan and any grants or awards made thereunder.

4. *Eligibility.* Option and SSAR grants, restricted stock awards and cash performance awards may be made to any employee of the Corporation who is a salaried officer or other key employee, including salaried officers who are also members of the Board of Directors (hereinafter sometimes referred to as “**participants**”). The Committee shall select the participants eligible for, and determine the terms of, the grants and awards to each.

5. *Shares Available for Grant.* An aggregate maximum of 20,000,000 shares of common stock of Dover Corporation (the “**Common Stock**”) will be reserved for issuance upon exercise of options to purchase Common Stock granted under the Plan, the exercise of SSARs granted under the Plan, and for awards of restricted stock. This maximum number is subject to appropriate adjustment resulting from future stock splits, stock dividends, recapitalizations, reorganizations and other similar changes to be computed in the same manner as that provided for in Paragraph 14 below. If any option, SSAR, or award of restricted stock granted under the Plan expires, terminates, or is forfeited or canceled for any reason, the number of unpurchased, forfeited or cancelled shares under such option, right or award will again be available under the Plan.

#### **B. STOCK OPTION AND SSAR GRANTS**

6. *Stock Options and SSARs.* Options to purchase shares of Common Stock may be granted under the terms of the Plan and shall be designated as either “non-qualified” stock options or “incentive” stock options (“**ISOs**”) within the meaning of Section 422 of the Code. Stock appreciation rights that are settled upon exercise by the issuance of shares of Common Stock (“**SSARs**”) may be granted under the terms of the Plan. SSARs shall be granted separately from options and the exercise of an SSAR shall not be linked in any way to the exercise of an option and shall not affect any option award then outstanding. Stock option grants and SSARs shall contain such terms and conditions as the Committee may from time to time determine, subject to the following limitations:

*Exercise Price.* The price at which shares of Common Stock may be purchased upon exercise of an option shall be fixed by the Committee and may be equal to or more than (but not less than) the fair market value (as defined below) of a share of the Common Stock as of the date the option is granted.

*Base Price.* The base price of an SSAR shall be fixed by the Committee and may be equal to or more than (but not less than) the fair market value of a share of the Common Stock as of the date the SSAR is granted.

*Fair Market Value.* For purposes of the Plan, the fair market value of a share of Common Stock on the date the option or SSAR is granted shall be determined in good faith by the Committee on the basis of such considerations as the Committee deems appropriate from time to time, including, but not limited to, such factors as the closing price for a share of Common Stock on such day (or, if such day is not a trading day, on the next trading day) on the principal United

States exchange on which the Common Stock then regularly trades (the “**Exchange**”), the average of the closing bid and asked prices for a share of Common Stock on the Exchange on the date the option or SSAR is granted by the Committee or the average of the high and low sales price of a share of Common Stock on the Exchange on the date the option or SSAR is granted by the Committee (“**fair market value**”). The Committee shall be authorized, in its discretion, to round the fair market value of a share of Common Stock to the nearest whole number or quarterly fraction thereof.

*Term.* The term of each option or SSAR will be for such period as the Committee shall determine as set forth in the stock option or SSAR agreement, but in no event shall the term of an option or SSAR be greater than 10 years from the date of grant.

*Rights of Holder.* A recipient of stock options or SSARs shall have no rights as a stockholder with respect to any shares issuable or transferable upon exercise thereof until the date of issuance of a stock certificate for such shares. Except as specifically set forth in Paragraph 14 below, no adjustment shall be made for dividends or other distributions of cash or other property on or with respect to shares of stock covered by options or SSARs paid or payable to holders of record prior to such issuance.

*Limits on Individuals.* The maximum number of shares of Common Stock covered by all options and SSARs granted to a single participant in any year may not exceed 600,000. The aggregate fair market value (determined on the date of grant) of Common Stock with respect to which a participant is granted ISOs (including ISOs granted under the Predecessor Plan) which first become exercisable during any given calendar year shall not exceed \$100,000.

7. *Exercise.* An option or SSAR granted under the Plan shall be exercisable during the term of the option or SSAR subject to such terms and conditions as the Committee shall determine and are specified in the stock option or SSAR agreement, not inconsistent with the terms of the Plan; provided, however, that except as set forth in Paragraphs 11, 14 and 35, no option or SSAR may be exercised prior to the third (3<sup>rd</sup>) anniversary of the date of its grant and any partial exercise of an option or SSAR shall be with respect to not fewer than 500 shares. In addition, the Committee may condition the exercise of an option or SSAR upon the attainment by the Corporation or any subsidiary or division or by the participant of any performance criteria set by the Committee. The shares to be issued upon exercise of an option or SSAR will be either treasury or authorized and unissued stock, in the sole discretion of the Corporation.

*Option.* To exercise an option, the option holder must give written notice to the Corporation of the number of shares to be purchased accompanied by payment of the full purchase price of such shares as set forth in Paragraph 8. The date when the Corporation has actually received both such notice and payment shall be deemed the date of exercise of the option with respect to the shares being purchased and the stock certificates therefor shall be issued as soon as practicable thereafter.

*SSAR.* To exercise an SSAR, the SSAR holder must give written notice to the Corporation of the number of SSARs being exercised as provided in the SSAR agreement. No payment shall be required to exercise an SSAR. The date of actual receipt by the Corporation of such notice shall be deemed to be the date of exercise of the SSAR and the stock certificates

issued in settlement of such exercise therefor shall be issued as soon as practicable thereafter. Upon the exercise of an SSAR, the SSAR holder shall be entitled to receive from the Corporation for the SSARs being exercised that number of whole shares of Common Stock having a fair market value on the date of exercise of the SSAR equal in value to the excess of (A) the fair market value of a share of Common Stock on the exercise date multiplied by the number of SSARs being exercised over (B) the sum of (i) the aggregate base prices of the SSARs being exercised multiplied by the number of SSARs being exercised, plus (ii) unless the holder elects to pay such tax in cash, any amount of tax that must be withheld in connection with such exercise. For this purpose, the fair market value of a share of Common Stock on the date of exercise of an SSAR shall be the average of the high and low sales price of a share of Common Stock on the Exchange on the date an SSAR is exercised or if no sales have occurred on that date, such value will be the closing price per share on the next trading date following the exercise of the SSAR. Fractional shares of Common Stock shall be disregarded upon exercise of an SSAR unless otherwise determined by the Committee.

8. *Payment of Exercise Price.* Payment of the option exercise price must be made in full at the time of exercise (a) by check made payable to the Corporation, (b) by transfer to the Corporation of shares of Common Stock owned by the participant, or (c) with a combination of the foregoing. If payment is made by the transfer of shares, the shares of Common Stock to be transferred to the Corporation must have been owned by the option holder for more than six (6) months on the date of transfer (or such other period as may be required to prevent the Corporation from incurring an adverse accounting charge), the value per share of the shares so transferred to the Corporation to be credited toward the purchase price will be the average between the high and the low sales price per share of Common Stock on the Exchange on the date the option is exercised or, if no sales have occurred on that date, such value will be the closing price per share on the Exchange on the next trading day following the exercise of the option. The shares transferred to the Corporation will be added to the Corporation's treasury shares or canceled and become authorized and unissued shares.

9. *Transfers.* The options and SSARs granted under the Plan may not be sold, transferred, hypothecated, pledged or otherwise disposed of by any of the holders except by will or by the laws of descent and distribution, or as otherwise provided herein. The option or SSARs of any person to acquire stock and all rights thereunder shall terminate immediately if the holder attempts to or does sell, assign, transfer, pledge, hypothecate or otherwise dispose of the option or SSAR or any rights thereunder to any other person except as permitted herein. Notwithstanding the foregoing, a participant may transfer any non-qualified stock option (but not ISOs or SSARs) granted under this Plan to members of the holder's immediate family (defined as a spouse, children and/or grandchildren), or to one or more trusts for the benefit of such family members if the instrument evidencing such option expressly so provides and the option holder does not receive any consideration for the transfer; provided that any such transferred option shall continue to be subject to the same terms and conditions that were applicable to such option immediately prior to its transfer (except that such transferred option shall not be further transferred by the transferee during the transferee's lifetime).

10. *Registration.* The Corporation will stamp stock certificates delivered to the stockholder with an appropriate legend if the shares are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or are otherwise not free to be transferred by the holder

and will issue appropriate stop-order instructions to the transfer agent for the Common Stock, if and to the extent such stamping or instructions may then be required by the Securities Act or by any rule or regulation of the Securities and Exchange Commission issued pursuant to the Securities Act.

11. *Effect of Death, or Permanent Disability or Retirement.* If an option or SSAR holder dies or becomes permanently disabled while employed by the Corporation, all options or SSARs held by such holder shall become immediately exercisable and the holder or such holder's estate or the legatees or distributees of such holder's estate or of the options or SSARs, as the case may be, shall have the right, on or before the earlier of the respective expiration date of an option or SSAR or sixty (60) months following the date of such death or permanent disability, to exercise any or all options or SSARs held by such holder as of such date of death or permanent disability. If an option or SSAR holder retires at or after age 62, the holder shall have the right, on or before the earlier of the expiration date of the option or SSAR or sixty (60) months following the date of such retirement, to purchase shares under any options or SSARs which at retirement are, or within sixty (60) months following retirement become, exercisable.

If the employment of a holder of an option or SSAR terminates for any reason other than (i) the reasons specified above or (ii) termination for "cause" (as defined below), and one of the following sets of circumstances is applicable: (a) the holder has at least 10 years of service with the Corporation (including service with any subsidiary corporation of the Corporation while it is owned by the Corporation), the sum of the holder's years of service plus his or her age on the date of such termination equals at least 65 and the holder satisfies the notice requirements set forth below ("**Early Retirement I**"), (b) the holder has at least 15 years of service with the Corporation (including service with any subsidiary corporation of the Corporation while it is owned by the Corporation), the sum of the holder's years of service plus his or her age on the date of such termination equals at least 70 and the holder satisfies the notice requirements set forth below ("**Early Retirement II**"), or (c) such holder's employment with the Corporation terminates due to the sale of stock or assets of the subsidiary corporation (or line of business) by which the holder is employed and the holder is so employed in good standing by the subsidiary or line of business through the date of such sale ("**Early Retirement III**"; each of Early Retirement I, II and III from time to time being referred to herein as "Early Retirement"), the holder shall have the right (subject to the provisions of Paragraph 36 below), (x) in the event of Early Retirement I, on or before the earlier of the expiration date of the option or SSAR or twenty-four (24) months following the date of such Early Retirement, to exercise, and acquire shares under, any options or SSARs which at such termination are, or within twenty-four (24) months following such termination become, exercisable, (y) in the event of Early Retirement II, on or before the earlier of the expiration date of the option or SSAR or thirty-six (36) months following the date of such Early Retirement, to exercise, and acquire shares under, any options or SSARs which at such termination are, or within thirty-six (36) months following such termination become, exercisable, or (z) in the event of Early Retirement III, on or before the earlier of the expiration date of the option or SSAR or twelve (12) months following the date of such Early Retirement, to exercise, and acquire shares under, any options or SSARs which at such termination are, or within twelve (12) months following such termination become, exercisable. Notwithstanding the above, if a holder taking Early Retirement III would also qualify for Early Retirement I or II excluding the notice requirement, the holder shall be entitled to the benefits of Early Retirement I or II, as appropriate.

In order to be eligible for Early Retirement I or II, the holder must give six (6) months advance notice of retirement and must continue to be employed by the Corporation (or any subsidiary corporation provided such subsidiary corporation continues to be owned by the Corporation throughout the notice period) and perform his or her duties throughout such notice period. Failure to satisfy the notice requirement will render the holder ineligible for Early Retirement I or II notwithstanding the satisfaction by the holder of all other applicable requirements. Dover's Chief Executive Officer shall have the authority to reduce or waive the required notice period.

12. *Voluntary or Involuntary Termination.* If any option or SSAR holder's employment with the Corporation is voluntarily or involuntarily terminated for any reason, other than for reasons or in circumstances specified above or for "cause" (as defined below), the holder shall have the right at any time on or before the earlier of the expiration date of the option or SSAR or three (3) months following the effective date of such termination of employment, to exercise, and acquire shares under, any options or SSARs which at such termination are exercisable.

13. *Termination for Cause.* If an option or SSAR holder's employment with the Corporation is terminated for cause (defined as (a) a felony conviction of the holder; (b) the commission by the holder of an act of fraud or embezzlement against the Corporation; or (c) the holder's willful misconduct or gross negligence materially detrimental to the Corporation), the option or SSAR shall be canceled and the holder shall have no further rights to exercise any such option or SSAR and all of such holder's rights thereunder shall terminate as of the effective date of termination of employment.

14. *Effect of Stock Dividends, Merger, Recapitalization or Reorganization or Similar Events.* If any Common Stock dividend is paid by the Corporation, if any non-cash distribution is made by the Corporation as respects its Common Stock, if the shares of Common Stock are split or reclassified, if the Corporation should be reorganized or consolidated or merged with or into another corporation, or if all or substantially all the assets of the Corporation are transferred to any other corporation in a reorganization, each option or SSAR holder shall be entitled, upon exercise of such holder's option or SSAR, to receive for the same aggregate exercise price in the case of an option, or upon exercise of the SSAR, the same number and kind of shares of stock (to the nearest whole number) as he or she would have been entitled to receive upon the happening of such stock dividend, distribution, stock split, reclassification, reorganization, consolidation, merger or transfer, if he or she had been, immediately prior to such event, the holder of such shares. Outstanding options and SSARs shall be appropriately amended as to exercise price or base price and other terms in a manner consistent with the aforementioned adjustment to the shares of Common Stock subject to the Plan. The adjustments to be made pursuant to this Paragraph 14 shall meet the requirements of Section 409A of the Code and the regulations thereunder. The Board of Directors shall have the power, in the event of any disposition of substantially all of the assets of the Corporation, its dissolution, any merger or consolidation, or the merger or consolidation of any other corporation into the Corporation, to amend all outstanding options and SSARs to permit their exercise prior to the effectiveness of any such transaction and to terminate such options or SSARs as of such effectiveness. If the Board of Directors shall exercise such power, all options and SSARs outstanding shall be deemed to have been amended to permit the exercise thereof in whole or in part by the holder at any time or from

time to time as determined by the Board of Directors prior to the effectiveness of such transaction and such options and SSARs shall be deemed to terminate upon such effectiveness.

15. *Change in Control.* Options and SSARs and grantees of options and SSARs shall be subject to the terms of Paragraph 35 below related to a change in control of the Corporation.

#### C. RESTRICTED STOCK AWARDS

16. *Grant.* Subject to the provisions and as part of the Plan, the Committee shall have the discretion and authority to award to persons eligible to participate in the Plan shares of Common Stock which are subject to specified forfeiture restrictions during a specified restriction period and subject to the other applicable terms of the Plan ("**restricted stock**"). Subject to the provisions of the Plan, awards of restricted stock shall contain such terms and conditions as the Committee may determine at the time of award; provided, however, in no event shall the aggregate number of shares of restricted stock awarded under the Plan exceed five percent (5%) of the total number of shares reserved for issuance under the Plan in accordance with Paragraph 5 hereof.

17. *Term of Restriction Period.* The Committee may adopt such vesting schedules, not less than one (1) year and not longer than five (5) years from the date of the award, as it may deem appropriate with respect to awards of restricted stock and may condition the lapse of the restrictions applicable to an award upon the attainment by the Corporation or any subsidiary or division or by the participant of any performance criteria set by the Committee.

18. *Issuance of Shares.* Certificates issued for restricted stock shall be registered in the name of the participant and deposited by the participant with the Secretary of the Corporation, together with a stock power endorsed in blank. Upon lapse of the applicable restriction period and/or attainment of any applicable performance criteria and/or satisfaction of any other restrictions, the Corporation shall deliver such certificates to the participant. In the event that the shares of restricted stock are forfeited, such shares automatically shall be transferred back to the Corporation. The Corporation will stamp the stock certificates delivered to the participant with an appropriate legend if the shares are not registered under the Securities Act, or are otherwise not free to be transferred by the participant and will issue appropriate stop-order instructions to the transfer agent for the Common Stock, if and to the extent such stamping or instructions may then be required by the Securities Act or by any rule or regulation of the Securities and Exchange Commission issued pursuant to the Securities Act.

19. *Dividends and Voting Rights.* In the discretion of the Committee, dividends which become payable with respect to restricted stock during the restriction period will be reinvested in additional shares of restricted stock for the account of the award recipient, accumulated for later distribution to vested participants (in each case, such amounts shall be payable upon fixed dates or events in accordance with the requirements of Section 409A of the Code), or distributed to the award recipient as paid. An employee who receives an award of restricted stock may also in the discretion of the Committee be entitled, during the restriction period, to exercise voting rights with respect to such restricted stock.

20. *Nontransferability.* Shares of restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered and shall not be subject to execution, attachment, garnishment or other similar legal process, except as otherwise provided in the applicable award agreement. Upon any attempt to sell, transfer, assign, pledge, or otherwise encumber or dispose of the restricted stock contrary to the provisions of the award agreement or the Plan, the restricted stock shall immediately be forfeited to the Corporation.

21. *Termination of Employment.* In the case of a participant's permanent disability, death, termination of employment by the Corporation other than for cause (as defined in Paragraph 13 above) or special circumstances, as determined by the Committee, any purely temporal restrictions remaining with respect to shares of restricted stock as of the date of such disability, death or termination of employment shall lapse and, if any performance criteria are applicable, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until the prescribed time for determining attainment of performance criteria has passed and the appropriate determination of attainment of performance criteria has been made. If the participant's employment with the Corporation is terminated as a result of (a) the retirement of the participant at or after age 62, or (b) an Early Retirement, subject to the provisions of Paragraph 36 below, then, in either such case, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until such time as the remaining temporal restrictions lapse and, if any performance criteria are applicable, the prescribed time for determining attainment of performance criteria has passed and the appropriate determination of attainment of performance criteria has been made. Notwithstanding the foregoing, any award to a participant who is a "covered employee" within the meaning of Section 162(m) of the Code shall be subject to satisfaction of applicable performance criteria and certification by the committee of the attainment of such performance criteria, except to the extent that a payment notwithstanding the failure to attain the performance criteria is permitted by Section 162(m) of the Code and regulations and rulings thereunder. If a participant's employment with the Corporation is voluntarily or involuntarily terminated for any other reason during the restriction period, the shares of restricted stock shall be forfeited.

22. *Effect of Stock Dividends, Merger, Recapitalization or Reorganization or Similar Events.* In the event of a stock dividend, merger, recapitalization, reorganization or other transaction described in Paragraph 14 above, the terms and conditions of the restricted stock awards shall be adjusted in a manner consistent with adjustments made to options granted under the Plan.

23. *Change in Control.* Awards of restricted stock and participants who are awarded restricted stock shall be subject to the terms of Paragraph 35 below.

24. *Cancellation.* The Committee may at any time, with due consideration to the effect on the holder of Section 409A of the Code, require the cancellation of any award of restricted stock in consideration of a cash payment or alternative award under the Plan equal to the fair market value of the cancelled award of restricted stock.

#### D. CASH PERFORMANCE AWARDS

25. *Awards and Period of Contingency.* The Committee may, concurrently with, or independently of, the granting of an option or SSAR under the Plan, in its sole discretion, grant to a participant the opportunity to earn a cash performance payment, conditional upon the satisfaction of objective pre-established performance criteria during a performance period. The performance period shall be not less than three (3) fiscal years of the Corporation, including the year in which the conditional grant is made. Any performance criteria established by the Committee shall include one or more objective formulas or standards for determining the amount of the performance payment payable to a participant if the criteria are satisfied and shall otherwise meet the requirements of Section 162(m) of the Code and the regulations thereunder. The performance criteria may be fixed by the Committee for the Corporation as a whole or for a subsidiary or division of the Corporation, depending on the Committee's judgment as to what is most appropriate for the individual involved, and shall be set by the Committee not later than the 90th day after the commencement of the period of services to which the performance payment relates or by the time 25% of such period of services has elapsed. Performance criteria shall be based on at least one or more of the following factors which the Committee deems appropriate, as they apply to the Corporation as a whole or to a subsidiary or a division: (a) earnings per share, (b) operating earnings, (c) return on equity, and (d) return on investment. The performance criteria with respect to a performance period will be the same for all persons within the same business unit. The material terms of the performance criteria shall be subject to stockholder approval to the extent provided in regulations promulgated under Section 162(m) of the Code.

26. *Determination of Payment Amount.* The aggregate maximum cash payout for any business unit within the Corporation or the Corporation as a whole shall not exceed a fixed percentage of the annual average earnings increase of the relevant entity during the performance period, such percentages and dollar amounts to be determined by the Committee annually when performance criteria are established. In no event can an individual receive an annual payment which exceeds \$2 million. A performance payment shall be payable with respect to a performance period only if the Committee shall have certified that the applicable performance criteria have been satisfied. The Committee shall also have the power to approve proportional or adjusted payments under the Plan to address situations where participants join the Corporation, or transfer within the Corporation, during a performance period, provided that with respect to a payment that is intended to meet the requirements of Section 162(m) of the Code, such approval shall be given only if such payments would continue to meet the requirements of qualified performance-based compensation under Section 162(m) of the Code and the regulations promulgated thereunder. Notwithstanding the foregoing, the Committee may in the case of such adjustments, in its sole discretion, elect to make a payment to a permanently disabled participant or to the participant's estate (or to legatees or distributees, as the case may be, of the participant's estate) in the case of death without regard to actual attainment of the performance criteria (or the Committee's certification thereof) and whether or not payment of such award would be deductible under Section 162(m) of the Code, provided, however, that this sentence shall be of no force or effect to the extent awards made under the Plan to "covered employee" under Section 162(m) of the Code would fail to be qualified performance-based compensation under Code Section 162(m)(4)(C) and Treasury regulations issued thereunder merely because this sentence allows such payment. The Committee shall have the discretion to decrease the amount payable



upon attainment of the performance criteria (as determined under such formula or standard) to take into account the effect of any unusual, non-recurring circumstance, provided that a decrease for one participant does not result in an increase in the amount payable to another participant, and shall have the discretion to increase the amount payable to take into account any such effect but only in the case of a payment not intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. Cash performance awards shall be paid within two and one-half months following the year in which the relevant performance period ends.

27. *Effect of Death, Disability or Early Retirement.* If a participant in the Plan holding a cash performance award dies or becomes permanently disabled (within the meaning of Section 409A of the Code) while employed by the Corporation, then, subject to the provisions of Paragraph 36 below and subject to the actual attainment of the relevant performance criteria (and the Committee certification thereof), the participant (or the participant's estate or the legatees or distributees of the participant's estate, as the case may be) shall be entitled to receive on the payment date the cash payment which the participant would have earned had the participant then been an employee of the Corporation, multiplied by a fraction, the numerator of which is the number of months the participant was employed by the Corporation during the performance measurement period and the denominator of which is the number of months of the performance measurement period (treating fractional months as whole months in each case). Except as provided in paragraph 35, such payment shall be subject to satisfaction of the applicable performance criteria and certification by the Committee of the attainment of such performance criteria.

If the participant in the Plan is the subject of Early Retirement I or Early Retirement II (as defined in Paragraph 11) and on the date of such Early Retirement the participant holds one or more outstanding cash performance awards, the Committee, or if the Committee delegates to the Corporation's Chief Executive Officer such authority, the Corporation's Chief Executive Officer, shall determine in its sole discretion whether the participant is eligible to receive any payment and, if so, the amount thereof, in which event such payment shall be made on the date or dates following the date of the participant's Early Retirement on which the Corporation pays cash performance awards for the performance measurement period relating to any such outstanding cash performance award held by such participant. Any such payment to a participant who is a "covered employee" under Section 162(m) of the Code shall be subject to the satisfaction of the applicable performance criteria, certification by the Committee of the attainment of such performance criteria, and the provisions of Paragraph 36 below and may not exceed the amount that the participant would have been entitled to receive had the participant been an employee of the Corporation on such payment date. Except as provided in this Paragraph 27, if the participant is the subject of Early Retirement I or II, all cash performance awards held by such participant shall be canceled and all of the participant's awards thereunder shall terminate as of the effective date of such Early Retirement. If the participant in the Plan is the subject of Early Retirement III, all cash performance awards held by such participant shall be cancelled and all of the participant's rights thereunder shall terminate as of the effective date of such Early Retirement.

28. *Effect of Normal Retirement.* If, before the date of payment, the participant retires on or after age 62, the participant shall be entitled to receive on the payment date the same

amount of cash which the participant would have earned had such participant then been an employee of the Corporation as of such date, subject to the satisfaction of the applicable performance criteria in the case of a "covered employee" under Section 162(m) of the Code and certification by the Committee of the attainment of such performance criteria.

*29. Effect of Other Terminations of Employment.*

(a) *General Termination.* If a participant's employment with the Corporation is terminated for any reason, whether voluntary, involuntary, or for cause (as defined as Paragraph 13 above), other than those described in Paragraphs 27 or 28 above or in Paragraph 29(b) below, then his or her cash performance awards shall be canceled and all of the participant's rights under any award shall terminate as of the effective date of the termination of such employment.

(b) *Pre-Payment Termination.* If, after the end of a performance measurement period and before the date of payment or distribution of any final award, a participant's employment is terminated, whether voluntarily or involuntarily for any reason other than for cause (as defined in Paragraph 13 above), the participant shall be entitled to receive on the payment or distribution date the cash payment which the participant would have earned had the participant continued to be an employee of the Corporation as of the payment or distribution date.

30. *Change in Control.* The terms of any performance criteria and each participant who is granted a cash performance award shall be subject to the terms of Paragraph 35 below.

**E. GENERAL PROVISIONS**

31. *Legal Compliance.* It is the intent of the Corporation that the Plan comply in all respects with applicable provisions of the Exchange Act, including Section 16 and Rule 16b-3, so that any grant of options, SSARs or restricted stock to, or other transaction by, a participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act shall not result in short-swing profits liability under Section 16(b) (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction). It is also the intent of the Corporation that any compensation income realized in connection with options, SSARs, restricted stock or any cash performance payments made under the Plan constitute "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code so that any deduction to which the Corporation is entitled in connection with such compensation will not be subject to the limitations of Section 162(m)(1) of the Code. Accordingly, if any provision of the Plan or any agreement relating to an option or SSAR grant, a restricted stock award or cash performance award does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction so that such a participant would be subject to Section 16(b) liability (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction), or if any provision of the Plan or any agreement relating to an option or SSAR grant, a restricted stock award or cash performance award would limit, under Section 162(m)(1) of the Code, the amount of compensation income to an optionee or participant that the Corporation would otherwise be entitled to deduct, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, or to eliminate such deductibility limitation, and the participant shall be deemed to have consented to such construction or amendment.

32. *Withholding Taxes.* The Corporation shall make arrangements for the collection of the minimum amount of Federal, State or local taxes of any kind required to be withheld by law with respect to any transactions effected under the Plan. The obligations of the Corporation under the Plan shall be conditional on satisfaction of such obligations and the Corporation, to the extent permitted by law, shall have the right to deduct any such taxes from any payment of any kind otherwise due to or with respect to a participant. A participant shall be solely responsible for any tax or other amounts payable with respect to amounts included in participant's income under Section 409A of the Code in respect of awards received under the Plan, including penalties or interest.

33. *Effect of Recapitalization or Reorganization.* The obligations of the Corporation with respect to an option, SSAR, restricted stock award or cash performance award granted under the Plan shall be binding upon the Corporation, its successors or assigns, including any successor or resulting company either in liquidation or merger of the Corporation into another company owning all the outstanding voting stock of the Corporation or in any other transaction whether by merger, consolidation or otherwise under which such succeeding or resulting company acquires all or substantially all the assets of the Corporation and assumes all or substantially all its obligations, unless options or SSARs are terminated in accordance with Paragraph 14.

34. *Employment Rights and Obligations.* Neither the granting of any option or SSAR, nor the making of a restricted stock or cash performance award under the Plan, nor the provisions related to a change in control of the Corporation (as defined below) or a Person (as defined below) seeking to effect a change in control of the Corporation, shall alter or otherwise affect the rights of the Corporation to change any and all the terms and conditions of employment of any participant including, but not limited to, the right to terminate such participant's employment.

35. *Change in Control.* Each participant, upon acceptance of a grant of options, SSARs, restricted stock award or cash performance award, and as a condition to such grant or award, shall be deemed to have agreed that, in the event any Person begins a tender or exchange offer, circulates a proxy to shareholders, or takes other steps seeking to effect a change in control of the Corporation (as defined below), such participant will not voluntarily terminate his or her employment with the Corporation or with a direct or indirect subsidiary of the Corporation, as the case may be, and, unless terminated by the Corporation or such subsidiary, will continue to render services to the Corporation or such subsidiary until such Person has abandoned, terminated or succeeded in such efforts to effect a change in control.

In the event of a change in control,

(i) all options and SSARs to purchase or acquire shares of common stock of the Corporation shall immediately vest and become exercisable in accordance with the terms of the appropriate stock option or SSAR agreement;

(ii) all outstanding restrictions, including any performance criteria, with respect to any restricted stock shall immediately expire and be deemed to have been satisfied;

(iii) with respect to cash performance award grants:

(A) all cash performance awards outstanding shall immediately vest and become immediately due and payable;

(B) the performance measurement period of all cash performance awards outstanding shall terminate on the last day of the month prior to the month in which the change in control occurs;

(C) the participant shall be entitled to a cash payment the amount of which shall be determined in accordance with the terms and conditions of the Plan and the appropriate cash performance award agreement, which amount shall be multiplied by a fraction, the numerator of which is the actual number of months in the performance measurement period (as determined in accordance with clause (iii)(B) above) and the denominator of which is 36 (or 48 if the performance measurement period established at the date of grant is four (4) years or more); and

(D) the Continuing Directors (as defined in Article Fourteenth of the Corporation's Certificate of Incorporation) shall promptly determine whether the participant is entitled to any performance award, and any performance award payable shall be paid to the participant promptly but in no event more than five (5) days after a change in control;

(iv) the Continuing Directors shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of the terms and conditions of any grant, award or participation under the Plan, and their decisions shall be binding and conclusive upon all interested parties; and

(v) other than as set forth above, the terms and conditions of all grants and awards shall remain unchanged.

A "**change in control**" shall be deemed to have taken place upon the occurrence of any of the following events (capitalized terms are defined below):

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on January 1, 2006, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors in office at the time of such approval or recommendation who either were directors on January 1, 2006 or whose

appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than (A) any such merger or consolidation after the consummation of which the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) any such merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of common stock of the Corporation or the combined voting power of the Corporation's then outstanding securities; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such transaction or series of transactions.

(v) Notwithstanding the foregoing, with respect to a cash performance award or any other award that is determined to be deferred compensation subject to the requirements of Section 409A of the Code, the Corporation will not be deemed to have undergone a change in control for the purposes of this Plan and with respect to any and all clauses of this Paragraph 35, unless the Corporation is deemed to have undergone a change in the ownership or effective control of the Corporation or in the ownership of a substantial portion of the assets of the Corporation (as such terms are defined in Section 409A of the Code and the Treasury regulations issued thereunder).

For purposes of this Paragraph 35, the following terms shall have the meanings indicated:

(i) "**Affiliate**" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

(ii) "**Beneficial Owner**" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities which are properly reported on a Form 13-F.

(iii) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(iv) "**Person**" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term

shall not include (i) the Corporation or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

36. *Non-compete.* (a) Any Early Retirement taken by any participant and the benefits thereof, as contemplated in Paragraphs 11, 21 and 27, unless such benefits are waived in writing by the participant, shall be subject to the provisions of this Paragraph 36. Any participant who is the beneficiary of any such Early Retirement shall be deemed to have expressly agreed not to compete with the Corporation or any subsidiary of the Corporation at which such participant was employed at any time in the three (3) years immediately prior to termination of employment, as the case may be, in the geographic area in which the Corporation or such subsidiary actively carried on business at the end of the participant's employment there, for the period with respect to which such Early Retirement affords the participant enhanced benefits, which period shall be, (a) with respect to stock options or SSARs, the additional period allowed the participant for the vesting and exercise of options or SSARs outstanding at termination of employment, (b) with respect to restricted stock, the period remaining after the participant's termination of employment until the end of the original restriction period for such restricted stock, and (c) with respect to cash performance awards granted under the Plan, the period until the payment date following the end of the last applicable performance period.

(b) In the event that a participant shall fail to comply with the provisions of this Paragraph 36, the Early Retirement shall be automatically rescinded and the participant shall forfeit the enhanced benefits referred to above and shall return to the Corporation the economic value theretofore realized by reason of such benefits as determined by the Committee. If the provisions of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, shall be unenforceable as to any participant, the Committee may rescind the benefits of any such Early Retirement with respect to such participant.

(c) If any provision of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, is determined by a court to be unenforceable because of its scope in terms of geographic area or duration in time or otherwise, the Corporation and the participant agree that the court making such determination is specifically authorized to reduce the duration and/or geographical area and/or other scope of such provision and, in its reduced form, such provision shall then be enforceable; and in every case the remainder of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, shall not be affected thereby and shall remain valid and enforceable, as if such affected provision were not contained herein or therein.

37. *Interpretation.* The Committee shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of the terms and conditions of the Plan, stock option, SSAR, restricted stock award or cash performance award agreement entered into pursuant to the Plan, and its decisions shall be binding and conclusive upon all interested parties. Reference to any statute or regulation in the

Plan shall mean such statute or regulation in effect from time to time and shall include any successor statute or regulation.

38. *Amendment.* Except as expressly provided in the next sentence, the Board of Directors may amend the Plan in any manner it deems necessary or appropriate (including any of the terms, conditions or definitions contained herein), or terminate the Plan at any time prior to January 31, 2015; provided, however, that any such termination will not affect the validity of any then outstanding options, SSARs, restricted stock awards or cash performance awards previously granted under the Plan, as the case may be. Without the approval of the Corporation's stockholders, the Board of Directors cannot: (a) increase the maximum number of shares covered by the Plan or change the class of employees eligible to receive options, or SSARs, or restricted stock or cash performance awards; (b) reduce the exercise price of any option or base price of an SSAR below the fair market value of the Common Stock on the date of the option or SSAR grant; (c) extend beyond 120 months from the date of the grant the period within which an option or SSAR may be exercised; or (d) make any other amendment to the Plan that would constitute a modification, revision or amendment requiring shareholder approval pursuant to any applicable law or regulation or rule of the Exchange.

39. *Effective Date and Termination Date of Plan.* The Plan shall become effective on February 1, 2005, and will terminate on January 31, 2015, provided that no ISOs shall be granted under the Plan after February 11, 2014. No non-qualified stock options, SSARs, restricted stock or cash performance awards shall be granted after January 31, 2015. The amendments to the Plan adopted November 3, 2005 and February 2, 2006 became effective January 1, 2006. The Plan is hereby amended effective January 1, 2009 to comply with the provisions of Section 409A of the Code. For the period from January 1, 2005 to December 31, 2008, the Plan was administered in good faith compliance with Section 409A of the Code and applicable guidance issued by the Treasury Department and the Internal Revenue Service.

40. *Foreign Jurisdictions.* The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of foreign jurisdictions to participants who are subject to such laws.

41. *Governing Law.* The Plan and all grants, options, SSARs, awards and payments made hereunder shall be governed by and interpreted in accordance with the laws of the State of New York.

42. *Special Rules for Specified Employees.* Notwithstanding any provision of the Plan to the contrary, upon the participant's termination of employment for any reason other than death, if the Corporation determines that the participant is a "specified employee" (as determined by the Board or by such committee or other body as the Board shall delegate) and that an award constitutes "nonqualified deferred compensation" within the meaning of Section 409A, any payment or settlement of such award due within the six-month period after the participant's termination of employment shall be made at the beginning of the seventh month following the date of termination of employment. The provisions of this Paragraph 42 shall only apply if required to comply with Section 409A of the Code.

**DOVER CORPORATION**  
**SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**  
**(As Amended and Restated as of January 1, 2009)**

**Article 1. Purpose of the Plan**

The purpose of this Dover Corporation Supplemental Executive Retirement Plan is to promote the long-term success of the Company by providing a uniform minimum level of retirement benefits to salaried officers and other key executives on whom major responsibility for the present and future success of the Company rests.

**Article 2. Definitions**

2.01. "Actual Participant" means, subject to Article 3, an Employee who (a) has received a SERP Designation as an Actual Participant, and (b) has been granted an Award in each of five (5) years (not necessarily consecutive) under an Incentive Plan. Stock options granted under the 1998 Supplemental Incentive Stock Option Program or any successor program (sometimes called the Presidents' Pool) shall not be considered in determining qualification as an Actual Participant.

2.02. "Administrator" means the Dover Corporation Pension Committee.

2.03. "Affiliated Company" means the Company and any other member of the controlled group of corporations (within the meaning of Section 414(b) of the Code) of which the Company is a member or an unincorporated trade or business which is under common control with the Company (within the meaning of Section 414(c) of the Code). Except as otherwise determined by the Administrator, a corporation or unincorporated trade or business shall not be considered as an Affiliated Company during any period while it is not a member of such controlled group or under such common control.

2.04. "Applicable Percentage" means such percentages as are set forth in Appendix A to the Plan.

2.05. "Award" means the grant of either a stock option or stock appreciation right award or a cash performance award under an Incentive Plan, provided that (i) the grant of a stock option under the 1998 Supplemental Incentive Stock Option Program or any successor plan or program (sometimes called the Presidents' Pool) shall not constitute an Award, and (ii) all stock option awards, stock appreciation rights awards and cash performance awards granted in any calendar year shall constitute only one Award.

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2.06. "Beneficiary," means the person or persons designated by an Actual Participant to receive any payments which may be required to be paid pursuant to the Plan following his or her death, or, in the absence of any such designated person, the Actual Participant's estate; provided, however, that a married Actual Participant's Beneficiary shall be his or her spouse unless the spouse consents in writing to the designation of a different Beneficiary. For purposes hereof, Beneficiary may be a natural person or an estate or trust, except as otherwise provided in Section 4.04(f).

2.07. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.08. "Company," means Dover Corporation and any successor thereto.

2.09. "Compensation" means an Employee's basic salary, bonuses (including payments deemed by his or her employing Affiliated Company to be the equivalent of bonuses but excluding bonuses paid in connection with hiring or terminations), and commissions paid or made available by an Affiliated Company, including the portion of any such remuneration deferred under a qualified or nonqualified deferred compensation plan or arrangement or contributed to a cafeteria plan, and, effective January 1, 2001, any amount of the Employee's authorized basic salary, bonuses or commissions which the Employee voluntarily elects to forego (regardless of whether the Employee receives non-cash remuneration in lieu of such foregone amount) and any non-cash compensation (as valued by the Compensation Committee of the Company's Board of Directors at the time of authorization or as otherwise reasonably determined) given to an Employee expressly in lieu of cash compensation. Other forms of remuneration, including but not limited to long-term incentive compensation, shall not be included in an Employee's Compensation.

2.10. "Death Benefit" means a death benefit payable pursuant to Section 5.01.

2.11. "Disability" means a disability which causes an Employee to be eligible to receive disability benefits under the long-term disability insurance program of his or her employing Affiliated Company, provided that any such disability meets the criteria specified in Section 1.409A-(i)(4) of the Treasury Regulations, or, in the case of an Employee who does not meet the criteria specified above, a disability which would cause the Employee to be determined to be totally disabled by the Social Security Administration and eligible for social security disability benefits. An Employee's Disability shall be deemed to have ended on the last day of the last month with respect to which he or she receives benefits described in the preceding sentence.

2.12. "Effective Date" of the Plan as amended and restated herein means January 1, 2009. The original effective date of the Plan is January 1, 1997. For the period from January 1, 2005 through December 31, 2008, the Plan was administered in good faith compliance with Section 409A of the Code and applicable guidance issued by the Treasury Department and the Internal Revenue Service.

2.13. "Employee" means an employee of an Affiliated Company.

- 2.14. "Final Average Compensation" means 12 times the average of an Employee's monthly Compensation during the 60 consecutive complete calendar months of service during the 120 consecutive complete calendar months of service with an Affiliated Company prior to such person's ceasing to be an Employee during which his or her Compensation was the highest. Any month in which Compensation was not received, by reason of a leave of absence, Disability or otherwise, shall be omitted in determining a person's Final Average Compensation. In the case of any periods of part-time employment occurring in a Plan Year in which an Employee is credited with less than one Year of Service, Compensation with respect to such periods of part-time service shall be appropriately adjusted to a full-time basis. In the event that an Employee is paid an annual bonus during the 12-month period commencing on his or her Termination Date, for purposes of calculating such person's Final Average Compensation the amount of such bonus (including the portion of any such authorized bonus which such person elects to forego) shall be substituted for the amount of the first bonus taken into account during the applicable 60-month period, but only if (i) the 60-month period used for purposes of the Final Average Compensation calculation includes such person's last full month of employment, and (ii) the effect of such substitution is to increase such person's Final Average Compensation.
- 2.15. "Grandfathered Benefit" means the benefit accrued under the Plan as of December 31, 2004 with respect to a Grandfathered Participant.
- 2.16. "Grandfathered Participant" means an Actual Participant who had attained age 55 and completed 10 Years of Service as of December 31, 2004.
- 2.17. "Gross Benefit" has the meaning provided in Section 4.01(b).
- 2.18. "Incentive Plan" means the Dover Corporation 1995 Incentive Stock Option Plan and 1995 Cash Performance Program, the Dover Corporation 2005 Equity and Cash Incentive Plan, and any predecessor or successor plan or program, provided that the 1998 Supplemental Incentive Stock Option Program or any successor program (sometimes called the Presidents' Pool) shall not constitute an Incentive Plan.
- 2.19. "Non-Grandfathered Benefit" means any benefit which is not a Grandfathered Benefit.
- 2.20. "Non-Grandfathered Participant" means an Actual Participant who is not a Grandfathered Participant.
- 2.21. "Normal Retirement Age" means age 65.
- 2.22. "Normal Retirement Date" means the first day of the month coinciding with or next following the date an Actual Participant attains his or her Normal Retirement Age.
- 2.23. "Offset Benefits" has the meaning provided in Section 4.01(c).

- 2.24. "Plan" means this Dover Corporation Supplemental Executive Retirement Plan, as amended from time to time.
- 2.25. "Plan Year" means the calendar year.
- 2.26. "Potential Participant" means an Employee who (a) has received a SERP Designation as a Potential Participant, and (b) has been granted an Award in one or more years (not necessarily consecutive) under an Incentive Plan but who has not met the requirements to become an Actual Participant, including, without limitation, receipt of a SERP Designation as an Actual Participant.
- 2.27. "Prior Participant" has the meaning provided in Section 3.01.
- 2.28. "Prior Plan" means the Dover Corporation Supplemental Executive Retirement Plan, as in effect prior to the adoption of this Plan.
- 2.29. "PSC Executive" means an Employee who became an Actual Participant prior to January 1, 2009 and who was at least age 40 on the Employee's birthday that next followed his or her date of hire or rehire with an Affiliated Company (or the date the Company or other Affiliated Company acquired the Affiliated Company, if later), and was granted an Award not later than twenty four (24) months following such Employee's date of hire or rehire with an Affiliated Company (or the date the Company or other Affiliated Company acquired the Affiliated Company, if later). An Employee who became an Actual Participant on or after January 1, 2009 shall not be a PSC Executive.
- 2.30. "Retirement Benefit" means a retirement benefit payable pursuant to Section 4.01(a).
- 2.31. "SERP Designation" means a written designation by the Chief Executive Officer, Chief Operating Officer or President of the Company that an Employee is an Actual Participant or a Potential Participant.
- 2.32. "Specified Employee" means an Employee within the meaning of Section 409A(a)(2)(B)(i) of the Code and any applicable regulations or other pronouncements issued by the Internal Revenue Service with respect thereto. The determination of who the Specified Employees are as of any time shall be made by the Company's Board of Directors or by such committee, person or persons as such Board of Directors shall delegate for such purpose.
- 2.33. "Termination Date" means the first day of the month coinciding with or next following the date on which an Actual Participant has a Termination of Employment.
- 2.34. "Termination of Employment" means an Employee's termination of employment with an Affiliated Company, whether voluntary or involuntary, for any reason, including but not limited to quitting or discharge, but other than a family or medical or other leave of absence, transfer of employment to another Affiliated Company, incurring of a Disability,

or death in each instance that would meet the requirement to be considered a "Separation from Service" within the meaning of Section 1.409A-1(h) of the Treasury Regulations.

2.35. "Years of Service" means (a) the time a person served as an Employee plus, (b) any "Additional Years of Service" (as described below) credited to such person, calculated as follows. A Year of Service means 12 consecutive months of service. Any period of service of less than 12 consecutive months shall be counted on the basis of 1/12 of a Year of Service for each month of service. For purposes of this definition, a month of service means any calendar month during any part of which an Employee is employed by an Affiliated Company. Only an Employee who became an Actual Participant prior to January 1, 2009 shall be eligible to receive Additional Years of Service. An Employee who becomes an Actual Participant on or after January 1, 2009 shall not be credited with any Additional Years of Service.

Additional Years of Service shall be credited as follows:

If such an Actual Participant's Termination of Employment occurs on or after January 1, 2003, and the Actual Participant is a PSC Executive, the Actual Participant shall be credited with Additional Years of Service, the amount of which shall be determined by dividing by forty-eight (48) the number of whole and partial months which elapsed from the date of the Actual Participant's 25<sup>th</sup> birthday to the Actual Participant's date of hire or rehire with an Affiliated Company (or the date the Company or other Affiliated Company acquired the Affiliated Company, if later), excluding any number of whole months during that time in which such Actual Participant was an Employee. For purposes of this definition, a month of service means any calendar month during any part of which an Employee is employed by an Affiliated Company and shall not duplicate any service granted in paragraph (a) above.

### **Article 3. Participation**

3.01 Participation as of Effective Date. Each person who, immediately prior to the Effective Date, was entitled to receive benefits under the Plan upon his or her Termination of Employment or death (a "Prior Participant"), shall retain such entitlement as of the Effective Date, subject to the provisions of Section 3.02(b).

3.02 Participation after Effective Date.

(a) After the Effective Date, an Employee who is not a Prior Participant shall become an Actual Participant only upon satisfaction of all the requirements stated in the definition of Actual Participant.

(b) Notwithstanding the provisions of Section 3.01, each Prior Participant shall be an Actual Participant after December 31, 2003 only if he or she received a SERP Designation as an Actual Participant effective as of a date not later than December 31, 2003; provided, however, that a Prior Participant whose Termination of Employment,

Disability or death occurred on or before December 31, 2003 shall be deemed to have received a SERP Designation as an Actual Participant regardless of whether such Prior Participant had previously received a SERP Designation.

3.03 Revocation of SERP Designation. The Chief Executive Officer, Chief Operating Officer or President of the Company may revoke the SERP Designation of any Potential Participant or Actual Participant at any time. If such person is a Potential Participant, the status of such person as a Potential Participant shall cease as of the date of the revocation. If such person is an Actual Participant, such person's Retirement Benefit shall be determined as if such person had incurred a Termination of Employment as of the date of revocation, so that, for purposes of determining such person's Gross Benefit, such person's Applicable Percentage, Final Average Compensation and Years of Service shall all be determined as of the date of revocation and such person's Offset Benefits also shall be determined as of such date.

The Chief Executive Officer, Chief Operating Officer or President of the Company may reinstate the SERP Designation of any Employee whose SERP Designation was revoked. If such Employee was an Actual Participant at the time of revocation, or if such Employee was a Potential Participant at the time of revocation and later became an Actual Participant, his or her Retirement Benefit shall be determined as if such Employee's SERP Designation had never been revoked.

3.04 Cessation of Participation. An Actual Participant shall cease to be an Actual Participant on the date that all distributions due such Actual Participant or his or her Beneficiary have been made.

#### **Article 4. Retirement Benefit**

##### 4.01 Amount of Benefit.

- (a) Each Actual Participant shall be entitled under this Plan following his or her retirement or other Termination of Employment to a benefit (the "Retirement Benefit") equal to the Actual Participant's Gross Benefit reduced by his or her Offset Benefits.
- (b) Except as provided in Section 3.03, the Gross Benefit under the Plan, expressed as a single life annuity commencing on the Actual Participant's Termination Date, shall be the Applicable Percentage of the product of (i) the Actual Participant's Years of Service (not to exceed 30) and (ii) 2% of the Actual Participant's Final Average Compensation.
- (c) The Actual Participant's Offset Benefits shall consist of the following benefits to which the Actual Participant is or will become entitled, or which the Actual Participant received prior to the date of determination:

(1) All benefits paid or accrued under all qualified or nonqualified defined benefit or defined contribution retirement plans sponsored by an Affiliated Company (including, without limitation, any amounts paid to the Actual Participant under this Plan prior to the date of determination); provided, however, that non-qualified defined benefit and defined contribution benefits with respect to Non-Grandfathered Benefit accruals shall be estimated at the time that the person becomes an Actual Participant in the Plan (or, if later, January 1, 2009) to be the amount of benefit that will be payable at the Actual Participant's Normal Retirement Date and such estimate will subsequently be adjusted to reflect any increases or decreases in such benefit only if such adjustment will not cause a violation of Code Section 409A to occur. Notwithstanding the foregoing, only the portion of any such benefit attributable to Affiliated Company contributions shall be taken into account. For purposes of the preceding sentence, Affiliated Company contributions shall not include an Actual Participant's elective deferrals under any such plan, or earnings credited to any such elective deferrals to the extent such earnings are based on a reasonable interest rate or on one or more predetermined investments.

(2) The employer portion of any social security or other retirement benefits provided by any Federal, state, local, or foreign government, provided, however, that the offset of any such foreign benefit shall not violate the provisions of Section 409A of the Code. Such employer portion shall be equal, in the case of a social security benefit, to the employer portion of the Actual Participant's projected social security benefit (at the Actual Participant's social security full benefit retirement age) multiplied by a fraction the numerator of which is the Actual Participant's Years of Service, excluding any such Actual Participant's Additional Years of Service, and the denominator of which is 35. For purposes of determining an Actual Participant's projected social security benefit, it shall be assumed that the social security wage base remains constant in years following the Actual Participant's Termination of Employment and that in each of the 35 years prior to the Actual Participant's social security full benefit retirement age he or she has earned income of at least the social security wage base applicable to such year.

(d) In the event an Offset Benefit (other than a US social security benefit or social insurance or similar non-US benefit) is not payable in the form of a single life annuity commencing on the Actual Participant's Termination Date, the offset calculation in Section 4.01(c) shall be performed using such actuarial and other adjustments as the Administrator shall determine.

(e) The Grandfathered Benefit of a Grandfathered Participant who has elected pursuant to Section 4.04 to have payment of his or her Grandfathered Benefit commence after his or her Termination Date shall be calculated as follows: (i) the Grandfathered Benefit shall be calculated in accordance with the foregoing provisions of this Section 4.01 as if payment of the Grandfathered Benefit would commence as of the Grandfathered Participant's Termination Date and then (ii) such Grandfathered Benefit shall be multiplied by a fraction, the numerator of which is the Applicable Percentage that would have applied if the Grandfathered Participant's Termination of Employment had occurred on the date as of which payment of the Grandfathered Benefit is to commence, and the denominator of

which is the Applicable Percentage in effect as of the date the Grandfathered Participant's Termination of Employment actually occurred.

(f) Notwithstanding any provision of the Plan to the contrary, if an Actual Participant who is a former Employee is rehired by an Affiliated Company and at the time of rehire the Actual Participant is receiving benefit payments under the Plan, payment of such benefits shall continue to be paid in accordance with the form of payment in effect with respect to such benefit. If such Actual Participant who has been rehired has received a SERP Designation as an Actual Participant as of, or subsequent to, his or her date of rehire, upon such Actual Participant's subsequent Termination of Employment such Actual Participant's benefits with respect to the period after the date of his or her rehire shall be calculated under the Plan based on the Actual Participant's Years of Service and Compensation after the date of his or her rehire (provided that the sum of the Actual Participant's Years of Service prior to his or her rehire date plus his or her Years of Service after his or her rehire date shall not exceed thirty (30) years). If such Actual Participant has not received a SERP Designation as an Actual Participant following his or her date of rehire (and thus has accrued no additional benefits under the Plan following his or her date of rehire), such Actual Participant shall not be entitled to receive any additional benefits in respect of his or her Years of Service subsequent to his date of rehire.

(g)(1) The benefit of an Actual Participant whose SERP Designation has been revoked shall be determined as if such person had incurred a Termination of Employment on the date his or her SERP Designation was revoked, so that his or her Applicable Percentage, Final Average Compensation, Gross Benefit and Offset Benefit shall all be determined as of such date.

(2) Distribution of the benefit of a Participant whose SERP Designation has been revoked shall be made at the time that the Participant has incurred an actual Termination of Employment and shall be made in accordance with the applicable provisions of Section 4.02, 4.03, 4.04 or 4.05 and the amount to be distributed will be calculated as follows: The benefit calculated in (1) above shall be multiplied by a fraction, the numerator of which is the Applicable Percentage based on the Participant's age at the time of the Participant's Termination of Employment and the denominator of which is the Applicable Percentage in effect as of the date that the Participant's designation as an Actual Participant was revoked.

(h) Notwithstanding any provision of the Plan to the contrary, the benefits described herein shall in no event be less than the benefit described in Appendix B with respect to certain participants who as of the date hereof are participants in The Heil Co. Supplemental Executive Retirement Plan, the provisions of which are superseded and replaced by the provisions set forth herein.

#### 4.02 Automatic Cash-Outs.

(a) Notwithstanding the provisions of Sections 4.03 and 4.04, in the case of any Actual Participant who has a Termination of Employment and:

(1) if the lump-sum value of his or her Non-Grandfathered Benefit under the Plan is \$500,000 or less, the lump-sum value of such benefit shall be paid out as soon as practicable after his or her Termination of Employment, but in no event later than 90 days after his or her Termination of Employment; and

(2) if the lump-sum value of his or her Grandfathered Benefit is \$50,000 or less, subject to Section 4.02(c), the lump-sum value of such benefit shall be paid out within 30 days after his or her Termination of Employment;

(b) In the case of an Actual Participant who has a Termination of Employment and the lump-sum value of his or her Non-Grandfathered Benefit exceeds \$500,000, 75% of the lump-sum value of such benefit shall be paid out as soon as practicable after his or her Termination Date, but in no event later than 90 days after his or her Termination Date, and 20% of the remaining lump-sum value shall be paid on or about each of the next subsequent five anniversary dates of the date as of which the initial lump-sum payment was made or, if the initial payment was subject to Section 4.02(c), the anniversary of the date on which the initial payment would have been made if Section 4.02(c) were not applicable, but in no event later than 90 days after the applicable anniversary date.

(c) Notwithstanding the foregoing, the Non-Grandfathered Benefit of an Actual Participant who on the date of his or her Termination of Employment is a Specified Employee shall be (i) calculated as of the Actual Participant's Termination Date, (ii) increased with interest at the "First Segment Rate" (within the meaning of Section 430(h)(2)(C)(i) of the Code) as such rate is in effect on the date as of which the benefit is to be paid (or commence to be paid) and (iii) paid (or commence to be paid) as of the first day of the month coincident with or next following six months after his or her Termination Date, but in no event later than 90 days after such date.

**4.03 Automatic Payments in Other Circumstances.** In the case of any Grandfathered Participant to whom Section 4.02 does not apply and for whom no valid election under Section 4.04 is in effect, such Grandfathered Participant's Grandfathered Benefit shall be paid in the manner set forth in this Section 4.03.

(a) If the Grandfathered Participant participates in one or more qualified defined benefit plans sponsored by an Affiliated Company, his or her Grandfathered Benefit shall commence at the same time and be paid in the same form as his or her benefit under that qualified plan. If the Grandfathered Participant is covered under more than one such plan, the plan in which he or she has the greatest benefit will be controlling.

(b) If the Grandfathered Participant does not participate in any qualified defined benefit plan sponsored by an Affiliated Company, his or her Grandfathered Benefit shall be paid as an actuarially reduced 50% joint and survivor annuity (if the Grandfathered Participant is married) with the Grandfathered Participant's spouse as the joint annuitant



thereof, or a single life annuity (if the Grandfathered Participant is unmarried), commencing in either case at his or her Normal Retirement Date (or, if later, the first day of the month coinciding with or next following the date of his or her actual retirement).

**4.04 Election of Optional Forms of Grandfathered Benefit.**

(a) A Grandfathered Participant may file an election with the Administrator, on such form as the Administrator shall prescribe, specifying (i) with respect to any Grandfathered Benefit, the form in which such benefit is to be paid, and (ii) the time at which such benefit is to commence in the event of the Grandfathered Participant's Termination of Employment before his or her Normal Retirement Age. Such election may, subject to Section 4.04(c), be changed at any time.

(b) If a valid election is in effect pursuant to this Section 4.04(a), except as otherwise provided in Section 4.02, a Grandfathered Participant's Grandfathered Benefit shall be paid in the form specified in such election. Such Grandfathered Benefit shall commence (i) on the Grandfathered Participant's Normal Retirement Date (or, if later, the first day of the month coinciding with or next following the date of the Grandfathered Participant's actual retirement) if the Grandfathered Participant retires at or after his or her Normal Retirement Age, and (ii) in other cases, on the date specified in his or her election.

(c) An election or change in election pursuant to Section 4.04(a) shall be valid only if filed with the Administrator either (i) by December 31, 1997 or within 90 days after a Grandfathered Participant became an Actual Participant, whichever is later, or (ii) at least 12 months before he or she retires or otherwise terminates employment. Notwithstanding the preceding sentence, if a Grandfathered Participant whose most recent valid election with respect to his or her Grandfathered Benefit is for an annuity form of benefit demonstrates to the satisfaction of the Administrator that a relevant change in family circumstances has occurred since the filing of such election, such Grandfathered Participant may change his or her election to a different form of annuity commencing on the same date as that specified on such prior election, or may designate a new Beneficiary, without regard to such 12-month requirement.

(d) If, pursuant to Section 4.04(c), a change in a Grandfathered Participant's election is not valid, the valid election previously in effect shall determine the form and timing of his or her Grandfathered Benefit.

(e) The forms of benefit that a Grandfathered Participant may elect under the Plan with respect to his or her Grandfathered Benefit are (i) a single life annuity, (ii) a single life annuity with 60-month period certain, (iii) a single life annuity with 120-month period certain, or (iv) a 100% or 50%, or, effective with respect to distributions commencing on and after January 1, 2008, a 75% joint and survivor annuity. A lump-sum payment generally is not available as an elective form of benefit. A Grandfathered Participant may indicate on an election that he or she wishes to receive his or her Grandfathered Benefit in a lump-sum, or in a combination of lump-sum and installment payments, but in that event must also indicate the form in which he or she wishes the

benefit to be paid if the lump-sum payment or combination lump-sum and installment payments request is denied. Requests for lump-sum payments or combination lump-sum and installment payments will be considered by the Administrator on a case-by-case basis, and the granting of any such request shall be within the Administrator's sole discretion.

(f) A Grandfathered Participant who elects a joint and survivor form of benefit with respect to his or her Grandfathered Benefit shall designate his or her Beneficiary, who must be a natural person, in conjunction with such election. In the event of such Beneficiary's death before payment of the Grandfathered Benefit commences, the Grandfathered Benefit shall be paid in the form of a single life annuity unless he or she has filed a valid change in election pursuant to Section 4.04(c).

4.05 Calculation of Optional Forms of Benefit. If all or a portion of a Retirement Benefit is payable under Sections 4.02, 4.03 or 4.04 in a form of benefit other than a single life annuity, such benefit shall be converted to the applicable optional payment form using the annuity conversion or other applicable factors provided in Program I of the Dover Corporation Pension Plan as in effect on such Actual Participant's Termination Date. Notwithstanding the foregoing sentence, (a) the interest rate that is used to calculate the lump sum value of a Non-Grandfathered Benefit of an Actual Participant who at the time of his or her Termination of Employment had not attained age 55 and completed 10 Years of Service shall not be less than the discount rate used for purposes of financial reporting for the Dover Corporation Pension Plan, as such rate is in effect on such Actual Participant's Termination Date; and (b) the lump sum payable with respect to a Grandfathered Benefit shall not be greater than the present value of the benefit the Grandfathered Participant is entitled to receive in accordance with the terms of the Plan (including applicable limits under the Code) as in effect on October 3, 2004, based on the actual form and time of payment, without taking into consideration any services rendered by the Actual Participant after December 31, 2004, or any other events that occur after such date and affect the amount of, or the entitlement to, the benefit (other than the Participant's election with respect to the time or form of an available benefit), except to the extent that a change of any such terms may be taken into consideration without causing a violation of Section 409A of the Code to occur.

4.06 Disability. An Employee with a SERP Designation who incurs a Disability as an Employee shall continue to accrue Years of Service during his or her period of Disability. If such Employee is or becomes an Actual Participant, upon such Actual Participant's subsequent Termination of Employment or death, he or she (or his or her Beneficiary) shall be entitled to receive a distribution of his or her Retirement Benefit or Death Benefit pursuant to the other provisions of the Plan. For purposes of calculating such Retirement Benefit or Death Benefit, the Actual Participant's Final Average Compensation shall be determined as of the commencement of his or her Disability.

#### **Article 5. Death Benefit**

5.01 In the event of an Actual Participant's death prior to the commencement of payment of any portion of his or her Retirement Benefit, the Actual Participant's Beneficiary shall be paid within 30 days after the Administrator receives notification of the Actual Participant's death, a lump-sum Death Benefit equal to the Retirement Benefit the Actual Participant would have received had he or she had a Termination of Employment immediately before his or her death (or on the Actual Participant's actual date of Termination of Employment, if earlier) and elected to receive his or her benefit in a lump-sum. In calculating such Retirement Benefit, the amount of any Offset Benefits shall be determined without regard to the fact of the Actual Participant's death.

In the event of a Grandfathered Participant's death after his or her benefit has commenced in the form of an annuity described in Section 4.03(a) of (b) or Section 4.04(e), benefits, if any, shall be paid in accordance with the form of annuity in which the benefits are being paid.

In the event of a Grandfathered Participant's or Non-Grandfathered Participant's death during such time as installment payments are being made to such Grandfathered Participant or Non-Grandfathered Participant, any remaining such payments shall be made to the Grandfathered Participant's or Non-Grandfathered Participant's Beneficiary at the same time or times as such payments would have been made had the Grandfathered Participant or Non-Grandfathered Participant survived to the applicable payment date or dates.

#### **Article 6. Administration**

6.01. This Plan shall be administered by the Administrator. The Administrator shall have discretionary authority to interpret the Plan and to adopt rules and regulations consistent with the Plan. The Administrator's good-faith determination with respect to any issue relating to the interpretation of the Plan shall be conclusive and final.

#### **Article 7. General Provisions**

7.01 No Contract of Employment. The establishment of the Plan shall not be construed as conferring any legal rights upon any Actual Participant or Potential Participant for a continuation of employment, nor shall it interfere with the rights of any Affiliated Company to discharge an Actual Participant or Potential Participant and to treat him or her without regard to the effect which such treatment might have upon him or her as an Actual Participant or Potential Participant in the Plan.

7.02 Withholding. As a condition to an Actual Participant's entitlement to benefits hereunder, the Company shall have the right to deduct (or cause to be deducted) from any amounts otherwise payable to the Actual Participant, whether pursuant to the Plan or otherwise, or otherwise to collect from the Actual Participant, any required withholding taxes with respect to benefits under the Plan.

7.03 Anti-Alienation Provisions. Subject to any applicable law, no benefit under the Plan shall be subject in any manner to, nor shall the Company be obligated to recognize, any purported anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such benefit shall in any manner be liable for or subject to garnishment, attachment, execution, or a levy, or liable for or subject to the debts, contracts, liabilities, engagements, or torts of the Actual Participant.

7.04 Unfunded Benefits. The Plan is an unfunded plan maintained by the Company for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The Plan shall not be construed as conferring on an Actual Participant any right, title, interest, or claim in or to any specific asset, reserve, account, or property of any kind possessed by the Company. To the extent that an Actual Participant or any other person acquires a right to receive payments from the Company, such rights shall be no greater than the rights of an unsecured general creditor.

7.05 Claim for Benefits. Any claim for benefits under the Plan shall be made in writing to the Administrator. If a claim is wholly or partially denied, the Administrator shall so notify the claimant (or his or her authorized representative), either in writing or electronically, within 90 days after receipt of the claim, unless the Administrator determines that special circumstances warrant an extension of time for processing the claim. If the Administrator determines that an extension of time for processing is required, the Administrator shall furnish written notice of the extension to the claimant (or his or her authorized representative) prior to termination of the initial 90-day period, but in no event shall the extension exceed a period of 90 days from the end of such initial period. The notice of extension shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the final decision.

The notice of denial shall state (i) the specific reason(s) for the adverse determination, (ii) specific references to the pertinent Plan provisions upon which the determination is based, (iii) a description of any additional material or information necessary to perfect the claim together with an explanation of why such material or information is necessary, and (iv) an explanation of the Plan's claims review procedure, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.

Within 60 days after the claimant's receipt of notice of the adverse determination, the claimant (or his or her authorized representative) may (i) file a request with the Administrator that it conduct a full and fair review of the denial of the claim, (ii) review pertinent documents, and (iii) submit questions and comments to the Administrator in writing. The claimant (or his or her authorized representative) shall be provided, upon request and without charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits.

The decision by the Administrator with respect to the review must be given within 60 days after receipt of the request, unless special circumstances require an extension, in

which case the 60-day period shall be extended to 120 days upon notice to the claimant to that effect. In no event shall the decision be delayed beyond 120 days after receipt of the request for review. The decision shall be written in a manner calculated to be understood by the claimant and in the case of an adverse benefit determination shall include (i) specific reasons for the adverse determination, (ii) a specific reference to the Plan provisions upon which the decision is based, (iii) a statement that the claimant may receive, upon request and without charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to bring an action under section 502(a) of ERISA.

A claimant is required to exhaust the Plan's claims and appeal procedure before bringing an action in federal or state court.

7.06 Incapacity. If the Administrator determines that any person to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident, any payment due may be paid to the individual's spouse, child, parent, sibling, or to any person deemed by the Administrator to have incurred expense for such person otherwise entitled to payment unless a prior claim therefor shall have been made by a duly appointed guardian, committee, or other legal representative.

7.07 Successor Entities. This Plan shall be binding upon the successors and assigns of the Company. The Company shall require any successor (whether direct or indirect, and whether by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, by written agreement to expressly assume and agree to perform the Company's obligations under the Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. The provisions of this Section 7.07 shall continue to apply to each subsequent employer of the Actual Participant hereunder in the event of any subsequent merger, consolidation, or transfer of assets of such subsequent employer.

7.08 Prior Plan. Effective as of the date of adoption of this Plan as of January 1, 1997, the Prior Plan has been terminated, and no one is entitled to further benefits thereunder. In no event shall the vested benefit under this Plan of any participant under the Prior Plan be less than his or her vested benefit under the Prior Plan immediately prior to such termination.

7.09 Governing Law. The laws of the State of New York shall govern the construction of this Plan and the rights and the liabilities hereunder of the parties hereto.

7.10 Plan Year. The plan year shall be the calendar year.

7.11 Headings. All headings are inserted solely for reference and shall not constitute a part of this Plan, nor affect its meaning, construction, or effect.

7.12 Limitation on Distributions to Covered Employees. Notwithstanding any other provision of this Article 7, in the event that an Actual Participant is a “covered employee” as defined in Section 162(m)(3) of the Code and any applicable regulations or other pronouncements issued by the Internal Revenue Service with respect thereto, or would be a covered employee if any benefits under the Plan were distributed in accordance with the provisions of the Plan described above, the Committee may determine that the maximum amount which may be distributed with respect to an Actual Participant’s benefits from the Plan in any Plan Year, shall not exceed one million dollars (\$1,000,000) less the amount of compensation paid to such Actual Participant in such Plan Year which is not “performance-based” (as defined in Section 162(m)(4)(C) of the Code), which amount shall be reasonably determined by the Company at the time of the proposed distribution; provided, however, that the Company also delays the payment of all other amounts that are not deductible in accordance with Section 162(m) of the Code which are scheduled to be paid to such Actual Participant for that year and to any other similarly situated “covered employees” for that year. Any amount which is not distributed to the Participant in a Plan Year as a result of the limitation set forth in this Section 7.12 shall be distributed to the Participant in the first Plan Year in which distribution of such amount is in compliance with the foregoing limitation set forth in this Section 7.12 and with the provisions of Section 4.02(c).

7.13 Delayed Payments. Although it is intended that payments scheduled to be made under the Plan shall be made as provided herein, in no event shall any such payment be made later than the end of the calendar year in which the scheduled payment was to have been made, or, if later, prior to the 15<sup>th</sup> day of the third month following the date as of which the scheduled payment was to have been made; provided, however, that the Actual Participant or Beneficiary shall not have any direct or indirect discretion to designate the taxable year in which such payment pursuant to this Section 7.13 is to be made. For purposes hereof, the scheduled payment date of a payment that is scheduled to be made during a 90-day period shall be the first day of the 90-day period.

7.14 Discretion to Delay or Accelerate Payments in Certain Circumstances. Notwithstanding any provision hereof to the contrary, the Committee shall have the discretion to modify the time or schedule of payments to be made hereunder, but only in the circumstances described in Section 1.409A-3(j)(4) of the Treasury Regulations, or, subject to applicable provisions of Code Section 409A, as may be necessary to comply with applicable law.

## **Article 8. Change of Control**

### **8.01 Definition of Change of Control**

For purposes hereof, a “Change of Control” shall mean the occurrence of either (a), (b), or (c), below, or any combination of said occurrences, as described within the meaning of Treasury Regulation Section 1.409A-3(i)(5):

(a) Change in the Ownership of the Company. A change in the ownership of the Company occurs on the date that any one person, or more than one person “acting as a group,” acquires ownership of the stock of the Company, that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company. However, if any person or more than one person acting as a group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. An increase in the percentage of stock owned by any one person or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 8.01(a). This Section 8.01(a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and the stock of the Company remains outstanding after the transaction.

(b) Effective Change of Control. If the Company has not undergone a change in ownership under (a), above, a change in the effective control of the Company will occur on the date that either:

(i) Any one person, or more than one person “acting as a group,” acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; or

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s Board of Directors prior to the date of the appointment or election.

(c) Change in Ownership of a Substantial Portion of the Company’s Assets. A change in the ownership of a substantial portion of the Company’s assets occurs on the date that any person, or more than one person “acting as a group,” acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. There will be no Change of Control under this Section 8.01(c) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a change in ownership of such assets if the assets are transferred to:

(1) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(2) An entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(3) A person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or

(4) An entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in Section 8.01(c)(3), above.

(d) Persons Acting as a Group. For purposes of this Section 8.01, persons will not be considered to be acting as a group solely because they purchase or own stock or purchase assets of the Company at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock or assets, or similar business transaction with the Company. If a person, including an entity shareholder, owns stock in both the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of stock or assets, or similar transaction, with the Company, such shareholder is considered to be acting as a group with other shareholders in the Company only with respect to the ownership in the Company before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Notwithstanding the above, the definition of Change of Control for purposes hereof shall comply with the definition of such term in regulations issued by, or other pronouncements of, the Internal Revenue Service with respect to Section 409A of the Code.

#### 8.02 Payments Upon Change of Control.

(a) In the event of a Change of Control, the value of each Actual Participant's Retirement Benefit accrued through the date of the Change of Control (and based on the Actual Participant's Years of Service through the date of the Change of Control) shall be paid to the Actual Participant (or if the Actual Participant has died to the Beneficiary of the Actual Participant) in a single lump-sum payment within sixty (60) days after the Change of Control or, if later, as soon as reasonably practicable following the Change of Control; provided, however, that the payment of the lump sum value of a Non-Grandfathered Benefit of a Specified Employee shall be paid on the first day of the month coincident with or following six months after the date of the Change of Control, if such payment delay is required in order to avoid a violation of Section 409A of the Code. For purposes hereof, the amount of the lump-sum payment shall be determined using (i) the actuarial assumptions set forth in the Administration Manual for the Plan as in effect immediately prior to the Change of Control, or (ii) such actuarial assumptions as shall be specified by the Continuing Directors (as defined in Article Fourteenth of the Company's Certificate of Incorporation) of the Company, provided that in no event shall the amount of the lump-sum payment be less than the amount as determined pursuant to (i) above.



(b) All determinations as to eligibility for and amount of benefits payable pursuant to (a) above shall be made by the Continuing Directors (as defined in Article Fourteenth of the Company's Certificate of Incorporation) of the Company, and the decision of such persons shall be final and binding on the Company and all claimants.

**Article 9. Amendment or Termination**

9.01 The Company's Board of Directors or the Administrator may amend or terminate this Plan at any time; provided, however, that no amendment or termination of the Plan shall adversely affect the right of any Actual Participant to receive his or her accrued benefit under the Plan, as determined as of the date of such amendment or termination.

**APPENDIX A**  
**Applicable Percentage**

***Actual Participant's Age at  
his/her Termination Date:***

Age 55 through actual Termination Date

Age 55 through age 45

Prior to Age 45

Prior to Age 35

***If the Actual Participant retires with less than 10***

***Years of Service or the Actual Participant's***

***Termination Date occurred before January 1, 2003:***

100%, reduced by 5/12 of 1% for each month that retirement age precedes age 65

50%, reduced by 1/4 of 1% for each month that retirement precedes age 55

20%, reduced by 1/12 of 1% for each month that retirement precedes age 45

10%

***If the Actual Participant retires with 10 or More***

***Years of Service and the Actual Participant's***

***Termination Date occurred after December 31, 2002:***

100%, reduced by 5/12 of 1% for each month that retirement age precedes age 62

65%, reduced by 1/4 of 1% for each month that retirement precedes age 55

35%, reduced by 1/12 of 1% for each month that retirement precedes age 45

25%



Appendices A1 and A2 set forth below provide examples of Applicable Percentages at Integral Ages.

APPENDIX A1		APPENDIX A2	
Less than 10 Years of Service		More than 10 Years of Service	
Age at termination	Applicable Percentage	Age at termination	Applicable Percentage
65	100%	65	100%
64	95%	64	100%
63	90%	63	100%
62	85%	62	100%
61	80%	61	95%
60	75%	60	90%
59	70%	59	85%
58	65%	58	80%
57	60%	57	75%
56	55%	56	70%
55	50%	55	65%
54	47%	54	62%
53	44%	53	59%
52	41%	52	56%
51	38%	51	53%
50	35%	50	50%
49	32%	49	47%
48	29%	48	44%
47	26%	47	41%
46	23%	46	38%
45	20%	45	35%
44	19%	44	34%
43	18%	43	33%
42	17%	42	32%
41	16%	41	31%
40	15%	40	30%
39	14%	39	29%
38	13%	38	28%
37	12%	37	27%
36	11%	36	26%
35	10%	35	25%

**APPENDIX B**

The following is the minimum benefit described in Section 4.01(h) with respect to James Sanko and John Snodgrass, both of whom were participants in The Heil Co. Supplemental Executive Retirement Plan (the "Heil SERP"), the minimum benefit amount of which shall be determined as the excess of (A) over (B), if any:

(A) The benefit that would have been payable to such individual or, if such individual has died, his Beneficiary, under the provisions of Salaried Program VI of the Dover Corporation Pension Plan, computed without regard to the limitation on benefits imposed by Section 415 of the Code and the limitation on considered compensation imposed by Section 401(a)(17) of the Code.

(B) The sum of (i) and (ii) where (i) is the benefit payable to such individual or, if such individual has died, his Beneficiary, under the provisions of Salaried Program VI of the Dover Corporation Pension Plan, and (ii) is the actuarial equivalent benefit of the Dover Corporation Retirement Savings Plan account balance of the individual attributable to employer contributions.

Any such benefit shall be payable as a lump sum subject to the provisions of Section 4.02.

**Dover Subsidiaries — Domestic and Foreign**

	Company Name	Where Incorporated
<i>Domestic</i>		
Attachment Technologies, Inc.		Delaware
Avborne Accessory Group, Inc.		Delaware
Badger Attachments, Inc.		Delaware
Bayne Machine Works, Inc.		South Carolina
Belvac Production Machinery, Inc.		Virginia
Canada Organization & Development LLC		Delaware
CCI Field Services, Inc.		Delaware
Chief Automotive Technologies, Inc.		Delaware
Clove Park Insurance Company		New York
Colder Products Company		Minnesota
CP Formation LLC		Delaware
CPE Acquisition Co.		Delaware
CPI Products, Inc.		Delaware
Crenlo LLC		Delaware
Datamax International Corporation		Delaware
Datamax Corporation		Delaware
DD1, Inc.		Delaware
DDI Properties, Inc.		California
DEK U.S.A., Inc.		Delaware
DEK USA Logistics, Inc.		Delaware
Delaware Capital Formation, Inc.		Delaware
Delaware Capital Holdings, Inc.		Delaware
De-Sta-Co Cylinders, Inc.		Delaware
De-Sta-Co Manufacturing Tubular Products		Delaware
DFH Corporation		Delaware
Dielectric Laboratories, Inc.		Delaware
Dover Acquisition Corporation		Delaware
Dover BMCS Acquisition Corp.		Delaware
Dover Corporation		Delaware
Dover DEI Services, Inc.		Delaware
Dover Diversified De, Inc.		Delaware
Dover Electronic Technologies, Inc.		Delaware
Dover Engineered Systems, Inc.		Delaware
Dover Europe, Inc.		Delaware
Dover Fluid Management, Inc.		Delaware
Dover Global Holdings, Inc.		Delaware
Dover Industrial Products, Inc.		Delaware
Dover Services LLC		Delaware
Dow-Key Microwave Corporation		Delaware
EOA Systems, Inc.		Delaware

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Company Name	Where Incorporated
Everett Charles Technologies, Inc.	Delaware
FB iMonitoring Inc.	Delaware
Flexbar, Inc.	Delaware
Forward Manufacturing Company, Inc.	Texas
Genesis Attachments, LLC	Delaware
Gerald L. Greer Co., Inc.	Delaware
Griswold Pump Company	Florida
Harley Attachments, LLC	Delaware
Hill PHOENIX, Inc.	Delaware
Hydro Systems Company	Delaware
Hydromotion, Inc.	Delaware
Industrial Motion Control, LLC	Delaware
J E Pistons Inc.	California
Jewell Attachments, LLC	Delaware
JRB Attachments, LLC	Delaware
K&L Microwave, Inc.	Delaware
K. S. Boca Inc.	Florida
Kalyn/Siebert I, Inc.	Texas
Kalyn/Siebert L.P.	Texas
Knappco Corporation	Delaware
Knowles Electronics Holdings, Inc.	Delaware
Knowles Electronics Sales Corp.	Delaware
Knowles Electronics, LLC	Delaware
Knowles Intermediate Holding, Inc.	Delaware
KS Formation, Inc.	Delaware
LaserInk Corporation	California
Marathon Equipment Company (Delaware)	Delaware
MARKEM Corporation	New Hampshire
MARKEM Holdings, Inc.	Vermont
MARKEM Tag, Inc.	Delaware
Midland Manufacturing Corporation	Delaware
Multitest Electronic Systems, Inc.	Delaware
Neptune Chemical Pump Company	Delaware
Northern Lights (Nevada), Inc.	Nevada
Northern Lights Funding LP	Delaware
Northern Lights Investments LLC	Delaware
Northern Lights Partners LLC	Delaware
Nova Controls	Delaware
Novacap, Inc.	Delaware
OK Holdings, Inc.	Delaware
OK International, Inc.	California
O'Neil Product Development, Inc.	California
OPW Engineered Systems, Inc.	Delaware
OPW Epsilon, Inc.	Delaware
OPW Fuel Management Systems, Inc.	Delaware
OPW Fueling Components, Inc.	Delaware
OPW Fueling Containment Systems, Inc.	Delaware

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	Company Name		Where Incorporated
	Paladin Brands Holding Inc.	Delaware	
	PDQ Manufacturing, Inc.	Delaware	
	Pengo Corporation	Delaware	
	Performance Motorsports, Inc.	California	
	Pioneer Labels, Inc.	Illinois	
	Pole/Zero Acquisition, Inc.	Delaware	
	Pro Rod USA Inc.	Delaware	
	Provacon, Inc.	Delaware	
	Pump Management Services Co., LLC	Delaware	
	Quartzdyne Inc.	Delaware	
	Revod Corporation	Delaware	
	Richards Industries, Inc.	Delaware	
	RL Consolidated, Inc.	Delaware	
	Robohand, Inc.	Delaware	
	SE Liquidation, LLC	Delaware	
	SEC Acquisition Co.	Delaware	
	Sonic Industries, Inc.	California	
	Sure Seal, Inc.	Delaware	
	Sweepster Attachments, LLC	Delaware	
	SWEP North America Inc.	Delaware	
	Texas Hydraulics, Inc.	Delaware	
	The Heil Co.	Delaware	
	Theta Oilfield Services, Inc.	Delaware	
	Tipper Tie, Inc.	Delaware	
	TMEC Acquisition Corp.	Delaware	
	Triton Systems of Delaware, Inc.	Delaware	
	Tulsa Winch, Inc.	Delaware	
	UAC Corporation	Delaware	
	Unified Brands, Inc.	Delaware	
	US Synthetic Corporation	Delaware	
	US Synthetic Southwest Marketing, Inc.	Utah	
	US Synthetic Texas Ltd	Texas	
	Vectron International LLC	Delaware	
	Vectron International, Inc.	Delaware	
	Voltronics Corporation	New Jersey	
	VWS LLC	Delaware	
	Warn Industries, Inc.	Delaware	
	Waukesha Bearings Corporation	Wisconsin	
	Wilden Pump and Engineering LLC	Delaware	
	Windrock Incorporated	Tennessee	
	Wiseco Piston, Inc.	Delaware	
	<b>Foreign</b>		
	A.U. RIB Limited	United Kingdom	
	ALMATEC Maschinenbau GmbH	Germany	
	ATG Luther & Maelzer GmbH	Germany	

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Company Name		Where Incorporated
atg test systems asia Ltd.		Taiwan
Blackmer — Mouvex SA — Blackmer European Operation		France
BlitzRotary GmbH		Germany
Calypso Europe Limited		United Kingdom
Cash Services Ltd.		United Kingdom
Chief Automotive Technologies (Shanghai) Trading Company, Ltd.		China
Colder Products Company GmbH		Germany
Colder Products Company LTD		Hong Kong
Columbus Insurance Ltd.		Cayman Islands
Compressor Valve Engineering Limited		United Kingdom
Contact Products Japan, Ltd. (JV)		Japan
C-Tech Oilwell Technologies Inc.		Alberta
Datamax Holdings Limited		United Kingdom
Datamax London Limited		United Kingdom
DEK Asia Pacific Private Limited		Singapore
DEK Consulting (Shanghai) Co., Ltd.		China
DEK Hungary Manufacturing & Technology LLC		Hungary
DEK International GmbH		Switzerland
DEK Northern Europe Limited		United Kingdom
DEK Printing Machines (M) Sdn. Bhd.		Malaysia
DEK Printing Machines (Shenzhen) Co., Ltd.		China
DEK Printing Machines GmbH		Germany
DEK Printing Machines Limited		United Kingdom
DEK Stencils S.A.S.		France
DEK Technologies (Suzhou) Co. Ltd.		China
DEK Technologies S.A.S.		France
DEK Vectorguard Ltd.		United Kingdom
De-Sta-Co (Asia) Company, Limited		Thailand
DE-STA-CO Benelux B.V.		Netherlands
De-Sta-Co Europe GmbH		Germany
DE-STA-CO France		France
DE-STA-CO Shanghai Co. Ltd.		China
De-Sta-Co-Ema Industria e Comercio Ltda.		Brazil
Dielectric Laboratories Asia Trading (Shanghai) Co., Ltd.		China
Dover (Schweiz) Holding GmbH		Switzerland
Dover Asia Trading Private Ltd.		Singapore
Dover Canada Finance LP		Canada
Dover Corporation (Canada) Acquisition 1 Limited		Alberta
Dover Corporation (Canada) Limited		Canada
Dover CR, spol s r.o.		Czech Republic
Dover do Brasil Ltda.		Brazil
Dover Exports, Ltd.		Barbados
Dover France Holdings, S.A.S.		France
Dover France Participations SAS		France
Dover France Technologies S.A.S.		France
Dover German Holdings GmbH		Germany
Dover German Intra-Group Service GmbH		Germany

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	Company Name	Where Incorporated
	Dover German Partnership Holdings GmbH	Germany
	Dover Global Trading Pte. Ltd.	Singapore
	Dover Holdings de Mexico S.A. de C.V.	Mexico
	Dover Hungary Board Test Manufacturing KFT	Hungary
	Dover India Pvt., Ltd.	India
	Dover International B.V.	Netherlands
	Dover Italy S.r.L.	Italy
	Dover Luxembourg Finance Sarl	Luxembourg
	Dover Luxembourg Holdings Sarl	Luxembourg
	Dover Luxembourg S.N.C.	Luxembourg
	Dover Netherlands Finance B.V.	Netherlands
	Dover Netherlands Services B.V.	Netherlands
	Dover Resources International de Mexico S. de R.L. C.V.	Mexico
	Dover Singapore Private Limited	Singapore
	Dover UK Holdings Limited	United Kingdom
	Dover UK Sales Ltd	United Kingdom
	ETA Etiketleme Teknik Araclar Sanayi ve Ticaret	Turkey
	Etz Elektrisches Testzentrum GmbH	Germany
	Everett Charles Technologies (Shenzhen) Limited	China
	Everett Charles Technologies (SuZhou) Co., Ltd.	China
	Everett Charles Technologies, Ltd.	United Kingdom
	Everett/Charles Japan, Ltd. (JV)	Japan
	Ferguson CO. S.A.	Belgium
	Grapas Nacionales De Mexico C.V. De S.A.	Mexico
	Harbor Electronics SBN	Malaysia
	Heil Asia Limited	Thailand
	Heil Trailer Internacional S.A.	Argentina
	Heil Trailer International Holdings Ltd.	United Kingdom
	Heil Trailer International SAS	France
	Heil Trailer International, Ltd.	United Kingdom
	Heil-Europe Limited	United Kingdom
	Hill Phoenix de Mexico, S.A. de C.V.	Mexico
	Hiltap Fittings, Ltd.	Canada
	Hydronova Australia-NZ Pty Ltd	Australia
	Hydro Nova Europe, Ltd.	United Kingdom
	Icon Technology Company Ltd.	Hong Kong
	Imaje (China) Co., Limited	China
	Imaje A/S	Denmark
	Imaje AB	Sweden
	Imaje Argentina S.A.	Argentina
	Imaje AS	Norway
	Imaje ASPAC Pte. Ltd.	Singapore
	Imaje Coding Technologies Ltd (New Zealand)	New Zealand
	Imaje GmbH	Germany
	Imaje Hong Kong Ltd	Hong Kong
	Imaje India Private Limited	India
	Imaje Ink Jet Nv/Sa (Belgium)	Belgium

	Company Name	Where Incorporated
	Imaje Inkjet Ireland Ltd.	Ireland
	Imaje Kk (Japan)	Japan
	Imaje LLC	Russian Federation
	Imaje Oy	Finland
	Imaje Software Development Centre Pvt. Ltd.	India
	Imaje Technologies Codificacao (Portugal)	Portugal
	Imaje UK Ltd.	United Kingdom
	InfoCash Holdings Limited	United Kingdom
	K&L Microwave DR, Inc.	Virgin Islands
	Knowles Electronics (Malaysia) Sdn. Bhd.	Malaysia
	Knowles Electronics (Suzhou) Co., Ltd.	China
	Knowles Electronics (Weifang), Inc.	China
	Knowles Electronics France	France
	Knowles Electronics Germany GmbH	Germany
	Knowles Electronics Japan, K.K.	Japan
	Knowles Electronics Singapore Pte. Ltd	Singapore
	Knowles Electronics Taiwan, Ltd.	Taiwan
	Knowles Europe	United Kingdom
	Knowles IPC (Malaysia) Sdn. Bhd.	Malaysia
	LANTEC Winch & Gear Inc.	British Columbia
	Luther & Maelzer Test (Dongguan) Co. Ltd.	China
	M.A. RIB Ltd.	United Kingdom
	MARKEM (Shanghai) Commercial Co. Ltd.	China
	MARKEM Administrative Services, S.L.U.	Spain
	MARKEM Coder Manufacturing (Jiashan) Co. Ltd.	China
	MARKEM Continental Europe B.V.	Netherlands
	MARKEM Holdings, Unltd.	United Kingdom
	MARKEM K.K.	Japan
	MARKEM Products Limited	Canada
	MARKEM Pte. Ltd.	Singapore
	MARKEM S.A.	France
	MARKEM S.A. de C.V.	Mexico
	MARKEM S.r.L.	Italy
	MARKEM Sistemas, S.A.U.	Spain
	MARKEM Solutions Center N.V.	Belgium
	MARKEM Systems Limited	United Kingdom
	MARKEM Technologies Limited	United Kingdom
	MARKEM UK Holdings 1 Unlimited	United Kingdom
	MARKEM UK Holdings 2 Limited	United Kingdom
	Markem-Imaje AG	Switzerland
	Markem-Imaje B.V.	Netherlands
	Markem-Imaje Co., Ltd.	South Korea
	Markem-Imaje GmbH	Germany
	Markem-Imaje Identificacao de Produtos Ltda.	Brazil
	Markem-Imaje Inc.	Canada
	Markem-Imaje Ltd.	Taiwan
	Markem-Imaje Ltd.	Thailand

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Company Name	Where Incorporated
Markem-Imaje Pty Ltd	Australia
Markem-Imaje S.A. de C.V.	Mexico
Markem-Imaje S.r.l.	Italy
Markem-Imaje SAS	France
Markem-Imaje Sdn Bhd	Malaysia
Markem-Imaje Spain S.A.	Spain
Markpoint Holding AB	Sweden
Markpoint Real Estate B.V.	Netherlands
Markpoint System AB	Sweden
Multitest Electronic Systems (Penang) Sdn.Bhd.	Malaysia
Multitest Elektronische GmbH	Germany
Nimaser BV	Netherlands
OK Electronics (Beijing) Co., Ltd.	China
OK International (Japan) Co.	Japan
OK International (UK) Ltd.	United Kingdom
OK International France SA	France
OK International GmbH	Germany
OPW Fluid Transfer Group (Shanghai) Trading Company Limited	China
OPW Fluid Transfer Group Europe B.V.	Netherlands
OPW Fueling Components (SuZhou) Co., Ltd.	China
OPW Fueling Components Europe B.V.	Netherlands
P.S. Precision B.V.	Netherlands
Paladin Mexico S. de R.L. de C.V.	Mexico
Petro Vend, Inc. [Poland]	Poland
PMI Europe B.V	Netherlands
PullMaster Winch Corporation	British Columbia
Revod Sweden AB	Sweden
RG Industries Ltd.	Alberta
Rotary Lift Consolidated (Haimen) Co., Ltd	China
RPA Maghreb Service	Morocco
Sargent Aerospace Canada, Inc.	Canada
Simek GmbH	Germany
St. Neots Sheet Metal Co. Limited	United Kingdom
SWEP A.G.	Switzerland
Sweep Energy Oy	Finland
Sweep Iberica S.A.s.v.	Spain
Sweep International A.B.	Sweden
Sweep Japan K.K.	Japan
SWEP Malaysia Sdn. Bhd.	Malaysia
SWEP Slovakia s.r.o.	Slovakia (slovak Republic)
SWEP Technology (Suzhou) Co., Ltd.	China
SWEP Trading (Suzhou) Co., Ltd.	China
Syfer Technology Limited	United Kingdom
Test Solutions (Suzhou) Co., Ltd.	China
Tipper Tie Alpina AG	Switzerland
Tipper Tie Technopack B. V.	Netherlands
Tipper Tie Technopack GmbH	Germany

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	Company Name	Where Incorporated
Triton Europe PLC		United Kingdom
Vectron Frequency Devices (Shanghai) Co., Ltd		China
Vectron International GmbH & Co KG		Germany
Vectron International Verwaltungs GmbH		Germany
Waukesha Bearings Limited		United Kingdom
Wei Li Pump Shanghai Co., LTD.		China

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-149629) and Form S-8 (File Nos. 333-01419, 333-45661, 333-64160 and 333-125072) of Dover Corporation of our report dated February 20, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP  
New York, New York  
February 20, 2009

**Certification**

I, Robert G. Kuhbach, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2009

/s/Robert G. Kuhbach  
Robert G. Kuhbach  
Vice President, Finance & Chief Financial  
Officer (Principal Financial Officer)

## Certification

I, Robert A. Livingston, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2009

/s/ Robert A. Livingston  
Robert A. Livingston  
Chief Executive Officer and President

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**with Respect to the Annual Report on Form 10-K**  
**for the Period ended December 31, 2008**  
**of Dover Corporation**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Dover Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2008, (the "**Form 10-K**") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 20, 2009

/s/ Robert A. Livingston  
\_\_\_\_\_  
Robert A. Livingston  
Chief Executive Officer and President

Dated: February 20, 2009

/s/ Robert G. Kuhbach  
\_\_\_\_\_  
Robert G. Kuhbach  
Vice President, Finance & Chief  
Financial Officer (Principal  
Financial Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-K or as a separate disclosure document of the Company or the certifying officers.