Our Goal Is

DOVER

Annual Report 2000

Dover's Business Philosophy

Our goal is to be the leader in every market we serve, to the benefit of our customers and our shareholders. To achieve and maintain market leadership, we manage according to this consistent philosophy:

- Perceive customers' real needs and provide products and services to meet or exceed them,
- Provide better products and services than competitors,
- Invest to maintain competitive advantage, and
- Expect a fair price for the extra value we add.

Success demands a constant focus on product quality and innovation, and exceptional customer service. It requires a long-term orientation.

Dover enhances its market leadership and shareholder value by acquiring like-minded businesses that strengthen our existing market positions and offer new markets.

Intrinsic to Dover's success is a decentralized management style that gives the maximum possible autonomy to the talented people who manage our companies.

Dover will continue to adapt to market conditions, but its philosophy, which has served shareholders well for 45 years, will not change.

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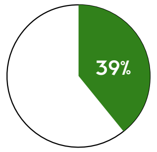
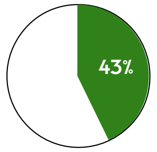


Sales



Operational Income

1 **DEK Printing Machines**
Ian P. McEvoy, Managing Director
Products: Screen printers for surface mount printed circuit boards and semiconductors.
www.dek.com

1 **Dow-Key Microwave**
David W. Wightman, President
Products: Microwave/R.F. switches.
www.dowkey.com

1 **DT Magnetics**
Wm. F. Barry Hegarty, President
Products: Custom transformer and inductor magnetics.
www.dtmagnetics.com

1 **Everett Charles Technologies**
David R. Van Loan, President
Products: Spring probes, test equipment, test fixtures for printed circuit boards and semi-conductors.
www.ectinfo.com

2 **Imaje**
Omar Kerbage, President
Products: continuous inkjet printers, consumables.
www.imaje.com

1 **K&L Microwave**
Louis Abbagnaro, President
Products: Microwave/R.F. filters.
www.klmicrowave.com

2 **Novacap**
Dr. Andre P. Galliath, President
Products: Application specific multilayer capacitors.
www.novacap.com

1 **OK International**
Michael J. Gouldsmith, President
Products: Bench top tools for printed circuit board assembly and repair.
www.okinternational.com

1 **Quadrant Technologies**
Terence W. Ede, President

Arcom Wireless Inc.
Products: Microwave transceivers.

Communication Techniques, Inc.
Products: Microwave frequency sources.

Dielectric Laboratories, Inc.
Products: High frequency capacitors.

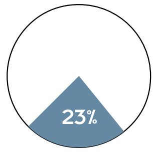
Vectron International, Inc.
Products: Precision crystal devices.
www.vectron.com

3 **Universal Instruments Corporation***
Gerhard D. Meese, President
Products: Automated assembly equipment for printed circuit boards.

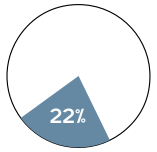
Alphasem
Products: Semiconductor assembly equipment.
www.uic.com

2 **Vitronics Soltec***
Jeroen Schmits, President
Products: Automated soldering equipment for printed circuit boards.
www.vitronics-soltec.com

Industries



Sales



Operational Income

1 **Chief Automotive Systems**
Daniel E. Faltin, President
Products: Auto collision measuring and repair systems.
www.chiefautomotive.com

2 **DovaTech**
A. Patrick Cunningham, President
Products: Welding torches, laser power sources, chillers and consumables.
www.dovatech.com

1 **Groen**
Ronald A. Rosati, President
Products: Commercial food service cooking equipment.
www.groen.com

1 **Heil Environmental**
Glenn M. Chambers, President
Products: Refuse collection vehicles and dump bodies.
www.heilco.com

1 **Heil Trailer International**
Robert A. Foster, President
Products: Liquid and dry bulk tank trailers, trucks and intermodal containers, and other specialty trailers.
www.heiltrailer.com

1 **Marathon Equipment**
Edward A. Furnari, President
Products: Waste compactors, conveyors, balers, hoists, shredders, grinders, transfer stations.
www.marathonequipment.com

1 **PDQ**
Charles R. Lieb, President
Products: Touchless car wash equipment.
www.pdqinc.com

2 **Randell**
Lynn L. Bay, President
Products: Commercial refrigeration; Food service preparation and holding equipment.
www.randell.com

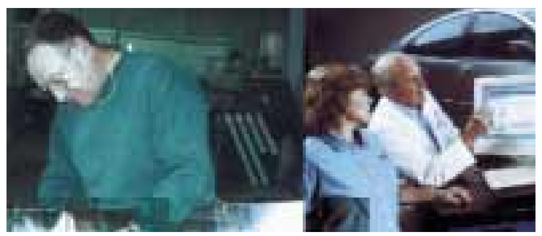
1 **Rotary Lift**
Michael G. Jobe, President
Products: Automotive lifts and alignment racks.
www.rotarylift.com

1 **Somero**
John T. Cooney, President
Products: Laser controlled concrete floor spreading equipment.
www.somero.com

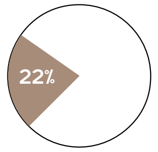
1 **Texas Hydraulics**
Vernon E. Pontes, President
Products: Engineered hydraulic cylinders.
www.texashyd.com

1 **Tipper Tie/Technopack**
David Pierce, President
Products: Clip closures, packaging systems, netting, and wire products.
www.tippertie.com

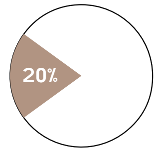
2 **Triton Systems**
Ernest L. Burdette, President
Products: Off-premise ATMs.
www.tritonatm.com



Diversified



Sales



Operational Income

2 **A-C Compressor**
Thomas E. Bell, President
Products: Centrifugal, oil-free screw, and rotary compressors; turbine and compressor re-rate and repair.
www.accompressor.com

1 **Belvac***
E. James Schneiders, President
Products: Can necking, trimming, shaping equipment; capping machinery; plastic container machinery.
www.belvac.com

1 **Crenlo**
Randal Frederick, President
Products: Construction and agriculture operator cabs; electronic enclosures.
www.crenlo.com

2 **Hill Phoenix**
Ralph Coppola, President
Products: Commercial refrigeration systems; refrigerated display cases; walk-in coolers; electrical distribution products.
www.hillphoenix.com

3 **Langbein & Engelbracht**
Jost Weimer, Managing Director
Products: Paint systems; environmental control equipment; air handling systems.
www.l-e.de.com

1 **Mark Andy***
John Eulich, President
Products: Narrow web printing presses; pressroom automation equipment; offset printing equipment.
www.markandy.com

1 **Performance Motorsports**
James A. Johnson, President
Products: High performance pistons; engine components.

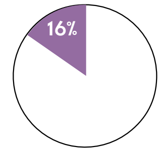
1 **Sargent*****
Donald C. Tarquin, President
Products: Submarine fluid controls; aircraft hydraulic controls; self-lubricating bearings; aircraft fasteners; autoclaves.
www.sargentcontrols.com

1 **SWF**
Brent L. Parker, President
Products: Machines for the forming and packing of corrugated boxes.
www.swfmachinery.com

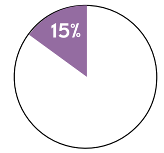
1 **Tranter****
Jack Ditterline, President
Products: Gasketed plate/frame, compact brazed heat exchangers; transformer radiators.
www.tranter.com

1 **Waukesha Bearings**
Donald A. Fancher, President
Products: Fluid film bearings; torque and thrust control tools; manipulators and isolators.
www.waukbearing.com

Resources



Sales



Operational Income

1 **Blackmer**
Raymond Pilch, President
Products: Rotary vane, progressing cavity, eccentric disk, and peristaltic positive displacement pumps, ANSI centrifugal pumps, vane and screw type mobile compressors and reciprocating piston stationary gas compressors.
www.blackmer.com

1 **C. Lee Cook**
David Jackson, President
Products: Piston rings, packings for gas compressors and aerospace sealing applications; Compressor Components compressor rods, pistons, valves, vanes, and repair services; Cook Manley compressor valves and related plastics.
www.cleecook.com

1 **De-Sta-Co Industries**
Jon H. Simpson, President
Products: Toggle clamps and pneumatic and hydraulic workholding devices; Factory automation components and assemblies.
www.destaco.com

1 **De-Sta-Co Manufacturing***
Robert Leisure, President
Products: Reed valves for compressors, stamped precision components, and specialized aluminum tubular products.
www.destacomanufacturing.com

1 **Duncan Parking Systems**
Richard Farrell, President
Products: Parking control products and systems.
www.duncanindustries.com

1 **Hydro Systems Company**
Gary E. Golub, President
Products: Cleaning chemical proportioning systems; Nova electronically controlled systems.
www.hydrosystemsco.com

1 **OPW Fluid Transfer Group**
John F. Anderson, President

Civacon/Knappco/Sure Seal
Rick Potter, President
Products: Tank truck valves and electronic monitoring systems; Valves, and manhole access devices for truck, rail, and industrial applications; Valves, fittings, and aeration products for transportation and industrial applications.
www.civacon.com

Midland Manufacturing
John F. Anderson, Acting President
Products: Tank car and barge valves, safety valves, and liquid level measuring devices; Provacon/Beltech process valves and accessories.
www.midlandmfg.net

OPW Engineered Systems
Timothy L. Warning, President
Products: Loading arms, swivels, sight flow indicators, ISO rings, Kamloks® and Kamvaloks®.
www.opw-es.com

1 **OPW Fueling Components***
David J. Ropp, President
Products: Gasoline nozzles, fittings, valves, and environmental protection products and tire inflation equipment; PetroVend fuel management and key card systems, tank monitors.
www.opw-fc.com

1 **Petroleum Equipment Group**
James R. Kosh, President
James L. Mitchell, President

Alberta Oil Tool (Canada)*
Products: Sucker rods, fittings, valves and controls; Norriseal process valves and instrumentation systems.
www.aot.ab.ca

Norris*
Products: Sucker rods, couplings, well servicing equipment, polished rods; Ferguson-Beauregard/Logic Controls oil and gas production systems.
www.norrisrods.com

1 **Quartzdyne***
Robert B. Wiggins, President
Products: Quartz based pressure transducers.
www.quartzdyne.com

1 **Ronningen-Petter***
Peter Scovic, President
Products: Liquid pressure filter systems, solids recovery systems, and high-viscosity mixer-extruder systems.
www.ronningen-petter.com

1 **Tulsa Winch**
Steven C. Oden, President
Products: Tulsa Winch, DP, and Pullmaster worm and planetary gear winches, speed reducers, swing drives, wheel drives; Greer electronic load monitoring systems.
www.tulsawinch.com

1 **Wilden Pump & Engineering Co.**
John D. Allen, President/COO
Bruce J. Bartells, CEO/CFO
Products: air operated double diaphragm pumps.
www.wildenpump.com

1 **Wittemann**
William Geiger, President
Products: CO_2 gas generation and recovery systems, merchant CO_2 and industrial refrigeration systems.
www.wittemann.com

Numbers indicate position in served markets, North America, or worldwide when noted by *. ** Position for compact brazed heat exchangers and transformer radiators worldwide; gasketed plate/frame and welded heat exchangers in North America. *** Position for submarine product line.

...to be
the **leader**
in every market
we serve

2000 Comparative Highlights

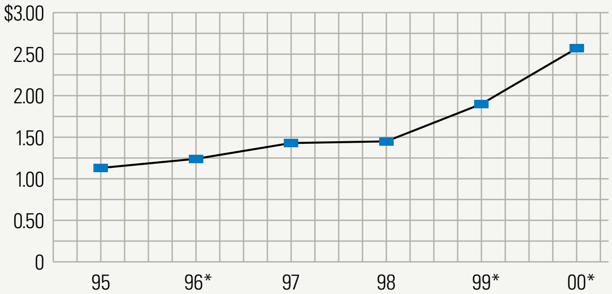
(unaudited)

(Dollars in thousands except per share figures)	2000	1999	1998	Increase 2000 versus 1999
Net sales	$5,400,717	$4,446,420	$3,977,666	21%
Earnings before taxes	$ 772,315	$ 615,004	$ 488,646	26%
Net earnings	$ 533,207	$ 405,054	$ 326,397	32%
Per common share				
Continuing net earnings per diluted share	$ 2.57	$ 1.90	$ 1.45	35%
Dividends	$ .48	$ .44	$ .40	9%
Capital expenditures	$ 197,768	$ 130,112	$ 125,730	
Acquisitions	$ 506,251	$ 599,171	$ 556,019	
Purchase of treasury stock	$ 5,874	$ 671,670	$ 106,304	
Cash flow	$ 736,591	$ 588,298	$ 494,084	
Return on average equity	23.5%	21.7%	20.5%	
Number of employees	29,489	26,584	23,314	

"Comparative Highlights" represents results from continuing operations; 1998 excludes disposition of Dover Elevator International market segment.
"Return on average equity" and "Continuing net earnings per diluted share" excludes gains and losses from sale of businesses and equity investments.
"Cash Flow" represents net earnings plus depreciation and amortization.

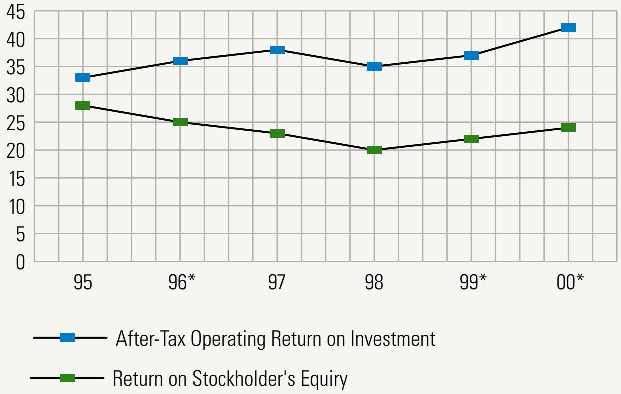
See Notes to Consolidated Financial Statements.

Diluted Earnings per share



*Excluding gains on sale of businesses in 2000, 1999 and 1996.

Profitability Measures (in percent)



(Acquisition adjustments have been excluded, see page 34, footnote 12 for explanation.)
*Excluding gains on sale of businesses in 2000, 1999 and 1996.

Letter to our Shareholders

Dover turned in a robust, and characteristic, performance in this first year of the new century and millennium, driven primarily by explosive growth in the electronics sector. All four of Dover's business segments reported record sales and three had record earnings. The results were impressive: sales $5.4 billion, up 21%; net earnings, $533.2 million, up 32%; earnings per share $2.57, up 35%; return on average equity 23.5%, up one and eight tenths of a point.

Those are exceptionally strong numbers in a year when Dover, like other manufacturers, encountered flat or declining markets for many of its products. Consolidation at the customer level affected purchasing dynamics in some industries our companies serve, such as oil and retail groceries. The combination of higher interest rates and higher fuel costs also had a dampening impact on some of our businesses. The slowing of the U.S. economy, coupled with the sluggish recovery of some portions of the oil and gas markets and uncertainty in the global electronics market, suggests that 2001 will be an even more challenging year.

I am often asked, particularly in the current climate: Can Dover continue to generate the strong, sustained growth that has rewarded our stockholders so well? I believe it can, because of the kind of company Dover is, and because of the approach and values that have guided us since its founding nearly a half century ago. Dover's basic business proposition is as viable today as it was then – find and acquire financially strong, niche manufacturing businesses that are managed well by people who will stay on and continue to manage them without a lot of corporate oversight. Improve efficiency to increase profitability and cash flow. Build market leadership with high value-added products that deliver for the customer.

Contributing to the success of this approach are several characteristics that make Dover different. First, we truly believe that the most important job is that of the operating company president. We vest the maximum possible authority and responsibility at that level. We expect our presidents to run their companies as if they own them, and that is a powerful tool for focusing top management attention. They typically operate conservatively, and set high hurdle rates for themselves and their businesses. Second, we don't have a career path as such within Dover. Although people do move in Dover from time to time, we encourage people to think of a career within an operating company, not at the corporate level. Third, we have a results-based reward system. We expect people to operate effectively, and we emphasize mutual trust. But we compensate based on actual results, not results against plan.

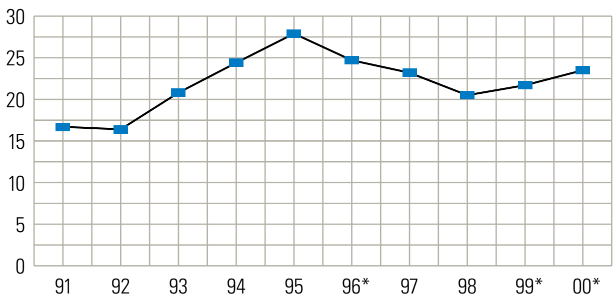
Our decentralized approach has enabled Dover to succeed in a wide range of industries. Our resulting financial strength and the reduced volatility afforded by our diversity have rewarded stockholders well.

Our goals have evolved, but we aim for a 15% pre-tax return on sales, a 25% after-tax return on investment, and a 15% compound annual growth rate for earnings, achieved over time by internal and acquisition growth in more or less equal measure.

To reach these goals, we have encouraged our company presidents in recent years to think a little more aggressively. The acquisition of stand-alone companies has long been a Dover core competency, but by the mid-1990s it was apparent that stand-alone acquisitions alone would not provide sufficient growth. Accordingly, in the early 1990s we established our "tilt toward growth" program, for the first time encouraging our operating company presidents to make synergistic or strategic add-on acquisitions.

With their strong market positions, our companies tend to emerge from a downturn in a better position than they went in, as Dover's financial strength enables them to continue their growth plans while weaker competitors cut back.

Dover Return on Average Equity (in percent)



*Excluding gains on sale of businesses in 2000, 1999 and 1996.

Our sales, earnings and acquisition figures reflect this effort's success. In the past three years, our businesses have invested more than $1.6 billion in 55 acquisitions, including nine stand-alone companies that accounted for 60% of that total investment. Of the 55 acquisitions, three were based in Canada, and 15 others were outside of North America, primarily in Europe. Sales, meanwhile, have risen 47% since 1997, and net earnings 64%. A decade ago, only three Dover companies had sales over $100 million. Today, 17 exceed that size. Add-on acquisitions have enabled our companies to reinforce and expand their market niches, move into new geographic or product markets and, because of greater size, attract better management talent.

With their strong market positions, our companies tend to emerge from a downturn in a better position than they went in, as Dover's financial strength enables them to continue their growth plans while weaker competitors cut back. The stronger margins afforded by highly engineered, premium products also provide downside protection.

Segments Gain

All four of Dover's independent subsidiaries had record sales and three set operating profit records. The year 2000 saw huge profit gains by Dover Technologies and very solid growth by Dover Resources, Dover Industries and Dover Diversified.

Surging worldwide demand in the telecommunications, data networking and computer industries for most of the year generated sharply higher sales and earnings for all 11 of Dover Technologies' companies, which make circuit board assembly and test equipment, specialty electronic components, and inkjet printing and coding equipment. Demand trailed off in the year's last few months, but growth is expected to resume as we move through 2001. The five specialty component companies had particularly strong results and remain optimistic for the coming year. Overall, Dover Technologies contributed more than 44% of Dover's operating profits.

Dover Resources and Dover Industries both had record sales, and Dover Industries also had record earnings, up 11% from 1999. Dover Resources' profits were also up 11% from 1999, falling just short of its 1998 high water mark. Dover Diversified, despite weak markets faced by many of its companies, also had record sales and earnings, both up 10%.

Strong Acquisition Program

Dover made 23 acquisitions in 2000 at an investment of $506 million. Two of them were stand-alone companies: Triton Systems, a producer of off-premise automated teller machines and related software, now part of Dover Industries, and OK International, a manufacturer of hand tools and consumable products focused on the circuit board manufacturer workbench and now part of Dover Technologies. All the rest were synergistic or strategic add-ons destined to operate under an existing stand-alone company, or product line additions to be folded into the acquiring operating company. Dover Diversified, for example, has 47 separate businesses operating under its 12 stand-alone companies — one indicator of just how diversified Dover has really become. In acquisitions, we diligently

(left to right)
Rudy Herrmann, President & CEO, Dover Resources
Tom Reece, Chairman and CEO, Dover Corporation
John Pomeroy, President & CEO, Dover Technologies
Jerry Yochum, President & CEO, Dover Diversified
Lew Burns, President & CEO, Dover Industries

apply Dover's proven acquisition criteria, and in the case of add-ons, an integration plan is in place before a transaction is completed. The major acquisitions are described in the segment sections that follow this letter.

Using Dover's Financial Strength

Our companies' operating success results in increasing cash flow — defined as net earnings plus amortization and depreciation — which we invest productively on behalf of our stockholders. Some goes to pay dividends but most we invest in our existing businesses or use to fund acquisitions. We also repurchase Dover shares in the open market when that seems the best use of the cash. After repurchases totaling $672 million and $106 million in 1999 and 1998, respectively, we invested only $5.8 million this way in 2000.

Dover's growing cash flow — $736.6 million in 2000 — enables the company to borrow on favorable terms. Total debt is a moderate $1.47 billion, resulting in a net debt-to-capital ratio of about 35%.

Management Changes

Retirements, replacements, promotions and new hires resulted in some new faces in Dover's management at corporate, independent subsidiary and operating company levels. David S. Smith became Dover's Chief Financial Officer, succeeding John F. McNiff, who retired after 17 years in that post. Smith brings investment banking experience and was Chief Financial Officer at Crane Co. before joining Dover. Timothy J. Sandker, previously President of Rotary Lift, became Executive Vice President of Dover Industries. Ronald L. Hoffman, who helped consolidate the North American winch industry as President of Tulsa Winch, became Executive Vice President of Dover Resources. Both were succeeded by executives from within their respective operating companies. No new directors were elected in 2000.

Outlook

Dover's prospects for earnings growth in the years ahead are good but a gain in 2001 is far from certain. The acquisitions we made in 2000 will contribute a full year's earnings in 2001. An expected pickup in capital spending in oil and gas-related markets, particularly downstream, and in the chemical processing industry, should benefit Dover Resources and Dover Diversified. The outlook for transportation, industrial and construction markets is murky, but our company presidents are moving vigorously to pare down costs, increase market share and push into new markets. Meanwhile, the weakening of the U.S. dollar may make it easier for our domestic companies to compete abroad, while making the earnings of our overseas operations more valuable. On the down side, a stronger Euro might make it harder for our European businesses to compete, and any fall-off in U.S. demand could slow economic growth elsewhere.

Despite the favorable growth prospects in the telecommunications and electronics industry worldwide, spending by our customers for circuit board assembly and test equipment slackened in the fourth quarter. At this point, we expect some recovery in this market as the year progresses but the timing of the recovery will determine whether Dover can maintain the record earnings level of 2000 in 2001.

At this writing it is impossible to predict the extent, duration or global fallout of the long-expected economic slowdown in the U.S. But I am confident that Dover is well positioned to weather it, and that our companies, as in the past, will emerge from any downturn stronger than they went in. Dover's fundamental growth proposition thus remains intact.

In closing, I want to thank our customers and suppliers for their loyalty and our growing family of Dover employees, now 29,489 strong, for their dedication and hard work. I look forward to another successful year.

Thomas L. Reece
Chairman and Chief Executive Officer
February 15, 2001

Technologies

Dover Technologies' results shot up dramatically as a huge upturn in the worldwide electronics industry favorably impacted all of Technologies' companies. Sales increased 44% to $2,100.0 million, and segment earnings increased 73% to $392.0 million, both new records. With the rapid increase in sales and earnings, which began mid-year 1999, all companies significantly ramped up production to meet demand. All 11 companies in the segment had increased sales and earnings.

Technologies' companies are grouped in three product areas: circuit board assembly and test equipment (CBAT), specialty electronic components (SEC), and marking equipment.

A marked decline in bookings in CBAT at the end of 2000 continued into the first part of 2001, resulting in expectations of lower results in 2001.

CBAT Companies Surge

Technologies' five CBAT companies that make production equipment used to assemble and test printed circuit boards and semiconductor devices benefited from worldwide demand for additional production capacity, driven largely by Internet-spawned growth in data networking and telecommunications. CBAT's sales were up 47% to $1,369.3 million and operational profit was up 72% to $265.2 million. All five companies had record sales and earnings.

Universal Instruments markets a full range of high speed component placement machines for circuit board assembly. As circuit boards have continued to shrink in size, Universal's GSM machine has become the world market leader in flexible fine pitch applications. Universal has also adapted the GSM platform to create a machine that places bare semiconductors on boards too small to allow for insulation and packaging of the component. Universal successfully introduced its Polaris machine, which does odd-form and light mechanical assembly, automating tasks previously done by hand at the end of an assembly line. Alphasem, a maker of die-bonding equipment used to package semiconductors before assembly on a circuit board, thrived after its acquisition by Universal in 1999. Overall, Universal's sales increased 52% as its customers, particularly the "electronics manufacturing services" customers who have become the largest part of their market, sought to expand quickly to meet booming worldwide demand.

DEK Printing Machines, the U.K.based producer of screen printers for applying solder paste to printed circuit boards before components are applied, became the CBAT group's highest margin company, with earnings nearly tripling. DEK's expanded line of printers is the industry's most complete.

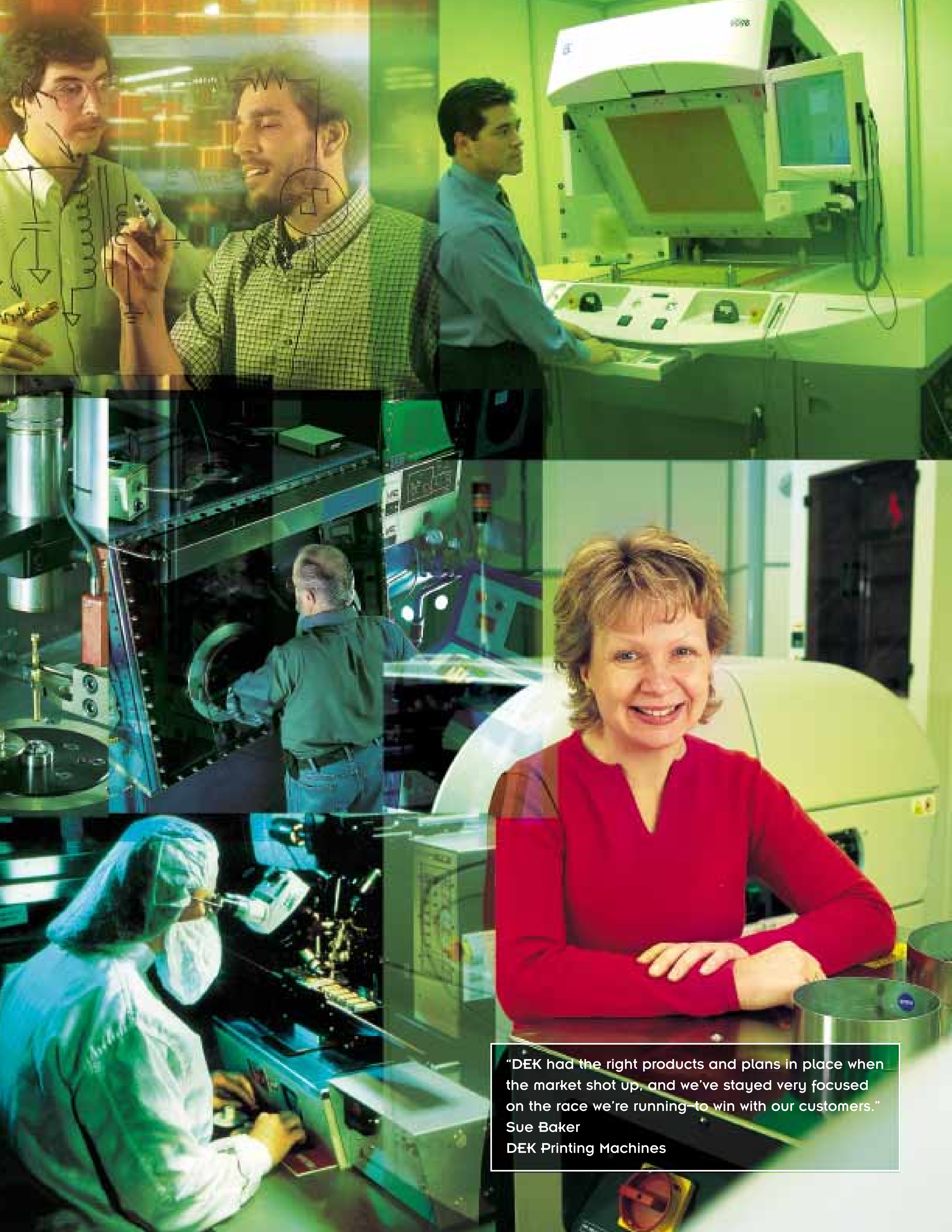
Another strong performer was Everett Charles, which makes a range of equipment and devices for testing both bare and assembled printed circuit boards and packaged semiconductor components. Because its products are generally less capital intensive than those of some other CBAT companies, Everett Charles's business is somewhat steadier and less prone to up and down swings. It turned in record results.

Vitronics Soltec, a maker of wave and reflow soldering equipment, also had a record year and was highly successful with its new reflow soldering oven, introduced in 1999.

"The strength of our companies was shown this year by their remarkable ramp-up in production in response to unprecedented market conditions."

John Pomeroy
President & CEO
Dover Technologies

(clockwise from lower left) Vectron International Inc.; Everett Charles Technologies; K&L Microwave; DT Magnetics; Everett Charles Technologies; DEK Printing Machines



"DEK had the right products and plans in place when the market shot up, and we've stayed very focused on the race we're running–to win with our customers."
Sue Baker
DEK Printing Machines

(left to right) DEK Printing Machines; Novacap, Imaje

In November 2000, Technologies acquired OK International, a California-based producer of consumables and hand tools for the professional electronic manufacturer's workbench, including proprietary soldering irons, dispensing machines, fume extractors, wire-wrap tools and electrostatic discharge materials. OK International is the world market leader in this field and should be less dependent on the capital spending cycles in this market.

Boom Year for SEC Companies

Operational profits more than doubled to $104.0 million on a 62% increase in sales to $531.1 million for the five SEC companies. These companies provide high-value components, precision devices and multifunction assemblies for the data transmission, telecommunications and networking markets, often engineered in collaboration with customers for specialized applications. Demand in these markets resulted in increasing orders and backlogs, and led most of the SEC companies to embark on capacity expansions.

One of the five, Quadrant, itself consists of four successful niche businesses: Vectron International (leader in precision oscillators and surface acoustic wave filters), Dielectric Laboratories (high frequency capacitors), Communications Techniques (microwave frequency sources), and Arcom (microwave transceivers). Quadrant's businesses serve a broad base of leading OEM's in the wired and wireless infrastructure and access markets and invested $21 million in plant and equipment to respond to strong demand. Its sales were up 67% and earnings more than doubled.

Novacap (multilayer ceramic capacitors) acquired Syfer Technology, Ltd. (UK) in July and both experienced strong demand for their high voltage and safety certified capacitors used in a broad range of telecom and electronics equipment. Sales and earnings more than doubled.

DT Magnetics (ferrite transformers) had record sales, and earnings increased over 200% as it quickly responded to increased demand from DSL and network switch customers.

K&L Microwave (RF and microwave filters) had record sales driven by demand from base station and digital radio customers.

With a new President, Dow-Key (RF and microwave switches) was focused on operational improvements and product development. It had record bookings.

Strong Year for Imaje

Imaje, S.A., a highly profitable maker of continuous inkjet printing and coding equipment and consumables based in Valence, France, is organizationally part of the Technologies segment although it primarily serves other industrial markets. High-speed Imaje equipment puts date codes, serial numbers, bar codes, labels and addresses on a huge range of prod-

(left to right) Vectron International Inc.; Universal Instruments Corporation

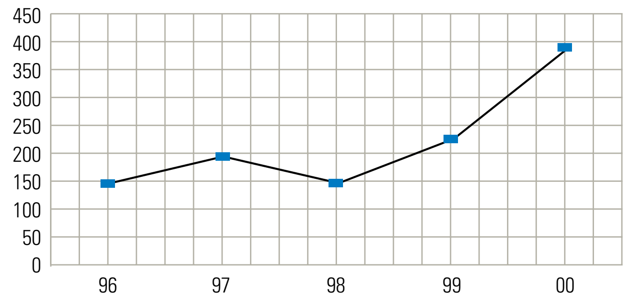
ucts on production lines around the world. Imaje has 32 subsidiaries selling in 90 countries, and recently revamped its logistics to operate in network fashion. Because of the strong dollar and the modest portion of its business that is in the U.S., Imaje's strong sales and profit gains measured in local currency translated into essentially level results in dollar terms.

Outlook

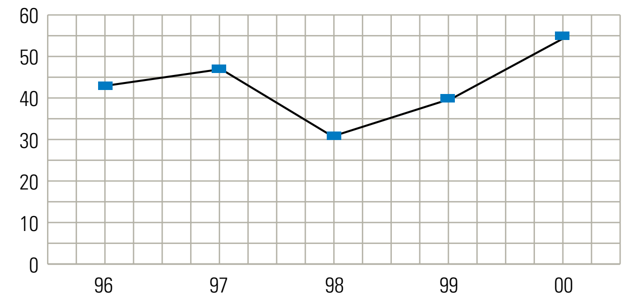
The underlying long-term growth rate for electronics equipment is substantially higher than for the economy as a whole. In particular, the expansion of both wireless and wired communications infrastructure worldwide will fuel this growth, though as the year progressed tightening capital markets raised concerns about the pace at which this expansion would be financed.

Unless order rates for Technologies' CBAT products recover more quickly than is now expected, Technologies' sales and earnings will be lower in 2001 than in 2000. The SEC businesses have entered the year with strong backlogs, and while influenced by the same industry fundamentals, are less subject to the fluctuations in capital spending for production equipment than the CBAT companies. Continued growth in SEC, augmented by continued strength at Imaje, should dampen the impact of the CBAT slowdown.

Segment Earnings ($ millions)



After-Tax Operating Return on Investment (in percent)*



* (Acquisition adjustments have been excluded, see page 34, footnote 12 for explanation.)

"This year Heil Trailer has done more than ever to improve our business, and we are serving our customers better too."
Mike Johnson
Heil Trailer International

Industries

Dover Industries had yet another record year for sales, up 9% to $1,246.0 million, and earnings, up 11% to $199.7 million. Operating profit margins improved for the fourth year in a row to 16.0% and after-tax operating return on investment remained in the high 30s. Heil Environmental followed its star performance in 1999 with even greater earnings growth in 2000, remaining Industries' clear sales and earnings leader. Recent acquisitions, particularly Industries' largest, Triton (a manufacturer of ATM machines), also bolstered the performance improvement. These very positive contributions were dampened by the profit decline at Heil Trailer, which struggled all year in a weak market for dry bulk trailers. Somero, a 1999 acquisition which serves the construction industry, had a large decline in sales and an even larger decline in profits.

Strong Year for Four Companies

Heil Environmental turned in robust sales and profit gains, with shipments of refuse collection vehicles to New York City more than offsetting declining business with major waste management companies, many of which have postponed equipment purchases because of consolidation or financial constraints. Earnings increased over 1999's levels and a solid backlog suggests a good start in 2001.

Rotary Lift, one of Dover's original companies, recorded sales and earnings gains of 16%. The 1999 acquisition of a competitor in the automobile lift market and an additional product line in the heavy duty lift market boosted Rotary's leading share in its markets.

PDQ (touchless, in-bay car washing machines) set new sales and earnings records. Many of PDQ's customers are entrepreneurial investors, and they, along with most major oil companies, increasingly view car washes at service stations as separate profit centers. PDQ, whose unattended machines are fast, reliable and perceived as customer friendly, is the innovator and leader in this fastest growing portion of the industry. This position was further enhanced by the mid-year acquisition of Kesseltronics, a Canadian-based manufacturer of electronic products for this industry.

DovaTech also had higher sales, with earnings rising 17% on growing sales of laser power sources and cooling equipment for laser welding and cutting machines. Although the markets for its traditional, hand-held welding equipment are flat to declining, DovaTech has prospered by acquiring makers of laser and related components used in robotic welding machines and specialized applications. The company also benefited from a full year's results from its 1999 acquisition, Lee Laser, which makes laser cutting tools used in semiconductor manufacture.

Declines at Two Companies

Marathon Equipment (solid waste compactors, balers and recycling equipment) had lower earnings on slightly higher sales after encountering some of the same problems with large, cash-constrained waste management customers as Heil Environmental. Marathon's compactors are typically located in shopping centers and factories, while its balers are used in large retail stores or at recycling centers.

"Dover has a history of investing for the long-term, a philosophy that has contributed to our companies successes in their diverse markets."

Lew Burns
President & CEO
Dover Industries

(clockwise from lower left) Heil Trailer International; Heil Environmental; Randell; Chief Automotive Systems; Triton Systems; Groen

(left to right) PRC Corporation (DovaTech); Texas Hydraulics; Rotary Lift

Tipper Tie/Technopack (clip closures, packaging systems, netting and wire products) reported lower sales and earnings because of second half price pressure from the U.S. poultry industry and declining consumption of beef and sausages in Europe because of the "mad cow" disease scare. New leadership installed at Tipper Tie in mid-year expects internal operational improvements, along with the benefits of the Hoegger Alpina acquisition (April 2000), to begin showing results as the market improves in 2001.

A Successful Long-Term Strategy

Texas Hydraulics (engineered hydraulic cylinders) raised sales 12% but earnings declined slightly because of extra expense in expanding capacity at its Tennessee plant. The company has successfully focused on finding under-served market niches requiring top quality, custom engineered cylinders, which generate higher margins. Its cylinders are critical to such applications as aerial work platforms and utility devices, as well as in the construction, mining, refuse and material handling equipment industries. In pursuit of its value-adding strategy, during the second quarter Texas Hydraulics acquired Hydromotion Inc., which makes hydraulic swivels used in heavy equipment. The acquisition should enhance earnings in 2001.

New Strategy at Chief

Chief Automotive Systems (automotive measuring and repair systems) had an earnings resurgence in 2000 after a weak 1999, although not quite reaching previous highs. Chief's sales of car-straightening systems suffered when the collision repair market became saturated. In a strategic shift which began in 1999, Chief successfully marketed new models by accepting customers' trade-ins, which are then refurbished and sold to smaller repair shops.

Gains at Food Service Equipment Companies

Groen and Randell increased their sales slightly and earnings substantially. Groen (commercial cooking equipment) improved manufacturing productivity in the face of flat markets, and sold its low-margin industrial process equipment business, closing its Elk Grove, Illinois factory. Randell (commercial refrigeration, and food preparation and holding equipment) improved manufacturing efficiency and benefited from strong sales of mobile food service equipment for golf courses.

Earnings Drop at Three Companies

Heil Trailer International (liquid and dry bulk tank trailers and intermodal containers), hit a transportation market downturn in late 1999 that extended throughout 2000. Management reacted strongly to reduce costs and Heil margins continued to recover as the year progressed. Heil is poised for dramatic earnings improvement when the market improves.

(left to right) Heil Environmental, Heil Trailer

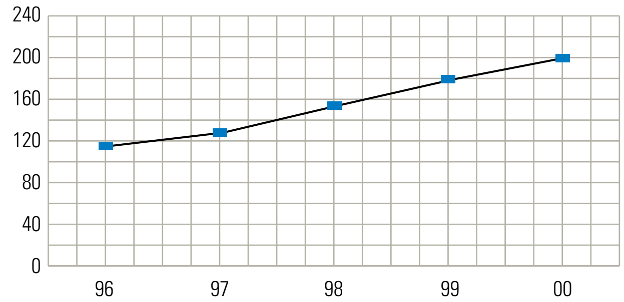
Somero (laser-controlled concrete floor spreading equipment) also disappointed after good 1999 results, as its customers, large concrete contractors, experienced an extended downturn beginning in late 1999. Somewhat improved results are expected in 2001.

Triton (non-bank ATMs for off-premise locations), though a contributor to overall results, also stumbled after being acquired early in 2000, as strong exports were not enough to offset weak U.S. sales. Triton's small-footprint cash-dispensing machines had been very successful but quality problems with a new product led to market share erosion. Triton hopes to recoup with new products scheduled for mid-2001.

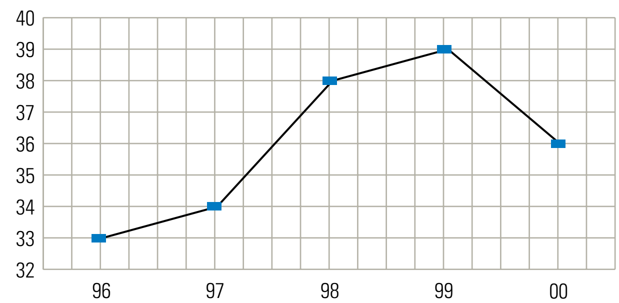
Outlook

A weakening economy dampens the prospects in many of Industries' commercial markets. For example, a quick recovery at Heil Trailer seems unlikely, and Heil Environmental's performance improvements of the last two years will be hard to repeat. However, sharply improved results are expected at some of the businesses which had disappointing results in 2000. In addition, the benefits of add-on acquisitions in 2000, at Tipper Tie and Heil Trailer in particular, will help. At several businesses facing flat or slow growth market environments, company managements plan product introductions and cost reduction initiatives. Thus, Industries has entered 2001 with the expectation of obtaining traditional levels of internal earnings growth for the year.

Segment Earnings ($ millions)



After-Tax Operating Return on Investment (in percent)*



* (Acquisition adjustments have been excluded, see page 34, footnote 12 for explanation.)

Diversified

Dover Diversified, whose earnings have grown at a compound annual rate of almost 19% since 1992, increased its earnings for a ninth straight year to $167.9 million, up 10% from last year, on a 10% sales increase to $1,175.5 million. Diversified's profit margin increased slightly to 14.3%, despite the fact that several companies struggled with flat or depressed markets. Five small add-on acquisitions contributed little profit in 2000, but in addition to strengthening their companies' market position, are expected to contribute very positively in 2001, particularly as measured by return on investment.

Tranter Largest Earner Again

As expected, Tranter (plate/frame and compact brazed heat exchangers, transformer radiators) was the segment's largest profit producer again in 2000, maintaining its market share and coming in just above its 1999 sales levels with profit margins also up slightly despite challenging markets. Besides the U.S., Tranter manufactures in Canada, Malaysia, Sweden and Switzerland, and unfavorable exchange rates have masked the strong overseas results of its predominantly international sales. Tranter's strong backlog entering 2001 suggested that profits could challenge its 1998 profit record.

Solid Performances at Three Companies

Crenlo, Performance Motorsports and Sargent performed well in 2000. Crenlo (operator cabs for construction and agricultural equipment, and electronic enclosures), acquired in October of 1999, improved Diversified's comparisons to the prior year with higher earnings on solid sales growth and expects strong results in 2001. Crenlo, perhaps the world's largest specialized maker of cabs, benefited from increased outsourcing by heavy equipment OEMs. It is building a plant in Florence, South Carolina to serve major OEM customers, such as Caterpillar and John Deere, in that region. In its smaller but fast-growing electronic enclosures business, Crenlo markets standard products through distribution and custom enclosures directly to such end users as Hewlett-Packard and AT&T Wireless.

Performance Motorsports, Inc (PMI), which manufactures high performance specialty pistons, recorded sharply higher gain and profits, fueled by strong aftermarket demand for its automotive and motorcycle products and a full year of its 1999 acquisition, JE Piston. PMI serves the performance and power sports aftermarkets (motorcycles, all terrain vehicles, snowmobiles and personal watercraft). During 2000, the company acquired Vertex, an Italian maker of cast pistons, which are used in less demanding applications, such as automobiles, lawn mowers and chain saws.

Dover's only defense/aerospace business, Sargent (submarine fluid controls, aircraft hydraulic controls, self-lubricating bearings and aircraft fasteners), increased its sales despite a lower aircraft build rate at Boeing, its largest aerospace customer, by increasing sales to Airbus and regional aircraft OEMs. Sargent maintained profitability by improving productivity, and kept its business with the Navy, which is an important contributor to earnings but unlikely to grow with only one submarine a year being built. Overall profits dipped slightly because of a less favorable product mix in its bearings business.

"Dover's markets and products are very diversified, but a common theme at all companies is commitment to earnings growth."

Jerry Yochum
President & CEO
Dover Diversified

(clockwise from lower left) Tranter; SWF; A-C Compressor; Tranter; Hill Phoenix

"With new equipment, and teamwork, Hill Phoenix has been able to get a higher quality product to our customers, faster."
Nancy Lee Nguyen
Hill Phoenix

(left to right) Hill Phoenix; Sargent, Crenlo

Turnaround at Belvac

Belvac contributed importantly to Diversified's overall improvement as it returned to strong profitability in 2000 after a weak 1999 performance led to restructuring and workforce reductions. Further cost reductions in 2000 set the stage for solid profits as sales levels improved. Belvac's sales and profits ballooned in the mid-1990s, as can-makers clamored for its can-necking machinery, but market saturation, substitution of plastics, and industry consolidation brought a steep drop beginning in 1998.

Industry Consolidations Affect Several Companies

Industry consolidation affected several of Diversified's businesses in 2000. Hill Phoenix (commercial refrigeration systems and refrigerated display cases), Diversified's largest business, saw a consolidation-driven drop in its business with supermarkets, resulting in lower overall sales and a steep profit falloff after a record 1999. But the company may actually have increased its market share, thereby positioning itself for gains when markets rebound. Customers' stated spending plans suggest that 2001 could be a very strong, if not record, year.

Also heavily impacted was A-C Compressor (centrifugal, oil-free screw, and rotary compressors; turbine and compressor repair), another of the segment's larger businesses. Its sales and profits were flat but backlog is below last year's high levels, as a result of oil and gas industry consolidation, the margin squeeze that soaring oil prices have inflicted on its "downstream" customers, and the strength of the dollar, which has hurt A-C's ability to sell its U.S. manufactured products abroad.

Despite a booming bearings business driven by strong power generation markets, Waukesha Bearings reported flat sales and lower earnings, as its torquing tools business encountered weak demand from its large oil company customers in the North Sea and Gulf of Mexico. Industry consolidation and exchange rates also hurt results, but margins, though lower, remained strong. Waukesha's position in the power generation industry gives it a strong core business as it enters 2001.

Mark Andy, whose flexographic printing presses for labeling and other applications have faced flat markets for several years, increased sales and earnings, partly from restructuring but mainly from the addition of Van Dam (cup printing equipment). Van Dam, a Dutch company originally acquired in early 1999 as an add-on to Belvac, later operated as a stand-alone business before becoming part of Mark Andy in 2000. In a related field, Graphics Microsystems, which makes specialized ink-meas-

(left to right) Hill Phoenix; Mark Andy; Waukesha Bearings

uring and monitoring equipment for color printing and large presses, managed to increase sales moderately and profits strongly, despite flat markets.

SWF (corrugated box-making machinery) continued to consolidate the fragmented packaging industry. The company is the result of the acquisition of eight small packaging equipment manufacturers, including two in 2000. The recent acquisitions pushed up sales, but earnings were flat as integration costs eroded margins.

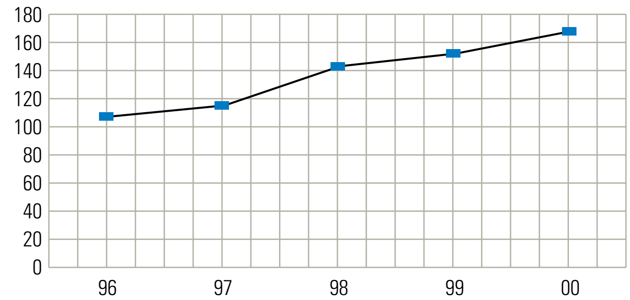
Exchange Rates Hurt Profits

Langbein & Engelbracht, a German maker of air handling systems and other environmental control equipment acquired by Dover in 1997, reported a significant exchange-related decline in sales and earnings in dollar terms in flat markets. The company expects to benefit longer term from Europe's growing governmental interest in reducing air pollution.

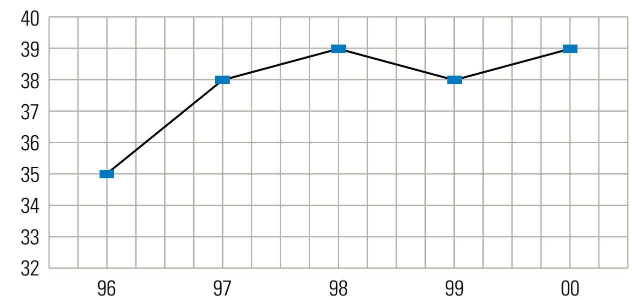
Outlook

Diversified anticipates higher sales and earnings in 2001, driven largely by an upturn expected at Hill Phoenix, sales and productivity gains at various other businesses, including Tranter, A-C Compressor, Waukesha and Mark Andy, and the contribution of recent acquisitions.

Segment Earnings ($ millions)



After-Tax Operating Return on Investment (in percent)*



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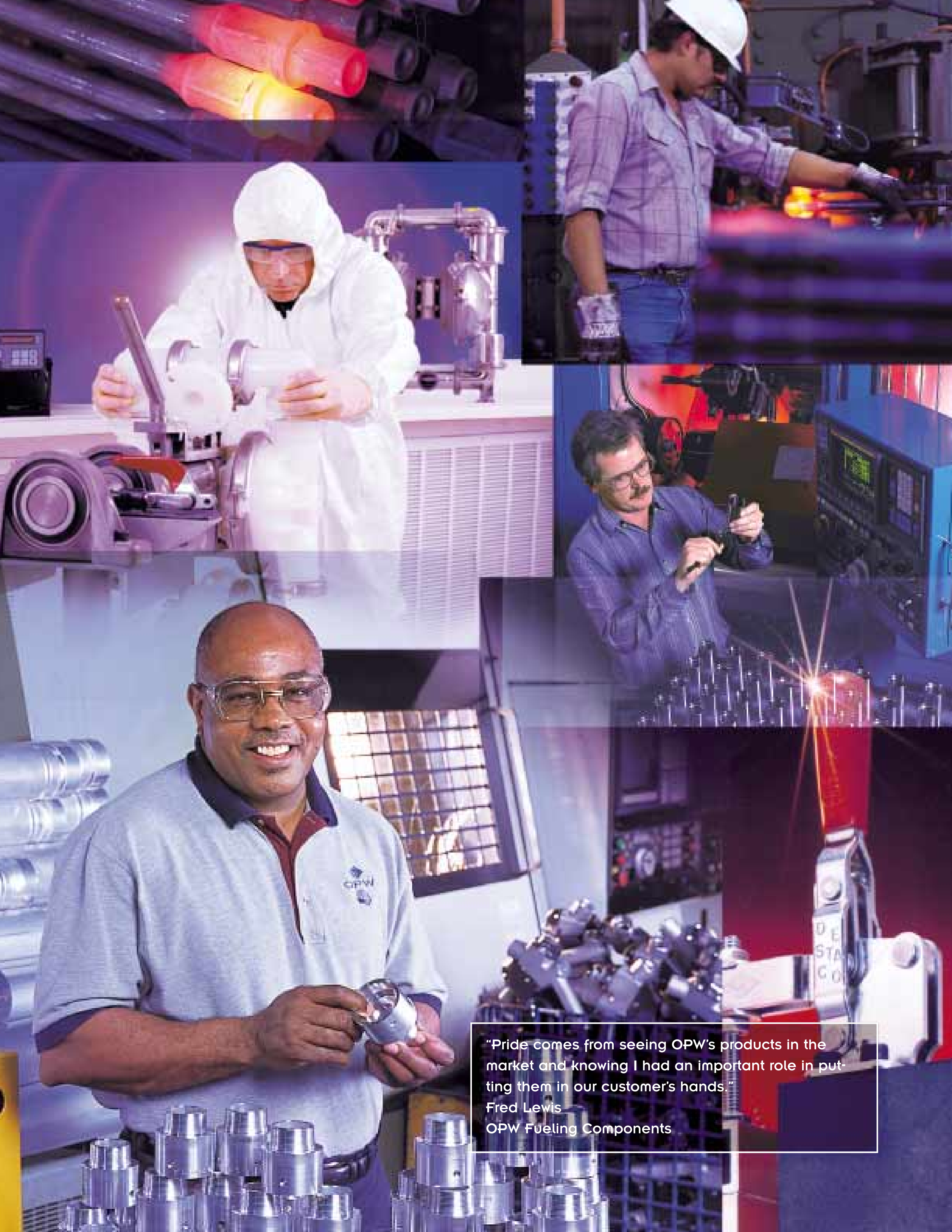


"Pride comes from seeing OPW's products in the market and knowing I had an important role in putting them in our customer's hands."
Fred Lewis
OPW Fueling Components

Resources

Dover Resources' operating earnings increased 11% to $119.0 million in 2000 on a sales increase of 14% to $887.0 million, but did not quite return to the record earnings level of 1998. This performance was led by the Petroleum Equipment Group, which benefited not only from a strong market but also from the results of both investment and management-led internal improvements over the last two years. OPW Fluid Transfer Group, which faced a difficult market, nevertheless recovered from a restructuring and strike-impacted 1999. Tulsa Winch, the winch industry "roll-up," grew both internally and through acquisition. In total, Resources completed eight add-on acquisitions.

Petroleum Equipment Group Shows Strength

Buoyed by continuing recovery in the oil patch and internal productivity gains, the Petroleum Equipment Group had its most profitable year since the early 1980s, surpassing its 1997 earnings peak. Benefiting from cost-cutting initiatives, investments in capacity and rising demand were the Group's four oil and gas production equipment companies — Alberta Oil Tool (sucker rods and accessories, valves and controls), Norris (sucker rods and accessories), Ferguson-Beauregard (gas plunger lift equipment) and Norriseal (valves and controls). The Petroleum Equipment Group, along with C. Lee Cook (gas compressor components) and Quartzdyne (specialized pressure transducers), is well positioned for further growth as drilling activity continues to increase. C. Lee Cook gained both from the improving dynamics upstream in the gas industry and from solid demand from processing plants for its aftermarket components. Quartzdyne benefited from new exploration and development, and from industry emphasis on more complex drilling and production techniques that improve output of new and existing wells through the use of its pressure transducers.

Winch Industry "Roll-up" Success

Tulsa Winch Consolidated (industrial winches) showed a substantially improved performance as it continued its successful roll-up of profitable, niche companies in the fragmented winch industry. In 1999, Tulsa Winch built a new plant and later acquired Dp Manufacturing, a leading supplier of winches for military applications. In April 2000, it acquired Greer Company, maker of in-cab information systems for mobile cranes, and in September 2000, it acquired Pullmaster Winch, North America's leading manufacturer of marine winches.

Squeeze in Fluid Handling Equipment Markets

Flat or depressed markets and the downstream impact of soaring oil prices squeezed margins in the hydrocarbon and chemical process industries and at Dover Resources' companies that serve them. Demand growth was constrained for industrial pumps, impacting both Blackmer and Wilden. The strong U.S. dollar hurt Blackmer's and Wilden's pump exports and eroded the dollar value of profits from Blackmer's pump and compressor manufacturing operations in France and the U.K., which were restructured during the fourth quarter. Ronningen-Petter faced soft petroleum refining and pulp and paper markets for its filters, but market strength in paints, inks and adhesives somewhat cushioned its cyclicality.

"Dover's principle of market leadership is a primary focus at all of our companies."

Rudy Herrmann
President & CEO
Dover Resources

(clockwise from lower left) OPW Fueling Components; Wilden Pump & Engineering Co.; Norris; Midland Manufacturing; De-Sta-Co Industries

(left to right) Blackmer; OPW Fueling Components; Quartzdyne

The OPW Fluid Transfer Group increased earnings although its markets weakened as the year progressed. Sales at OPW Engineered Systems (loading arms), Civacon-Knappco (tank trailer valves and fittings) and Midland Manufacturing (valves, fittings and gauging devices for the rail tank car industry) were constrained by a falloff in bulk transportation markets. The 1999 restructuring, which involved closing a factory and shifting production to other facilities, contributed to the earnings increase.

Reduced Results in Petroleum Retailing Equipment

OPW Fueling Components experienced slightly lower volume in a soft market that showed signs of improving by year-end, and a somewhat larger percentage reduction in earnings. However, the company achieved record results internationally, succeeded with new products, and significantly reduced its cost structure. Product mix unfavorably impacted margins on gasoline nozzles and new construction related products. The company's PISCES ™ underground piping systems continued to increase market penetration in spite of weak overall market conditions. Its Petro Vend unit (automated fuel management and leak detection systems) had near-record sales and earnings.

That portion of Blackmer serving the petroleum retailing market (vapor recovery and gasoline dispensing pumps), which has been responsive to new service station construction and regulatory requirements, saw declining demand and a shift toward aftermarket sales.

Automotive Industry Impacts De-Sta-Co Companies

De-Sta-Co Industries (modular automation components) experienced exceptional strength in its Robohand unit (end-of-arm equipment) and solid results in its French and German operations. De-Sta-Co continues to benefit from the ongoing drive to improve productivity in manufacturing, and is becoming an increasingly global producer in support of its customers, many in the automotive sector. However, weakness in that sector, particularly in the fourth quarter, led to a slight earnings decline for the year. De-Sta-Co Manufacturing (flapper and reed valves, automotive manifolds), with heavy exposure to automotive markets, endured severe price pressure that compressed margins.

Other Markets Served

Hydro Systems continues to benefit from robust demand for its specialized cleaning chemical dispensing systems. Wittemann's markets for carbon dioxide generation and recovery systems remain weak, though recent improvement in bookings and backlog is encouraging. Duncan is aggressively right-sizing itself in response to a lingering soft market for its parking meter products.

(left to right) Norris; Duncan Industries; Civacon/Knappco/Sure Seal; C. Lee Cook

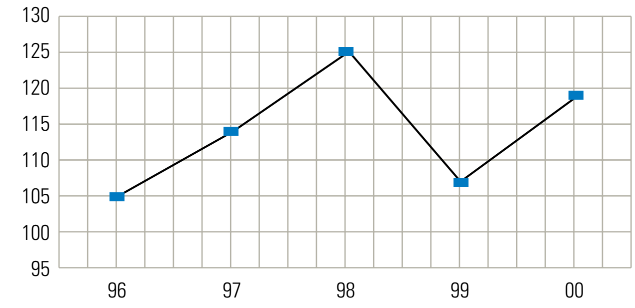
Acquisitions Enhance Future Segment Strength

Dover Resources companies made eight add-on acquisitions during the year. Tulsa Winch acquired Greer and Pullmaster, described above. Sure Seal (butterfly valves, actuators and components) complements Civacon-Knappco. Hydro Cam Engineering (specialized stamping dies) joined De-Sta-Co Manufacturing. Provacon (specialty valves for hazardous fluids) became part of Midland Manufacturing. A French company, Groupe Aoustin (turnkey liquid filtration systems and high-viscosity mixers-extruders) joined Ronningen-Petter, and Blackmer acquired A. W. Chesterton's System One Pump Division (high-end centrifugal pump line). RG Industries, Ltd. expands Alberta Oil Tool's product offering to the Canadian oil patch.

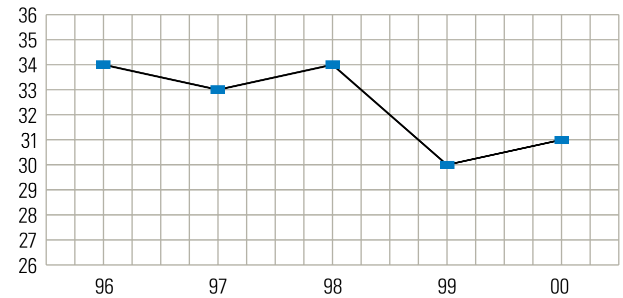
Positive Outlook for 2001

Dover Resources anticipates further sales and earnings gains in 2001, driven largely by increased oil and gas drilling and production spending, by higher capital expenditures in the petroleum and chemical processing industries, and by full-year results from 2000 acquisitions. Earnings growth will be constrained by continued softness in bulk transportation markets and heavy price pressure in automotive markets.

Segment Earnings ($ millions)



After-Tax Operating Return on Investment (in percent)*



* (Acquisition adjustments have been excluded, see page 34, footnote 12 for explanation.)

Corporate Financial Overview

The ability to consistently generate high and growing levels of cash flow is a key to the successful execution of our long-term value creation strategy. Guided by the principles explained in the inside front cover and the Chairman's letter, we generate consistent, above-market returns on cash reinvestment. Growth in all measures of cash flow is every bit as dynamic and pleasing as this year's 21% growth in sales, 32% growth in net income and 35% growth in earnings per share. But our strong growth track record is long-term and not isolated to the past year:

	Growth Rate 1999 to 2000	Compound Average Annual Growth Rate 1990 to 2000
Sales	21%	15%
*Segment operating profit	32	17
Per-share:		
EBIT	37	21
Gross cash flow	29	19
EBITDA	32	19
EBITACQ	34	20

*Segment operating profit is found on page 24

	2000	10 Year Average
Return on sales	14%	13%
Return on equity	24	23

Although we report results according to Generally Accepted Accounting Principles (GAAP), we measure acquisitions on an after-tax cash flow basis. To help investors focus on this, we have long disclosed supplemental information about EBITACQ (earnings before interest, taxes and acquisition write-offs), as can be seen in the chart on the next page. We report this income by segment before acquisition write-offs because we believe it is a better measure of Dover's true profitability. We call it "operational income" to distinguish it from "GAAP operating profit."

All companies will be required to report earnings per share before goodwill write-offs net of tax, beginning, we hope, later in 2001. Since we believe this is significant information for our shareholders, we have included it in our 11-year Summary of Financial Data on page 40. In 2000, before goodwill charges, our earnings per share were $ 2.77, up 35% from the prior year. Over 10 years, our growth on this measure has been at an average annual compound rate of 21%. In addition, because we believe it is helpful to our shareholders, we also report net earnings per share before all acquisition write-offs, not just goodwill. On this measure, our growth in EPS has been 20% over 10 years.

Dover tries to structure its acquisitions not to maximize GAAP reported earnings, but to maximize after-tax cash flow. Thus, many of our non-cash acquisition-related accounting write-offs are actually tax-deductible, and thus create a cash benefit by reducing taxes. We suspect that astute investors will recognize that Dover's cash earnings, focus and strength are comparatively higher when this fact is considered. Therefore we will continue to disclose these factors separately, as can be seen in the chart on the next page.

Where does all this cash flow go? Some key uses of cash are:

($ in millions)	2000	10 Year Total
Capital expenditures	$ 198	$ 967
Research & experimentation	175	988
Working capital	85	326
Acquisitions	506	3,130
Dividends	97	701
Stock repurchases	6	1,042

Our industrial manufacturing businesses are not highly capital intensive; however, over the last few years, capital expenditures have slightly exceeded depreciation (by $62 million in 2000). We invest first in our existing businesses to support their sales growth and cost reduction initiatives. We expect this trend to continue in 2001, despite a somewhat tempered sales growth forecast. Our reported "research and experimentation" investment, a good (but incomplete) benchmark for our investment in future products, is also a key growth priority that we expect to continue.

Our acquisition program is tailored to fit the opportunities we create or that markets make available, as well as our financial capacity. Just as it is critical to maintain the financial flexibility and credit quality that permit us to finance these investments in shareholder value, it is also critical that we do not invest in acquisitions beyond the level which would allow us to properly support continued investment in existing businesses. Our current debt level, debt-to-total capital ratios and credit ratings are consistent with this approach.

Dover's strong after-tax cash flow belongs to our shareholders. In addition to the internal investment and acquistion program described above, this cash has been returned to the shareholders aggressively over the past 10 years, both in the form of dividends and in stock repurchases. Repurchases of our own stock are made only when it makes financial sense compared to our other cash investment opportunities and in the context of our leverage profile. While many shareholders prefer to realize the gains in Dover stock as capital gains (which we agree makes sense, given the tax code), many long-term shareholders have also come to count on the income that dividends provide. We particularly appreciate our long-term shareholders and are proud of our 46-year record of uninterrupted dividends, and we plan to continue that outstanding track record.

Operational Income

(unaudited) (in millions)

	2000			1999			1998		
	Sales	Income	%	Sales	Income	%	Sales	Income	%
Circuit board assembly/test	$1,369	$265	19	$ 934	$154	16	$ 745	$ 90	12
Electronic components	531	104	20	328	48	15	282	31	11
Marking	200	60	30	196	59	30	184	57	31
Dover Technologies	2,100	429	20	1,458	261	18	1,211	178	15
Dover Industries	1,246	224	18	1,145	203	18	1,012	173	17
Dover Diversified	1,176	194	17	1,072	177	17	958	164	17
Dover Resources	887	149	17	778	128	16	801	144	18
Operational subtotal (after elim.)	$5,401	996	18	$4,446	769	17	$3,978	659	17
Corporate and other		(49)			(44)			(40)	
EBITACQ		$947			$725			$619	

"Operational Income"— differs from segment operating profits because it excludes all non-cash write-offs relating to acquisitions, the expenses of each segment's corporate group, and foreign exchange gains or losses. "EBITACQ"— earnings before taxes, interest, acquisition write-offs and non-recurring gains.
See Notes to Consolidated Financial Statements.

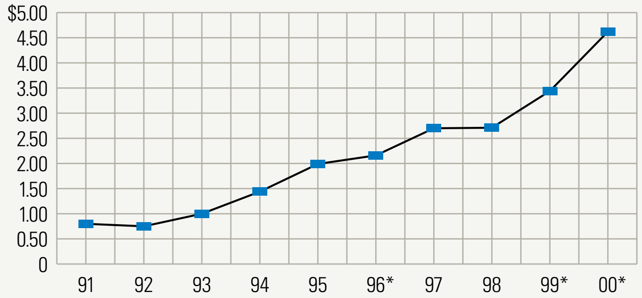
Analysis of Cash Flow: Depreciation, Amortization & Acquisition write-offs, with tax effects

(unaudited) (in millions)

	2000				1999				1998			
		Tax Deductible				Tax Deductible				Tax Deductible		
	Total	Yes	No	Tax	Total	Yes	No	Tax	Total	Yes	No	Tax
EBIT	$851			$267	$640			$218	$546			$184
Acquisition related:												
Goodwill amortization	49	24	25	9	41	20	21	7	33	17	16	6
Other amortization	15				16				15			
Depreciation	18				17				17			
Inventory write-offs	14				11				8			
Subtotal other write-offs	47	38	9	13	44	41	3	15	40	39	1	15
Total acquisition write-offs	96	62	34	22	85	61	24	22	73	56	17	21
EBITACQ	947			$289	725			$240	619			$205
Other depreciation	118				106				97			
Other amortization	3				4				6			
EBITDAI	1,068				835				722			
Inventory write-offs	(14)				(11)				(8)			
EBITDA	$1,054				$824				$714			

"EBIT" — represents earnings before interest and taxes. "EBITACQ" — represents earnings before interest, taxes and acquisition write-offs. "EBITDAI" — represents earnings before interest, taxes, depreciation, amortization and inventory write-offs. "EBITDA" — represents earnings before interest, taxes, depreciation and amortization.
EBIT, EBITACQ, EBITDAI and EBITDA — all exclude gains (losses) on sale of businesses and equity investment.

Earnings Before Interest, Taxes and Write-offs Per Diluted Share



*Excluding gains on sale of businesses in 2000, 1999 and 1996.
(Write-offs are costs relating to premium over book paid for acquisitions.)

Sales, Operating Profit and Other Data by Market Segment

(in thousands except % figures)

For the Years Ended December 31,	**2000**	1999	1998	1997	1996	1995
Sales to unaffiliated customers:						
Dover Technologies	**$2,100,004**	$1,457,792	$1,211,416	$1,300,503	$ 993,326	$ 873,505
Dover Industries	**1,245,608**	1,144,599	1,012,440	859,778	846,866	798,173
Dover Diversified	**1,175,519**	1,071,574	957,579	767,194	730,074	672,503
Dover Resources	**887,042**	777,691	800,914	745,429	648,546	583,727
Intramarket sales	**(7,456)**	(5,236)	(4,683)	(3,336)	(3,239)	(3,547)
Consolidated total	**$5,400,717**	$4,446,420	$3,977,666	$3,669,568	$3,215,573	$2,924,361
Operating profit:						
Dover Technologies	**$ 391,960**	$ 226,761	$ 146,612	$ 195,393	$ 146,341	$ 133,641
Dover Industries	**199,693**	179,554	154,500	128,945	115,857	117,841
Dover Diversified	**167,861**	152,139	143,157	114,902	106,850	92,948
Dover Resources	**119,026**	107,264	125,225	113,538	105,394	90,745
Gain (loss) on dispositions, net	**10,495**	10,256	—	—	75,065	—
Interest income, interest expense and general corporate expenses, net	**(116,720)**	(60,970)	(80,848)	(60,504)	(47,398)	(50,911)
Consolidated earnings before taxes	**$ 772,315**	$ 615,004	$ 488,646	$ 492,274	$ 502,109	$ 384,264
Profit margin (pretax):						
Dover Technologies	**18.7%**	15.6%	12.1%	15.0%	14.7%	15.3%
Dover Industries	**16.0**	15.7	15.3	15.0	13.7	14.8
Dover Diversified	**14.3**	14.2	14.9	15.0	14.6	13.8
Dover Resources	**13.4**	13.8	15.6	15.2	16.3	15.5
Consolidated profit margin	**14.3%**	13.8%	12.3%	13.4%	15.6%	13.1%
Identifiable assets at December 31:						
Dover Technologies	**$1,537,268**	$1,206,549	$1,000,209	$1,032,922	$ 924,745	$ 721,831
Dover Industries	**1,088,540**	894,452	732,136	598,643	613,512	591,228
Dover Diversified	**1,211,151**	1,128,239	802,872	704,591	547,341	570,269
Dover Resources	**928,841**	804,664	781,933	478,279	380,805	326,047
Corporate (principally cash and equivalents and marketable securities)	**126,316**	98,036	65,243	84,536	136,438	94,402
Total continuing	**4,892,116**	4,131,940	3,382,393	2,898,971	2,602,841	2,303,777
Net assets from discontinued operations	**—**	—	244,883	181,263	205,365	191,000
Consolidated total	**$4,892,116**	$4,131,940	$3,627,276	$3,080,234	$2,808,206	$2,494,777
Depreciation and amortization:						
Dover Technologies	**$ 61,452**	$ 57,407	$ 56,853	$ 69,882	$ 34,071	$ 19,750
Dover Industries	**42,600**	37,574	33,379	28,992	27,918	26,783
Dover Diversified	**52,835**	46,500	41,040	30,188	26,857	27,141
Dover Resources	**44,426**	40,039	34,802	24,738	20,686	17,816
Corporate	**2,071**	1,724	1,613	1,404	952	696
Consolidated total	**$ 203,384**	$ 183,244	$ 167,687	$ 155,204	$ 110,484	$ 92,186
Capital expenditures:						
Dover Technologies	**$ 78,880**	$ 41,432	$ 40,544	$ 42,303	$ 36,001	$ 18,546
Dover Industries	**33,550**	32,242	29,046	24,689	28,495	20,675
Dover Diversified	**54,566**	25,799	26,050	24,400	26,274	31,299
Dover Resources	**30,056**	29,409	29,473	28,317	22,149	21,127
Corporate	**716**	1,230	617	2,373	760	72
Consolidated total	**$ 197,768**	$ 130,112	$ 125,730	$ 122,082	$ 113,679	$ 91,719

See Notes to Consolidated Financial Statements.

Consolidated Statements of Earnings, Accumulated Comprehensive Earnings, and Retained Earnings

(in thousands except per share figures)

Statement of earnings for the years ended December 31,	2000	1999	1998
Net sales	**$5,400,717**	$4,446,420	$3,977,666
Cost of sales	**3,433,495**	2,837,960	2,551,381
Gross profit	**1,967,222**	1,608,460	1,426,285
Selling and administrative expenses	**1,124,012**	973,049	894,325
Operating profit	**843,210**	635,411	531,960
Other deductions (income):			
Interest expense	**97,538**	53,401	60,746
Interest income	**(9,043)**	(18,528)	(14,308)
Gain (loss) on sale of investments and businesses	**(10,495)**	(10,256)	—
All other, net	**(7,105)**	(4,210)	(3,124)
Total	**70,895**	20,407	43,314
Earnings before taxes on income	**772,315**	615,004	488,646
Federal and other taxes on income	**239,108**	209,950	162,249
Net earnings from continuing operations	**533,207**	405,054	326,397
Earnings from discontinued operations	**—**	—	52,448
Gain (loss) on sale of discontinued business, net of tax	**(13,595)**	523,938	—
Net earnings	**$ 519,612**	$ 928,992	$ 378,845
Net earnings per common share:			
Basic —Continuing operations	**$ 2.63**	$ 1.94	$ 1.47
—Discontinued operations	**—**	—	.23
—Gain (loss) on sale of discontinued business, net of tax	**(.07)**	2.50	—
—Net earnings	**$ 2.56**	$ 4.44	$ 1.70
Diluted—Continuing operations	**$ 2.61**	$ 1.92	$ 1.45
—Discontinued operations	**—**	—	.24
—Gain (loss) on sale of discontinued business, net of tax	**(.07)**	2.49	—
—Net earnings	**$ 2.54**	$ 4.41	$ 1.69
Weighted average number of common shares outstanding during the period:			
Basic	**202,971**	209,063	222,793
Diluted	**204,677**	210,679	224,386

Accumulated Comprehensive Earnings for the years ended December 31,	2000	1999	1998
Net earnings	**$ 519,612**	$ 928,992	$ 378,845
Other comprehensive earnings, net of tax:			
Foreign currency translation adjustments	**(32,726)**	(52,742)	10,166
Less: reclassification adjustment for adjustments included in net earnings	**—**	—	(486)
Total foreign currency translation adjustments	**$(32,726)**	$ (52,742)	$ 10,652
Unrealized gains (losses) on marketable securities:			
Unrealized holding gains (losses) arising during period	**12,080**	(5)	(27)
Less: reclassification adjustment for gains (losses) included in net earnings	**8,994**	—	5,713
Total unrealized gains (losses) on securities (tax $1,687 in 2000, $27 in 1998)	**3,086**	(5)	(5,740)
Other comprehensive (loss) earnings	**(29,640)**	(52,747)	4,912
Accumulated comprehensive earnings	**$ 489,972**	$ 876,245	$ 383,757

Retained Earnings for the years ended December 31,	2000	1999	1998
Balance at beginning of year	**$2,830,175**	$1,992,991	$1,703,335
Net earnings	**519,612**	928,992	378,845
	3,349,787	2,921,983	2,082,180
Deductions:			
Common stock cash dividends of $.48 per share ($.44 in 1999; $.40 in 1998)	**97,468**	91,808	89,189
Balance at end of year	**$3,252,319**	$2,830,175	$1,992,991

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(in thousands except share and per share figures)

December 31,	2000	1999
Assets		
Current Assets:		
Cash and cash equivalents	$ 181,399	$ 138,038
Marketable securities, at market	5,341	—
Receivables (less allowance for doubtful accounts of $26,109 in 2000, $23,375 in 1999)	903,177	750,917
Inventories	783,200	639,379
Prepaid expenses and other current assets	101,732	83,228
Total current assets	1,974,849	1,611,562
Property, plant and equipment, at cost:		
Land	46,853	41,291
Buildings	389,159	356,548
Machinery and equipment	1,247,479	1,082,994
	1,683,491	1,480,833
Less accumulated depreciation	927,943	834,358
Net property, plant and equipment	755,548	646,475
Intangible assets, net of amortization	2,071,281	1,813,359
Other intangible assets	7,358	7,358
Other assets and deferred charges	83,080	53,186
	$4,892,116	$4,131,940
Liabilities		
Current Liabilities:		
Notes payable	$ 839,880	$ 296,637
Current maturities of long-term debt	2,657	1,263
Accounts payable	277,910	253,650
Accrued compensation and employee benefits	178,280	157,392
Accrued insurance	45,855	50,274
Other accrued expenses	209,247	186,405
Federal and other taxes on income	50,811	380,865
Total current liabilities	1,604,640	1,326,486
Long-term debt	631,846	608,025
Deferred income taxes	67,381	50,440
Other deferrals (principally compensation)	146,674	108,233
Commitments and contingent liabilities		
Stockholders' Equity		
Capital Stock:		
Preferred, $100 par value per share.		
Authorized 100,000 shares; issued none	—	—
Common, $1 par value per share.		
Authorized 500,000,000 shares; issued 236,944,308 in 2000, (236,246,384 shares in 1999)	236,944	236,246
Additional paid-in capital	48,552	33,060
Cumulative translation adjustments	(112,711)	(79,985)
Unrealized holding gains	3,132	46
Retained earnings	3,252,319	2,830,175
	3,428,236	3,019,542
Less common stock in treasury, at cost 33,760,636 shares in 2000 (33,617,535 shares in 1999)	986,661	980,786
Net stockholders' equity	2,441,575	2,038,756
	$4,892,116	$4,131,940

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Increase (decrease) in cash and cash equivalents (in thousands)

For the Years Ended December 31,	2000	1999	1998
Cash flow from operating activities:			
Net earnings	$ 519,612	$ 928,992	$ 378,845
Adjustments to reconcile net earnings to net cash from operating activities:			
Income from discontinued operations	—	—	(52,448)
(Gain) loss on sale of discontinued business	13,595	(523,938)	—
(Gain) loss on sale of equity investment	(13,741)	—	—
Depreciation and amortization	203,384	183,244	167,687
Provision for losses on accounts receivable	8,045	6,803	6,542
Net increase (decrease) in LIFO reserve	(395)	(859)	(190)
Deferred income taxes	17,507	(17,216)	(311)
Loss (gain) on sale of property and equipment	(1,212)	(479)	898
Increase (decrease) in deferred compensation	38,657	22,486	4,704
Acquisition inventory premium write-off	13,756	10,534	7,804
(Gain) loss on sale of businesses and certain assets	3,246	(10,256)	(40)
Other, net	6,011	(908)	(12,279)
Changes in assets and liabilities (excluding effects of acquisitions and dispositions):			
Decrease (increase) in accounts receivable	(123,787)	(149,631)	74,655
Decrease (increase) in inventories excluding LIFO reserve	(89,396)	(21,036)	(17,263)
Decrease (increase) in prepaid expenses	(16,560)	(8,644)	(11,479)
Decrease (increase) in other assets	(3,303)	(3,366)	117
Increase (decrease) in accounts payable	1,640	48,526	(24,685)
Increase (decrease) in accrued expenses	19,079	(22,271)	(150)
Increase (decrease) in federal and other taxes on income	(41,467)	24,135	(26,181)
Total adjustments	35,059	(462,876)	117,381
Net cash from (used in) operating activities of continuing operations	554,671	466,116	496,226
Cash flows from (used in) investing activities:			
Proceeds from the sale of marketable securities	14,185	—	21,979
Proceeds from sale of property and equipment	7,302	2,637	6,270
Additions to property, plant and equipment (includes rental equipment: $133 in 2000, $232 in 1999, and $400 in 1998)	(197,901)	(130,344)	(126,130)
Acquisitions (net of cash and cash equivalents: $9,255 in 2000, $38,186 in 1999, and $7,421 in 1998)	(442,658)	(575,011)	(549,762)
Proceeds from sale of businesses	16,919	40,096	668
Net cash from (used in) investing activities of continuing operations	(602,153)	(662,622)	(646,975)
Cash flows from (used in) financing activities:			
Increase (decrease) in notes payable	532,023	(135,640)	(8,235)
Reduction of long-term debt	(49,675)	(13,379)	(2,724)
Proceeds from long-term debt	22,257	1,916	349,115
Purchase of treasury stock (143 shares in 2000, 18,454 shares in 1999 and 3,252 shares in 1998)	(5,874)	(671,670)	(106,304)
Proceeds from exercise of stock options	9,003	7,520	10,935
Cash dividend to stockholders	(97,468)	(91,808)	(89,189)
Net cash from (used in) financing activities of continuing operations	410,266	(903,061)	153,598
Effect of exchange rate changes on cash and cash equivalents	(4,103)	(6,982)	1,986
Cash (to) from discontinued operations	(12,951)	9,599	(11,172)
Taxes paid on gain from sale of elevator market segment	(302,369)	(21,786)	—
Proceeds from sale of elevator market segment	—	1,160,000	—
Net increase (decrease) in cash and cash equivalents	43,361	41,264	(6,337)
Cash and cash equivalents at beginning of year	138,038	96,774	103,111
Cash and cash equivalents at end of year	$ 181,399	$ 138,038	$ 96,774
Supplemental information-continuing operations, cash paid during the period for:			
Income taxes	$ 263,351	$ 220,000	$ 188,196
Interest	95,426	53,581	75,858

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

December 31, 2000, 1999 and 1998

1 Description of Business and Summary of Significant Accounting Policies:

The Company is a multinational, diversified manufacturing corporation comprised of over 50 different operating companies which manufacture a broad range of specialized industrial products and sophisticated manufacturing equipment. The Company also provides some engineering and testing services. The Company groups its products and services by industry into four segments as set forth in the tables shown on page 24. A description of the products manufactured and services performed by each of the four segments is given on the inside front cover.

The accounting policies that affect the more significant elements of the Company's financial statements are described briefly below:

A. Consolidation:

The consolidated financial statements include all significant subsidiaries after elimination of all significant intercompany accounts and transactions, and include the results of operations of purchased businesses from the dates of acquisitions. On January 5, 1999, the Company sold its Dover Elevator International market segment to Thyssen Industrie, AG and the segment has been treated as a discontinued operation. The assets, liabilities, results of operations and cash flows have been segregated and reported as discontinued operations for all periods presented. (See Note 2).

In conformity with the Financial Accounting Standards Board Statement No. 52, "Foreign Currency Translation", the accounts of foreign subsidiaries have been translated into U.S. dollars as follows: assets and liabilities have been translated at year-end rates, profit and loss accounts have been translated at average rates for the year, and the difference has been reflected in the equity section of the balance sheet as cumulative translation adjustments. An analysis of the changes during 2000 and 1999 in the cumulative translation adjustments shown on the balance sheets follows:

Accumulated Other Comprehensive Earnings, Foreign Currency Translation Adjustments:

(in thousands)	2000	1999
Balance at beginning of year	$ (79,985)	$(27,243)
Aggregate adjustment for year	(32,726)	(52,742)
Balance at end of year	$(112,711)	$(79,985)

B. Use of Estimates:

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

C. Inventories:

Inventory of foreign subsidiaries, the Dover Technologies segment and some recently acquired domestic companies 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.

D. Property, Plant and Equipment and Depreciation:

Property, plant and equipment includes the cost of land, buildings, equipment and significant improvements to existing plant and equipment. 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 are removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings.

Plant and equipment is generally depreciated based upon accelerated methods, utilizing estimated useful property lives for both accounting and tax purposes. Building lives range from 5 to 50 years; machinery and equipment lives range from 2 to 20 years. Depreciation expense was $136,277,000 in 2000, $122,713,000 in 1999, and $114,116,000 in 1998.

E. Intangible Assets:

Intangible assets subject to amortization include goodwill purchased after 1970, and the cost of certain patents, drawings, trademarks, work force, customer lists, and covenants not to compete. Goodwill is being amortized on a straight-line basis over a period, generally of 40 years; the remaining intangible amortization is based on estimated useful lives which range from 3 to 20 years. The Company evaluates its amortization policies regularly to determine whether later events and circumstances warrant revised estimates of useful lives. The Company periodically evaluates the recoverability of goodwill and other long-lived assets including their relation to the operating performance and future undiscounted net cash flows of the related business. In accordance with SFAS 121, impairment losses are recognized when warranted. Goodwill, net of amortization, aggregated $1,889,357,000 at December 31, 2000 and $1,628,317,000 at December 31, 1999. Amortization of all intangibles was $67,107,000 in 2000, $60,531,000 in 1999, and $53,571,000 in 1998, of which goodwill was $49,184,000, $41,229,000, and $32,612,000, respectively.

Other intangible assets principally represent goodwill attributable to businesses purchased prior to 1970. These intangibles are also regularly evaluated and, in the opinion of management, have not diminished in value and accordingly they have not been amortized.

F. Revenue Recognition:

On December 3, 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements, implementation of which was effective in the fourth quarter 2000. SAB 101 reflects the basic principles of revenue recognition in existing generally accepted accounting principles (GAAP). The Company was in compliance with the basic principles of revenue recognition and as such, implementation of the SAB 101 did not have a material effect on its results.

In conformity with SAB 101, revenue is generally recognized and earned when all of the following circumstances are satisfied, a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectibility is reasonably assured and d) delivery has occurred or services have been rendered.

Shipping and handling fees are not material and are generally credited to revenue with related costs principally charged to cost of sales.

G. Income Taxes:

The provision for income taxes includes federal, state, local and foreign taxes. Tax credits, primarily for research and experimentation, are recognized as a reduction of the provision for income taxes in the year in which they are available for tax purposes, and aggregated $9,698,000 for 2000, $7,174,000 for 1999, and $5,815,000 for 1998. Research and experimentation expenditures charged to earnings amounted to $175,263,000 for 2000, $139,333,000 in 1999, and $131,265,000 in 1998. Generally, no provision is made for U.S. income taxes on unremitted earnings of foreign subsidiaries since any U.S. taxes payable would be offset by foreign tax credits.

H. Cash Flows:

For purposes of the statement of cash flows, the Company considers all highly liquid investments, including highly liquid debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

I. Risk Retention, Insurance:

The Company generally retains the risk for losses and liabilities related primarily to workers' compensation, health and welfare claims, business interruption resulting from certain events and comprehensive general, product and vehicle liability. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience.

As part of the company's risk management program, insurance is maintained to transfer risk beyond the level of self retention and provides stop loss protection on both an individual claim and annual aggregate basis. Limits of insurance are maintained at levels considered prudent based on experience of the company and market conditions. A world wide program of property insurance covers the Company's owned property and any business interruptions which may occur due to a hazard risk affecting those properties.

J. Marketable Securities:

In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" available-for-sale securities are reported at fair value but unrealized gains and losses are shown in the caption "unrealized holding gains" included in stockholders' equity.

As of December 31, 2000 available-for-sale securities totaled $5,341,000 with related unrealized gains of $3,086,000, net of tax and consisted of an investment in Bookham Technology PLC for strategic business reasons. During 2000 the Company reported realized gains in the amount of $8,994,000 net of tax on the sale of approximately 43% of its investment in Bookham. The cost was based on the original amount invested. At December 31, 1999 the Company did not hold any available-for-sale securities.

K. Reclassifications:

Certain amounts, in prior years, have been reclassified to reflect current year's presentation.

2 Acquisitions, Dispositions and Discontinued Operations:

1998 Completed Acquisitions

Date	Type	Acquired Companies	Location (Near)	Segment	Operating Co.
1-Jan	Asset	Thermofluid International Manufactures custom heat transfer equipment for the refrigeration industry.	Arlington, TX	DDI	Tranter
5-Jan	Asset	Quartzdyne, Inc. Manufactures highly specialized quartz pressure transducers used in oil/gas drilling.	Salt Lake City, UT	DRI	Stand-alone
8-Jan	Stock	Thompson Carmichael Holdings, Ltd. Manufactures aluminum and stainless steel tank trailers and truck tanks.	W. Midlands, U.K.	DII	Heil Trailer International
10-Feb	Asset	Wiseco Piston Company, Inc. Manufactures forged aluminum-alloy pistons found in racing cars, motorcycles, power boats and snowmobiles.	Mentor, OH	DDI	Stand-alone
16-Apr	Stock	Nova Controls Manufactures electronic dispensing systems used in commercial laundry and dishwashing applications.	Santa Cruz, CA	DRI	HydroSystems
21-Apr	Stock	Sonic Industries Produces high strength, structured fasteners for the aerospace industry.	Torrence, CA	DDI	Sargent
30-Apr	Asset	Avtec Industries, Inc. Manufactures food service and kitchen ventilation equipment.	Oswego, IL	DII	Randell
1-May	Asset	PDQ Manufacturing, Inc. Manufactures "touchless" vehicle wash equipment.	Green Bay, WI	DII	Stand-alone
30-Jun	Stock	Wilden Pump and Engineering, Inc. Manufactures air activated double diaphragm pumps.	Grand Terrace, CA	DRI	Stand-alone
30-Jun	Asset	Koolant Koolers Manufactures industrial chillers.	Kalamazoo, MI	DII	DovaTech
30-Jun	Stock	Prox International B.V. Distributes engine components.	Amsterdam, Netherlands	DDI	Performance Motorsports
30-Jun	Stock	Jag Industries S.A. Produces automation components (grippers, tool changers, collision sensing compliance devices, slides and rotate units).	Paris, France	DRI	De-Sta-Co Industries
10-Dec	Stock	Ing. Mas Manufactures refrigeration systems, parallel racks and HVAC systems used in supermarkets and commercial and industrial buildings.	Rosario, Argentina	DDI	Hill Phoenix
23-Dec	Stock	atg test services GmbH Manufactures circuit board test equipment.	Wertheim, Germany	DTI	Everett Charles Technologies

The aggregate cost of these 1998 acquisitions, including all direct costs was approximately $557,183,000 of which $416,104,000 represents goodwill which is being amortized over a forty-year period. The $557,183,000 purchase price accounting cost can be reconciled to the $556,019,000 "economic cost" amount shown elsewhere in this report by considering long-term debt assumed and cash acquired on date of acquisition.

In November 1998, the Company reached an agreement to sell Dover Elevator International Inc. to Thyssen Industrie, AG for $1,160,000,000. The amount received was recorded in the first quarter of 1999, and resulted in a net gain for the Company of $523,938,000, equal to $2.49 per share. The Dover Elevator International segment is accounted for as a discontinued operation, and, accordingly, amounts in the financial statements and related notes for all periods shown reflect discontinued operations accounting. The net assets of discontinued operations is primarily comprised of accounts receivable, inventory and fixed assets, net of liabilities. Operating results of the discontinued segment are as follows:

(in thousands except per share figures) For the year ended December 31,	1998
Net sales	$899,015
Earnings before income taxes	82,246
Income taxes	29,798
Net earnings from discontinued operations	$ 52,448
Net earnings per diluted common share:	
Discontinued operations	$ .24

1999 Completed Acquisitions

Date	Type	Acquired Companies	Location (Near)	Segment	Operating Co.
8-Jan	Stock	EMA Industria e Comercio Ltda. Manufactures manual and pneumatic toggle clamps.	Sao Jose Campos, Brazil	DRI	De-Sta-Co Industries
15-Jan	Stock	Van Dam Machine B.V. Manufactures multi-color dry offset printing presses, focused on the rigid plastic container market.	Amsterdam, Netherlands	DDI	Mark Andy
23-Jan	Stock	Alphasem Holding A.G. Manufactures electronic assembly equipment.	Berg, Switzerland	DTI	Universal Instruments
19-Feb	Stock	Hydra-Tight, Ltd. Manufactures bolt tensioning and pipeline coupling products and services tailored for the oil/gas and power generation industries.	W. Midlands, UK	DDI	Waukesha Bearings
4-Mar	Stock	Graphics Microsystems Manufactures closed-loop color control systems and digital remote link control systems for web, sheet-fed and specialty printing presses.	Sunnyvale, CA	DDI	Stand-alone
10-Mar	Asset	TTI Testron Consolidated Manufactures test fixtures and interconnect devices for automated test equipment.	Woonsocket, RI	DTI	Everett Charles Technologies
8-Apr	Stock	Richards Industries Manufactures petroleum handling equipment and safety devices.	Rockwood, TN	DRI	OPW Fueling Components
10-May	Stock	Somero Enterprises Manufactures laser controlled concrete floor spreading equipment.	Houghton, MI	DII	Stand-alone
31-May	Asset	JE Piston Manufactures high quality forged racing pistons.	Huntington Beach, CA	DDI	Performance Motorsports
1-Jul	Asset	Parts, Inc. Manufactures quality replacement parts and cylinders for the refuse equipment industry.	Piedmont, SC	DII	Heil Environmental
23-Jul	Asset	Advantage Lift Systems Manufactures surface lifts for heavy duty automotive applications, as well as other complimentary designs.	San Diego, CA	DII	Rotary Lift
1-Aug	Stock	Lee Laser, Inc. Manufactures solid state, high quality diode and lamp pumped lasers.	Orlando, FL	DII	Dova Tech
1-Sep	Stock	Forward Manufacturing Manufactures surface lifts for light duty automotive applications.	Fort Worth, FL	DII	Rotary Lift
16-Sep	Stock	ARCOM, Inc. Manufactures transceivers used in high frequency millimeter-wave digital radios and millimeter-wave subsystems.	Salem, NH	DTI	Quadrant Technologies
4-Oct	Stock	Crenlo, Inc. Manufactures operator cabs for the construction machinery and agricultural equipment markets.	Rochester, MN	DDI	Stand-alone
19-Nov	Stock	HAS, Inc. Specializes in the overhaul and repair of hydraulic and electromechanical aircraft components.	Miami, FL	DDI	Sargent
30-Nov	Stock	DP Manufacturing Manufactures hydraulically powered planetary gear winches.	Tulsa, OK	DRI	Tulsa Winch
3-Dec	Stock	Heil Asia Manufactures liquid and dry bulk tank trailers and refuse collection vehicles.	Bangkok, Thailand	DII	Heil Trailer International

The aggregate cost of these 1999 acquisitions, including all direct costs was approximately $613,197,000 of which $437,515,000 represents goodwill which is being amortized over a forty-year period. The $613,197,000 purchase price accounting cost can be reconciled to the $599,171,000 "economic cost" amount shown elsewhere in this report by considering long-term debt assumed and cash acquired on date of acquisition.

Effective March 27, 1999 the Company sold 100% of the stock of CoEv Inc. In the first quarter of 1999 the Company closed down its Thermofluid operation. Effective July 30, 1999 the Company sold 100% of the stock of Pathway Bellows, Inc. Effective January 1, 2000 the Company sold 100% of the assets of Davenport Machine, Inc.

As a result of these transactions, the Company recorded a $10.3 million gain before tax in 1999 ($.02 per share after tax), and a $3.2 million loss in year 2000. The operating profits of these companies, separately or in aggregate, were not material to the Company.

2000 Completed Acquisitions

Date	Type	Acquired Companies	Location (Near)	Segment	Operating Co.
1-Jan	Stock	SureSeal, Inc. Manufactures butterfly valves, actuators and other components used in piping systems, pneumatic conveying, transportation and industrial applications.	Mineral Pt, MO	DRI	Civacon/ Knappco
29-Feb	Stock	Yakima Wire Works, Inc. Manufactures bagging machinery for the packaging of soft perishable produce.	Yakima, WA	DDI	SWF
8-Mar	Stock	Triton Systems, Inc. Manufactures cash-dispensing ATMs for off-premise locations, including ATM management software.	Long Beach, MS	DII	Stand-alone
8-Mar	Stock	Prime Yield Systems, Inc. Manufactures semiconductor test sockets and distributes probe cards.	St. Paul, MN	DTI	Everett Charles Technologies
30-Mar	Asset	Hydro-Cam Engineering Company Manufactures stamping dies for the electric motor, generator, transformer and automotive markets.	Troy, MI	DRI	De-Sta-Co Manufacturing
10-Apr	Stock	Greer Company Manufactures systems that continuously monitor the load and configuration of mobile cranes.	Santa Ana, CA	DRI	Tulsa Winch
12-Apr	Asset	Hoegger Alpina (HA) Manufactures packaging machinery, clips and loops primarily used in the food processing industry.	Gossau, Switzerland	DII	Tipper Tie/ Technopack
24-May	Stock	Hydromotion, Inc. Manufactures hydraulic swivels, electric slip rings and telescopic waterway assemblies.	Spring City, PA	DII	Texas Hydraulics
31-May	Stock	Salwasser Manufacturing Company, Inc. Manufactures packaging machinery in automation of case packing for paper, dry goods and toiletries markets.	Reedley, CA	DDI	SWF
8-Jun	Asset	Provacon, Inc. Manufactures specialty valves and fittings for the transfer of hazardous fluids in petro-chemical plants.	Gonzales, LA	DRI	Midland Manufacturing
23-Jun	Stock	C & H Manufacturing, Inc. Manufactures specialty fasteners, primarily for use in aircraft landing gears.	Ontario, CA	DDI	Sargent

30-Jun	Stock	**Groupe Aoustin** Manufactures high volume, turnkey liquid filtration systems and specialty high-viscosity mixers-extruders.	Nanterre, France	DRI	Ronningen-Petter
18-Jul	Stock	**Syfer Technology Ltd.** Manufactures specialty ceramic electronic components.	Norwich, U.K.	DTI	Novacap
24-Jul	Asset	**Chesterton System One Pump Division** Manufactures high-end robust centrifugal pump line.	Stoneham, MA	DRI	Blackmer
8-Aug	Stock	**Kesseltronics Systems Corporation** Developer of electronic products primarily for the vehicle wash equipment industry.	Hudson, Quebec	DII	PDQ
1-Sep	Asset	**Vertex Piston S.P.A.** Manufactures cast aluminum pistons.	Reggio Emila, Italy	DDI	Performance Motorsports
15-Sep	Asset	**National Cooler Corporation** Manufactures walk-in coolers, freezers and cold storage doors.	San Dimas, CA	DDI	Hill Phoenix
26-Sep	Stock	**Pullmaster Winch** Manufactures hydraulically and planetary powered winches ranging from 1,000 to 50,000 pounds linepull.	Surrey, Vancouver	DRI	Tulsa Winch
1-Oct	Stock	**Vitech** Manufactures printed circuit board test fixtures and provider of test services for pc boards.	Galeen, Netherlands	DTI	Everett Charles Technologies
23-Oct	Stock	**RG Industries Ltd.** Manufactures sucker rod guides and urethane-coated couplings.	Edmonton, Alberta CA	DRI	Petroleum Equipment Group
7-Nov	Stock	**OK International Inc.** Manufactures professional tools and assembly equipment used in electronics, telecommunications and general manufacturing industries.	Menlo Park, CA	DTI	Stand-alone
30-Nov	Asset	**Cinox** Manufactures precision quartz crystals.	Cincinnati, Ohio	DTI	Quadrant
5-Dec	Stock	**Kalyn/Siebert, Incorporated** Manufactures heavy-duty customized truck trailers for commercial and U.S. government/military customers.	Gatesville, TX	DII	Heil Trailer International

The aggregate cost of these 2000 acquisitions, including all direct costs was approximately $451,913,000 of which $316,002,000 represents goodwill which is being amortized over a forty-year period. The $451,913,000 purchase price accounting cost can be reconciled to the $506,251,000 "economic cost" amount shown elsewhere in this report by considering long-term debt assumed and cash acquired on date of acquisition.

The company reported a $13.6 million loss ($.07 per share) in 2000 due to subsequent adjustment to both the purchase price and expenses related to the disposition of the Dover Elevator International market segment in 1999. These results are reported as loss on discontinued operations in 2000.

The Company reported a gain before tax of $10.5 million ($.04 per share after tax). The pre-tax gain results from sale of an equity investment ($13.7 million) reported in Note 1.J, and loss on sale of Davenport ($3.2 million) reported in the 1999 section of this footnote.

All of the above acquisitions have been accounted for by the purchase method of accounting. Accordingly, the accounts of the acquired companies after adjustment to reflect fair market values assigned to assets and liabilities, have been included in the consolidated financial statements from their respective dates of acquisitions.

The following unaudited pro forma information presents the results of operations of the Company as if the 2000 acquisitions had taken place on January 1, 1999.

(in thousands except per share figures) For the years ended December 31,	2000	1999
Net sales from continuing operations:		
As reported	**$5,400,717**	$4,446,420
Pro forma	**5,621,904**	4,850,992
Net earnings from continuing operations available to common stockholders:		
As reported	**$ 533,207**	$ 405,054
Pro forma	**541,605**	406,092
Basic earnings per share from continuing operations:		
As reported	**$ 2.63**	$ 1.94
Pro forma	**2.67**	1.94
Diluted earnings per share from continuing operations:		
As reported	**$ 2.61**	$ 1.92
Pro forma	**2.65**	1.92

These pro forma results of operations have been prepared for comparative purposes only and include certain adjustments, such as additional amortization expense as a result of goodwill and increased interest expense on acquisition debt. They do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on the date indicated, or which may result in the future.

During January and early February 2001 the Company acquired three separate businesses at a cost of approximately $35 million.

3 Inventories:

Summary by components at December 31, (in thousands)	2000	1999
Raw materials	**$311,211**	$239,498
Work in process	**217,678**	205,792
Finished goods	**290,178**	233,671
Total	**819,067**	678,961
Less LIFO reserve	**35,867**	39,582
	$783,200	$639,379

At December 31, 2000, domestic inventories determined by the LIFO inventory method amounted to $155,940,000 ($165,092,000 at December 31, 1999).

During each of the years in the two year period ended December 31, 2000, some inventory quantities were reduced. This reduction resulted in a liquidation of certain LIFO inventory quantities carried at lower costs prevailing in prior years as compared with costs at December 31 of each year. The effect of these liquidations increased net earnings by less than one cent per share in both 2000 and 1999.

4 Bank Line of Credit:

The Company has open bank lines of credit and other bank credit agreements totaling $750,000,000, which support its issuance of commercial paper. These lines are in amounts requested by the Company and not the maximum that could be obtained.

5 Debt:

A summary of long-term debt at December 31, (in thousands)	2000	1999
6.45% Notes due Nov. 15, 2005 (less unamortized discount of $302) with an effective interest rate of 6.51%	**$249,698**	$249,655
6.25% Notes due June 1, 2008 (less unamortized discount of $84) with an effective interest rate of 6.26%	**149,916**	149,909
6.65% Debentures due June 1, 2028 (less unamortized discount of $857) with an effective interest rate of 6.68%	**199,143**	199,133
Other	**35,746**	10,591
Total long-term debt	**634,503**	609,288
Less current installments	**2,657**	1,263
Long-term debt excluding current installments	**$631,846**	$608,025

Annual repayments of long-term debt in the four years following 2001 are scheduled as follows: 2002—$4,358,000, 2003—$1,455,000, 2004—$1,166,000, and 2005—$398,000.

The notes payable shown on the balance sheets for 2000 and 1999 principally represent commercial paper. The weighted average interest rates at December 31, 2000 and 1999 were 6.4% and 5.3% respectively.

On February 12, 2001, Dover completed its underwritten offering of $400,000,000, 6.50% Notes due February 15, 2011. The proceeds were used to reduce short-term debt.

6 Capital Stock, Additional Paid–In Capital and Treasury Stock:

A summary of equity activity follows:

(in thousands)	Common Stock $1 Par Value	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount
Balance at December 31, 1998	$235,571	$18,630	15,164	$309,116
Stock options exercised	590	11,701	52*	1,760
Treasury stock purchased	—	—	18,402	669,910
Stock issued	85	2,729	—	—
Balance at December 31, 1999	$236,246	$33,060	33,618	$980,786
Stock options exercised	661	15,033	94*	4,007
Treasury stock purchased	—	—	49	1,868
Stock issued	37	459	—	—
Balance at December 31, 2000	**$236,944**	**$48,552**	**33,761**	**$986,661**

* Shares received as consideration for exercise price.

The Board of Directors has been authorized to issue preferred stock, in one or more series, up to 100,000 shares, with such designations, preferences and relative rights and limitations as may be stated in the resolution relating to each issue.

During 1987 the Board of Directors adopted a Stockholders' Rights Plan that is designed to protect stockholders from attempts to acquire control of the Company at an inadequate price. On November 7, 1996, the Board of Directors amended the original Plan by changing some of its features and extending the Plan to November 2006.

7 Stock Option and Performance Incentive Program (Adjusted for stock splits):

On April 24, 1984, the stockholders approved an incentive stock option plan and cash performance program under which a maximum aggregate of 19 million shares was reserved for grants to key personnel until January 30, 1994. This plan expired on January 30, 1995, but certain previous grants remain outstanding at December 31, 2000.

On April 25, 1995, the stockholders approved an incentive stock option plan and a cash performance program to replace the expired 1984 plan and program. Under the new plan, a maximum aggregate of 20 million shares was reserved for grants to key personnel until January 30, 2005. The option price may not be less than the fair market value of the stock at the time the options are granted. The period during which these options are exercisable is fixed by the Company's Compensation Committee at the time of grant, but is not to exceed ten years.

Transactions in stock options (all of which are non-qualified and vest three years after grant) under this plan are summarized as follows:

	Shares Under Option	Price Range
Outstanding at January 1, 1999	5,162,984	$ 7.43 – $35.00
Granted	1,312,207	$31.00
Exercised	(590,272)	$ 7.43 – $23.53
Canceled	(161,434)	$ 8.67 – $35.00
Outstanding at December 31, 1999	5,723,485	$ 8.67 – $35.00
Exercisable at December 31, 1999 through February 4, 2006	2,775,877	$ 8.67 – $23.53
Outstanding at January 1, 2000	5,723,485	$ 8.67 – $35.00
Granted	1,032,671	$39.00 – $43.00
Exercised	(660,524)	$ 8.67 – $24.72
Canceled	(119,713)	$ 8.67 – $39.00
Outstanding at December 31, 2000	**5,975,919**	**$ 9.62 – $43.00**
Exercisable at December 31, 2000 through:		
February 28, 2001	**71,544**	**$ 9.62**
March 6, 2002	**149,048**	**$ 9.67**
March 4, 2003	**189,339**	**$11.43**
February 27, 2004	**286,520**	**$14.88**
February 2, 2005	**804,972**	**$14.22**
February 4, 2006	**656,990**	**$23.53**
February 4, 2007	**768,590**	**$24.72**
Total	**2,927,003**	**$ 9.62–$24.72**

The Company applies APB Opinion 25 and related Interpretations in accounting for stock options; accordingly, no compensation cost has been recognized. Had compensation cost been determined based upon the fair value of the stock options at grant date consistent with the method in SFAS Statement 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

(in thousands except per share figures) For the years ended December 31,	2000	1999	1998
Net earnings from continuing operations available to common stockholders:			
As reported	**$533,207**	$405,054	$ 326,397
Pro forma	**517,092**	393,783	322,746
Basic earnings per share from continuing operations:			
As reported	**$ 2.63**	$ 1.94	$ 1.47
Pro forma	**2.55**	1.88	1.45
Diluted earnings per share from continuing operations:			
As reported	**$ 2.61**	$ 1.92	$ 1.45
Pro forma	**2.53**	1.87	1.44

The fair value of each option grant was estimated on the date of grant using a Black-Scholes option-pricing model with the following assumptions for 2000, 1999 and 1998, respectively: risk-free interest rates of 6.91, 4.97 and

5.57 percent; dividend yield of 1.18, 1.15, and 1.16 percent; expected lives of 6 years for each year; and volatility of 22.57, 22.20, and 22.45 percent.

8 Earnings per share:

The computations of basic and diluted earnings per share from continuing operations for each year were as follows:

(in thousands except per share figures)	2000	1999	1998
Numerator:			
Net earnings from continuing operations available to common stockholders:	$533,207	$405,054	$326,397
Denominator:			
Basic weighted average shares	202,971	209,063	222,793
Effect of diluted securities:			
Employee stock options	1,706	1,616	1,593
Denominator:			
Diluted weighted average shares	204,677	210,679	224,386
Basic earnings per share from continuing operations	$ 2.63	$ 1.94	$ 1.47
Diluted earnings per share from continuing operations	$ 2.61	$ 1.92	$ 1.45

There were no anti-dilutive stock options in 2000 or 1999 because the average market price was greater than the options' exercise price. In 1998 704,000 options were anti-dilutive and were excluded from the 1998 calculation of diluted weighted average shares. The diluted EPS computation was made using the treasury stock method.

9 Taxes on Income:

Total income taxes for the years ended December 31, 2000, 1999 and 1998 were allocated as follows:

(in thousands)	2000	1999	1998
Income from continuing operations	$239,108	$209,950	$162,249
Income from discontinued operations	—	—	29,798
Gain (loss) on sale of discontinued business	(4,895)	372,395	—
Stockholders' equity, for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	(6,691)	(4,771)	(8,101)
	$227,522	$577,574	$183,946

Income tax expense (benefit) is made up of the following components:

(in thousands)	2000	1999	1998
Current:			
U.S. Federal	$158,700	$166,611	$107,257
State and local	2,778	9,544	8,864
Foreign	59,991	51,011	45,916
Total current	221,469	227,166	162,037
Deferred			
U.S. Federal	18,351	(18,357)	4,804
State and local	1,466	(603)	(296)
Foreign	(2,178)	1,744	(4,296)
Total deferred	17,639	(17,216)	212
Total expense	$239,108	$209,950	$162,249

Income taxes have been based on the following components of earnings before taxes on continuing income:

(in thousands)	2000	1999	1998
Domestic	$573,843	$474,667	$383,819
Foreign	198,472	140,337	104,827
	$772,315	$615,004	$488,646

The reasons for the difference between the effective rate and the U.S. Federal income statutory rate of 35% follow:

	2000	1999	1998
U.S. Federal income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of Federal income tax benefit	0.4	0.9	1.1
Foreign operations tax effect	(0.1)	0.6	1.0
Subtotal	35.3	36.5	37.1
R&E tax credits	(1.3)	(1.2)	(1.2)
FSC benefit	(2.6)	(2.4)	(2.8)
Foreign tax credits	(0.3)	(0.2)	(1.4)
Non-tax deductible items	1.4	1.4	1.5
Recurring effective rate	32.5	34.1	33.2
Non-recurring foreign restructuring	(1.5)	—	—
Effective rate	31.0%	34.1%	33.2%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 of each year are:

(in thousands)	2000	1999
Deferred Tax Assets:		
Accrued insurance	$ 9,681	$ 11,516
Accrued compensation, principally postretirement benefits, and compensated absences	48,066	37,059
Accrued expenses, principally for disposition of businesses, interest and warranty	12,529	9,005
Inventories, principally due to reserves for financial reporting purposes and capitalization for tax purposes	16,270	17,468
Accounts receivable, principally due to allowance for doubtful accounts	5,940	5,828
Other assets	2,284	2,284
Total gross deferred tax assets	94,770	83,160
Deferred Tax Liabilities:		
Accounts receivable, principally due to retainage and accrual acceptance on contracts	(29,690)	(18,938)
Plant and equipment, principally due to differences in depreciation	(17,276)	(12,473)
Intangible assets, principally due to different tax and financial reporting bases and amortization lives	(92,262)	(70,411)
Prepaid expenses, principally due to overfunded pension plans	(18,321)	(18,433)
Other liabilities	(4,268)	(1,706)
Total gross deferred tax liabilities	(161,817)	(121,961)
Net deferred tax liability	(67,047)	(38,801)
Net current deferred tax asset	334	11,639
Net non-current deferred tax liability	$ (67,381)	$ (50,440)

10 Rental and Lease Information:

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 $36,109,000, $32,796,000, and $22,648,000 for 2000, 1999, and 1998, respectively. Contingent rentals under the operating leases were not significant.

Minimum future rental commitments under operating leases having noncancelable lease terms in excess of one year aggregate $121 million as of December 31, 2000 and are payable as follows (in millions): 2001—$28, 2002—$21; 2003—$17; 2004—$11, and 2005 and subsequent years—$44.

11 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 which 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. 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, in the opinion of management, based on these reviews, the disposition of the lawsuits and the other matters mentioned above will not have a material effect on financial position, results of operations or cash flows.

The Company has certain commitments with regard to its commercial paper backup credit agreement. The ratio of consolidated EBIT to consolidated interest, measured for any four consecutive quarters, must not be less than 4 to 1. The Company's current ratio of EBIT to consolidated interest is 8.9. The Company was in compliance with restrictions on liens, guarantees and subsidiary debt at December 31, 2000.

12 Operating Return on Operating Investment (Unaudited):

When companies are acquired, the Company's purchase price generally exceeds the book value of the acquired company. Increases in the book value of the assets, including goodwill, arising in such instances, are assigned to the business segments in which acquired companies are included. Similarly, the amortization of these increased asset values is charged against the income of that business segment.

These asset values and charges to income are also reflected in the computation of the Company's net income and return on equity. However, to monitor the progress of business operations on a continuous basis and in relation to industry norms, the Company does not include these asset values or amortizable cost in the calculation of "After-tax Operating Return on Investment" as shown in the unaudited charts on pages 9, 13, 17, and 21. Additionally, the "Investment" figure reflected in these charts is reduced by applicable current liabilities for accounts payable and accrued expenses and for certain deferred taxes.

13 Disclosures About the Fair Value of Financial Instruments:

The Company reports that 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 of these instruments. In addition, the Company believes the long-term debt approximates fair value because present long-term interest rates approximate the Company's actual interest rates.

14 Employee Benefit Plans:

The Company has many defined benefit and defined contribution pension plans covering substantially all employees of the Company and its domestic and foreign subsidiaries. Plan 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 foreign law.

The Company also provides, through nonqualified plans, supplemental pension payments in excess of qualified plan limits imposed by Federal tax law. These plans cover officers and certain key employees and serve to restore the combined pension amount to original benefit levels. The plans are funded from the general assets of the Company.

The financial statements and related disclosures reflect Statement of Financial Accounting Standards No. 132 "Employers' Disclosure About Pensions and Other Postretirement Benefits", No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions", and No. 87 "Employers' Accounting for Pensions", for U.S. defined benefit pension plans; foreign defined benefit pension plans are not considered material.

(in thousands)	Pension Benefits 2000	1999	1998	Other Benefits 2000	1999	1998
Components of net periodic expense						
Expected return on plan assets	**$ 22,812**	$ 21,455	$ 20,522	**$ —**	$ —	$ —
Benefits earned during year	**(8,060)**	(7,680)	(7,330)	**(573)**	(572)	(521)
Interest accrued on benefit obligation	**(15,435)**	(14,535)	(14,660)	**(1,583)**	(1,559)	(1,575)
Amortization:						
Prior service cost	**(2,579)**	(2,394)	(2,389)	**11**	11	7
Unrecognized actuarial gains (losses)	**190**	(169)	4,256	**20**	77	82
Transition	**1,145**	1,257	1,268	**—**	—	—
Settlement and curtailment gain (loss)	**—**	122	(65)	**16**	—	—
Net periodic (expense) credit	**$ (1,927)**	$ (1,944)	$ 1,602	**$(2,109)**	$(2,043)	$(2,007)

The funded status and resulting prepaid pension cost of U.S. defined benefit plans for the years ended December 31, 2000 and 1999 were as follows:

(in thousands)	Pension Benefits 2000	1999	Other Benefits 2000	1999
Change in benefit obligation				
Benefit obligation at beginning of year	**$220,375**	$220,248	**$ 23,826**	$ 24,608
Benefits earned during the year	**8,060**	7,681	**573**	572
Interest cost	**15,435**	14,534	**1,582**	1,559
Amendments	**1,813**	235	**—**	(6)
Actuarial loss (gain)	**(21,280)**	(2,404)	**(859)**	(790)
Settlement and curtailments	**—**	(1,904)	**(15)**	—
Acquisitions	**9,652**	—	**—**	—
Divestitures	**(13,704)**	—	**(1,370)**	—
Benefits paid	**(20,047)**	(18,015)	**(1,840)**	(2,117)
Benefits obligation at end of year	**200,304**	220,375	**21,897**	23,826
Change in plan assets				
Fair value of plan assets at beginning of year	**256,900**	229,930	**—**	—
Actual return on plan assets	**27,397**	39,351	**—**	—
Company contributions	**4,828**	7,748	**1,422**	1,701
Employee contributions	**—**	—	**418**	416
Settlements paid	**—**	(2,114)	**—**	—
Benefits paid	**(20,047)**	(18,015)	**(1,840)**	(2,117)
Acquisitions	**7,149**	—	**—**	—
Divestitures	**(11,815)**	—	**—**	—
Fair value of plan assets at end of year	**264,412**	256,900	**—**	—
Funded status	**64,108**	36,525	**(21,897)**	(23,826)
Unrecognized actuarial (gain)	**(52,721)**	(25,280)	**(3,037)**	(2,847)
Unrecognized prior service cost	**29,487**	30,324	**(27)**	(38)
Unrecognized transition (gain)	**(6,502)**	(8,368)	**—**	—
Prepaid (accrued) benefit cost	**$ 34,372**	$ 33,201	**$(24,961)**	$(26,711)

The assumptions used in determining the above were as follows: a weighted average discount rate of 7.5% (7% in 1999), an average wage increase of 5% (6% in 1999) and an expected long-term rate of return on plan assets of 9.75% (10% in 1999).

Approximately 86% (91% in 1999) of defined benefit plan assets were invested in equity securities with the remainder in fixed income and short term investments.

Pension cost for all world wide defined contribution and benefit plans was $31,505,000 for 2000, $25,987,000 for 1999 and $18,806,000 for 1998.

For post retirement benefit measurement purposes a 5% to 8.75% annual rate of increase in the per capita cost covered benefit (i.e., health care cost trend rates) was assumed for 2000; the rates were assumed to decrease gradually to 5% by the year 2006 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amount reported. For example, increasing (decreasing) the assumed health care cost trend rates by one percentage point in each year would increase (decrease) the accumulated postretirement benefit obligation as of December 31, 2000 by $1,579,000 ($1,140,000) and the net postretirement benefit cost for 2000 by approximately $193,000 ($134,000). As a result of the 1999 acquisition of Crenlo, their existing Pension Plan was merged into the Dover Pension Plan in 2000. The Davenport Pension Plan was divested from the Dover Pension Plan as a result of the sale reported in Footnote No. 2.

15 Information About the Company's Operations in Different Geographic Areas:

In June 1997 the FASB issued Statements of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information", effective in 1998. The segment information on page 24 and the following information is disclosed as required by the statement:

	Revenues			Long-lived assets	
For the years ended December 31,	**2000**	1999	1998	**2000**	1999
United States	**$3,249,304**	$2,709,534	$2,497,770	**$2,386,995**	$2,045,569
Europe	**962,545**	862,156	749,824	**492,256**	446,286
Other Americas	**513,377**	394,599	357,719	**25,196**	21,044
Total Asia	**563,185**	396,750	295,744	**12,553**	7,162
Rest of the World	**112,306**	83,381	76,609	**267**	317
	$5,400,717	$4,446,420	$3,977,666	**$2,917,267**	$2,520,378
U.S. Exports	**$1,288,677**	$ 944,973	$ 840,021		

"Revenues" are attributed to countries based on location of customer.
"Long-lived assets" are comprised of net property, plant and equipment; intangible assets, net of amortization; other intangible assets; and other assets and deferred charges.

Dover Corporation and Subsidiaries

Independent Accountants' Report

To the Board of Directors and
Shareholders of Dover Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, accumulated comprehensive earnings, retained earnings and cash flows present fairly, in all material respects, the financial position of Dover Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York
February 2, 2001

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources:

Despite the amount spent during 2000 on the Company's acquisition program, $506 million, liquidity measures improved slightly when compared to 1999 and the Company continues to be in excellent financial condition.

The Company's current ratio increased to 1.23 at December 31, 2000, compared with 1.21 at December 31, 1999. The quick ratio (current assets net of inventories, divided by current liabilities) increased slightly to .74 at December 31, 2000, compared with .73 at December 31, 1999.

At December 31, 2000, the Company had bank lines of $750.0 million, which support its commercial paper. Additional bank lines of credit are available at the Company's request. The Company's commercial paper is rated A-1 by Standard & Poors and P-1 by Moody's.

Net debt (notes payable plus long-term debt and current maturities of long-term debt less cash and equivalents and marketable securities) to total capital ratio increased to 34.5% ($1,287.6 million) at December 31, 2000, compared with 27.4% ($767.9 million) at December 31, 1999. Long-term debt maturities for the four years 2001 to 2004 aggregate $9.6 million. Management is not aware of any potential impairment to the Company's liquidity and with regard to long term debt, the Company was in compliance with all commitments and restrictions on liens, guarantees and subsidiary debt with regard to long-term debt.

During 2000 the entire capital expenditure program ($198 million) was financed internally as it is expected to be in 2001, when the Company plans capital spending of $271 million. The Company capital spending plans for the year frequently differs from the amount that actually is spent.

The Company had an unrecognized actuarial gain of $52.7 million at December 31, 2000 resulting from favorable stock market returns on assets net of actuarial gains and losses on pension benefit obligations of its defined benefit plans. These gains may be amortized over future periods and are not expected to have a material effect on the Company or any of its segments.

As indicated by the Consolidated Statements of Cash Flows (page 27), net cash from operating activities increased to $554.7 million in 2000 from $466.1 million in 1999. This increase was driven primarily by a 32% increase in earnings offset by increases in accounts receivable and inventory as sales increased 21% from last year.

Net cash used in investment activities aggregated $602.2 million in 2000 compared with $662.6 million in 1999. The change from year to year was due to decreased acquisition spending.

Net cash from financing activities was $410.3 million in 2000 compared with net cash used in financing activities of $903.1 in 1999. The principal differences for the swing of $1,313.4 million were a) an increase of $504.6 million in long-term debt and notes payable in 2000 compared to a decrease of $147.1 million in 1999, a swing of $651.7 and b) $665.8 million decrease in the amount spent on stock repurchases. Net increase in debt was due primarily to the need to finance the $302 million tax payment in 2000 on the 1999 sale of the Dover Elevator International market segment and acquisitions.

At December 31, 2000, the Company's net property, plant, and equipment amounted to $755.5 million compared with $646.5 million at the end of the preceding year. Intangible assets, net of amortization increased by $257.9 million during 2000 as a result of goodwill arising from acquisitions.

The aggregate of current and deferred income tax liabilities decreased from $431.3 million at the beginning of the year to $118.2 million at year end. This decrease resulted primarily from $302 million of income taxes paid in 2000 on the sale of the Dover Elevator International segment.

Retained earnings increased from $2.830 billion at the beginning of 2000 to $3.252 billion at December 31, 2000. The $422 million increase results from 2000 net earnings of $520 million, less cash dividends which aggregated $97 million. Stockholders' equity increased from $2.039 billion to $2.442 billion. The $403 million increase results mainly from the $422 million increase in retained earnings.

In June 1998 the FASB issued Statement of Financial Accounting Standards No. 137 as amended in June 2000 by Statement of Financial Accounting Standards No. 138 "Accounting for Derivative Instruments and Hedging Activities", effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. The statement is not material to the Company's financial reporting and disclosure requirements.

Results of Operations 2000:

During 2000 the Company repurchased 143,000 Dover shares, raised dividends for the 38th consecutive year, and invested $198 million in new capital equipment. The combined investment in capital equipment, acquisitions and stock repurchases was $710 million. The comparable number in 1999 was $1,401 million.

Stand-alone acquisitions in 2000—those companies which report directly to one of our independent subsidiary CEOs—included Triton Systems, a producer of off-premise automated teller machines and related software, now part of Dover Industries—and OK International, a manufacturer of hand tools and consumable products focused on the circuit board manufacturer workbench and part of Dover Technologies.

The 21 add-on companies, acquired in 2000, accounted for $245 million of the Companies total 2000 acquisition investment. Since the Company began its more aggressive approach to add-on acquisitions in 1994, it has completed 84 add-ons through the end of 2000, representing an expenditure of $1,132 million. All four of Dover's business segments reported record sales and three had record earnings. The results, although not quite as dramatic as in the previous year, were: sales $5.4 billion, up 21%; net earnings from continuing operations, $526.6 million, up 31%; earnings per share $2.57 up 35%; return on average equity 23.5%, up one and eight tenths of a point.

Dover Technologies sales increased 44% to $2100.0 million, and segment earnings increased 73% to $392.0 million. Dover Industries sales increased 9% to $1245.6 million and segment earnings increased 11% to $199.7 million. Dover Diversified's sales increased 10% to $1,175.5 million and segment earnings increased 10% to $167.9 million. Dover Resources sales increased 14% to $887.0 million and segment earnings increased 11% to $119.0 million.

Results of segment operations are explained in detail in the operations review, pages 6 through 21.

1999 Compared With 1998:

During 1999 the Company repurchased 18 million Dover shares, raised dividends for the 37th consecutive year, and invested $130 million in new capital equipment. The combined investment in capital equipment, acquisitions and stock repurchases was $1,401 million. The comparable number in 1998 was $788 million.

Stand-alone acquisitions in 1999—those companies which report directly to one of our independent subsidiary CEOs—included Graphics Microsystems, a manufacturer of closed-loop color control systems and digital remote link control systems for web, sheet-fed and specialty printing presses, Somero Enterprises, a producer of laser controlled concrete floor spreading equipment, and Crenlo Inc., a manufacturer of operator cabs for the construction machinery and agricultural equipment markets.

The 15 add-on companies, acquired in 1999, accounted for $294 million of the Companies total 1999 acquisition investment. Since the Company began its more aggressive approach to add-on acquisitions in 1994, it has completed 63 add-ons through the end of 1999, representing an expenditure of $887 million.

Dover Technologies

A second-half recovery in the electronics industry fueled a 55% gain in segment earnings in 1999 on a 20% sales improvement. Operational profits rose from $178 million in 1998 to $261 million, with all three areas—Circuit Board Assembly and Test (CBAT), Specialty Electronic Components (SEC), and Marking—setting records. Earnings margins improved, and after-tax operating return on investment rose sharply to 40%, a few points higher than the Dover Corporation's average of 37%.

The first half of 1999 saw a continuation of the low activity levels experienced in 1998. Orders turned sharply upward beginning in June, and then set a six-month record in the second half. In the second half of 1999, CBAT earned substantially more than in any prior six-month period, 20% ahead of its previous six best consecutive months (achieved in the record 1997 calendar year).

Universal Instruments, which is the largest of the four CBAT companies, experienced a huge change in operating rates between the first and second halves. Universal's new FlexJet surface mount assembly machine was "best-in-class" for flexible, fine pitch assembly applications and helped Universal increase its leadership position in this segment of its market. However, the FlexJet only narrowly expanded Universal's competitive capabilities within the high-speed chip placement market.

The acquisition of Alphasem at the beginning of 1999 proved timely and technologically rewarding. Universal and Alphasem are both well-recognized for production equipment used in the assembly of "chip-on-board" products, which is expanding both in the "back end" of semiconductor production (Alphasem's focus) and in circuit board assembly equipment for the on-board placement of advanced semiconductor packages (the focus at Universal).

DEK Printing Machines had a record year, both for shipments and earnings, and made important progress toward rationalizing its product range. Vitronics Soltec also gained in its soldering equipment product line with record earnings.

Everett Charles Technologies (ECT) also set an earnings record, enhanced by the success of its aggressive add-on acquisition program. Its two German test equipment companies and most recent U.S. fixtures manufacturer acquisitions were strong performers. The U.S. test equipment market was slow in 1999, as the printed circuit board fabricators tightened capital spending.

From it origins as primarily an aerospace and defense electronics business, the SEC group has evolved into a successful participant in products that serve the much larger and faster-growing telecom and datacom markets. Its key product lines of oscillators, filters, transformers and specialty capacitors are integral to many wireless and hard-wired communications systems. Key customers include Lucent, Motorola, Cisco and QualComm. Quadrant Technologies set sales and earnings records by substantial margins as a result of strong demand for its oscillators, which are used as timing devices in transmission and switching equipment. Novacap's focus on highly engineered, high voltage ceramic capacitors produced its fifth consecutive year of record sales and profits. Similar programs have been put in place at K&L Microwave.

Dover Industries

The Industries segment achieved record profits of $180 million in 1999, (up 16%), with the majority of this year-over-year growth coming from companies owned at the beginning of 1999. Heil Environmental was the star performer, as a strong market and improved market share resulted in a gain of more than 20% in sales and an even stronger gain in profits. Most of Industries' 12 ongoing companies, in 1999, achieved higher sales, with only three declines, each less than 3%. Operational profit margins and after-tax operating return in investment were each up one point, to 18% and 39%, respectively.

The five largest earners in 1999—Heil Environmental, Heil Trailer, Rotary Lift, Tipper Tie and DovaTech—combined to earn 60% of Industries' $203 million of operational profits on a similar percentage of sales. Heil Environmental became the fifth largest earner in Dover Corporation, setting records for sales, earnings, margins and bookings. The decision by major waste haulers to update their garbage truck fleets after several years of neglect, the award of a delayed procurement contract by one major city, and the success of Heil's efforts to expand its distribution capabilities, were important factors underpinning its 1999 gains. The manufacturing ramp-up required to meet customer demand produced record shipments in the fourth quarter, up 34% from prior year.

Heil Trailer, the star performer in 1998, matched its record profits, as cost control and productivity improvement kept margins steady, despite a small drop in sales. The company continued to increase its production capacity in the U.S. and made further investments in wholly owned facilities in the U.K., Argentina and Thailand.

Rotary Lift set records for sales and profits, primarily through the acquisition of the Advantage product line (parallelogram lifts) to expand its heavy duty product range, and of Forward Manufacturing, whose proprietary two-post lift design reaches end-users through a distinct and different distribution channel.

Tipper Tie's sales and earnings were essentially flat, as modest improvements in the U.S. were offset by weakness in Europe. Purchases by customers in East European countries and Russia declined and sales into the former Yugoslavia declined even more. Reported profits were also adversely affected by the decline of the Euro, relative to the dollar.

DovaTech's record sales and earnings resulted primarily from the full-year effect of its 1998 acquisition of Koolant Koolers and part-year results from Lee Laser, acquired in mid-1999. Growth in traditional MIG and TIG welding guns proved elusive because of worldwide softness in markets for industrial production equipment.

Texas Hydraulics achieved a 30% increase in earnings on only an 8% gain in sales, primarily as a result of cost reduction and production-methods rationalization. These initiatives improved margins to historical levels after a disappointment in 1998.

Marathon also benefited from the strong solid waste market, with double-digit sales and earnings gains. Marathon has a broader customer base and a less cyclical market than Heil Environmental.

PDQ completed its first full year as a Dover company in impressive fashion, with double-digit gains in sales and earnings on top of its own full-year 1998 record. PDQ's touchless car washing systems continued to be best-in-class, with an increasing share of the U.S. car washing market.

Somero, acquired in mid-1999, improved its year-over-year financial results by more than 20%.

Both Groen and Randell achieved higher sales and profits, with a combined income gain of 11% on a smaller sales gain. The food equipment market has not been particularly strong and has been roiled by mergers. Groen and Randell concentrated on keeping their best-in-class status within their own product niches and continued to offer superior quality, service and innovation to their appreciative customers.

Chief Automotive had lower profits on flat sales. New computerized measuring systems introduced late in the year were well received by the market.

Davenport continued to suffer from a weak market and from difficulty in developing new machine tool products. This company was sold in January, 2000.

Dover Diversified

Dover Diversified achieved its eighth straight year of profit increases, as segment profits advanced 6% to $152 million and sales exceeded $1 billion for the first time.

Both A-C Compressor and Belvac experienced declines in sales and profits. Bookings at A-C Compressor for its oil-free and centrifugal gas compressors during 1998 had decreased as a result of the slowdown in the petrochemical industry, leaving A-C with a low backlog at the start of 1999. Belvac also began 1999 with a low backlog, but its performance fell even further below 1998 than expected as a result of continued cancellation or delay of capital investments by can-makers. This cut Belvac's sales in half in 1999 and required significant work force reductions and restructuring in the third quarter. All of Belvac's modest profits for the year were achieved in the fourth quarter. Tranter had a smaller overall decline in earnings concentrated in domestic results for its plate and frame and Platecoil™ product lines, reflecting weakness in spending for industrial process equipment. The combined operating profit decline from these three businesses was approximately $23 million. New order input at all three companies improved in the fourth quarter as Belvac and A-C Compressor enjoyed year-over-year bookings gains of more than 50%.

Sargent Controls achieved strong internal growth, primarily from gains in its submarine controls business, which is closely tied to engineering contracts and production releases for the Navy's SSN program. Profits for its aerospace hydraulic controls and specialty bearings also improved. Hill Phoenix continued its pattern of strong earnings improvement, setting both sales and profit records and establishing itself as the clear No. 2 company within the supermarket refrigeration and display case industry. Hill Phoenix acquired a new production facility in Brazil, opened a new branch operations center in the southeastern U.S. and added walk-in coolers to its refrigeration product line. Mark Andy's strong performance reflected major internal production cycle time improvements that reduced costs while boosting sales in its very competitive market. Waukesha Bearings achieved significant gains within its "large industrial bearings" product line as a result of an increase in market share and strong growth in the demand for power generation turbines. Langbein & Engelbracht (L&E) also improved profits sharply. SWF also made earnings progress as a result of product line additions and strong gains at its Sanger operation in the production of corrugated box-forming equipment. The total internal growth from these specialty markets improved Diversified's profits by approximately $18 million.

Diversified added three new stand-alone companies during the year, spending $261 million, and four add-ons, involving $76 million. Crenlo was Dover's largest acquisition in 1999. It is the leading independent supplier of farm tractor and construction equipment cabs, with a customer list that includes Caterpillar, John Deere and Case-New Holland. Crenlo is also a growing factor in the design and fabrication of metal enclosures for sophisticated electronic products. Van Dam makes equipment used to decorate large cylindrical cups, such as the stadium cup with which football and baseball fans are well acquainted. Graphics Microsystems specializes in software systems used in printing, particularly in color processes. The add-ons were Hydratight (U.K.), which joined Waukesha, J. E. Piston, which joined Wiseco, and two smaller companies. These acquisitions contributed approximately $14 million to segment profits.

Dover Resources

The Resources segment's growth trend halted in 1999 after six years, during which time profits doubled. The $18 million (14%) decline in segment earnings was caused by weakness in the chemical and process industries, and by large profit drops at four companies that had set records in 1998.

After setting individual profit records in 1998 ($65 million of combined earnings), OPW Fueling Components Group, OPW Fluid Transfer Group, Ronningen-Petter and Duncan Parking Systems experienced major declines in their markets, each for different reasons. Profits at each of these companies fell more than 20%, and they finished the year with combined profits of only $36 million. The decline at OPW Fueling Components was expected, resulting from the year-end 1998 deadline for compliance with EPA regulations on underground storage of petroleum. The fall-off at OPW Fluid Transfer Group reflected a downturn in railroad tank car production, for which Midland supplies valves (a consequence of weakness in the chemicals industry), and a drop in purchases of transfer and process equipment from Civacon/Knappco and OPW Engineered Systems (also related to chemicals). Declines at these two companies were exacerbated by a month-long strike at two important facilities and the closure of one of these to reduce costs.

At Ronningen-Petter (filters for paper-making and petroleum refining) and Duncan (parking meters and systems), markets fell sharply, more resembling a depression than a downturn. Profits at each of these companies declined substantially.

The demand for equipment used to produce oil and gas increased sharply in the second half of 1999, after collapsing in the prior year. Effective downsizing kept the Petroleum Equipment Group profitable throughout the downturn, but left it scrambling to keep up with demand as the year progressed. Production and profit rates were at strong levels at year-end. Quartzdyne, which also participates in this market, saw some recovery during the latter part of the year, but well short of the record level of 1997 and of 1998.

Wilden, Blackmer, C. Lee Cook and Wittemann each devote significant portions of their product lines to chemical, process and energy markets, which were soft during most of 1999. In this difficult environment, two companies achieved modest earnings gains, while two had modest declines, with combined profits about equal to 1998. As a group, these companies achieved sales of approximately $225 million, with average margins in the high teens, except at Wittemann, which continued near break-even levels in a very depressed market.

Despite lower sales, De-Sta-Co Manufacturing improved its profits as a result of internal improvement in its automotive manifold business. Additionally, sales of compressor valves remained strong and the company moved forward with a new plant in the U.K. to support automotive customers' higher level of air conditioning compressor production outside North America. Hydro Systems had a strong year as its markets for cleaning fluid metering devices showed good growth and Nova Controls, acquired during 1998, contributed for a full year. De-Sta-Co Industries improved sales modestly with flat profits as its expanded range of industrial automation equipment more than offset a slowdown in demand for automotive tooling and clamping systems. Tulsa Winch's earnings were off slightly as increased OEM applications and one month's results of newly acquired Dp Manufacturing could not offset a decline in oilfield winch sales and the cost of a move to new facilities.

11-Year Consolidated Summary of Selected Financial Data for Continuing Operations

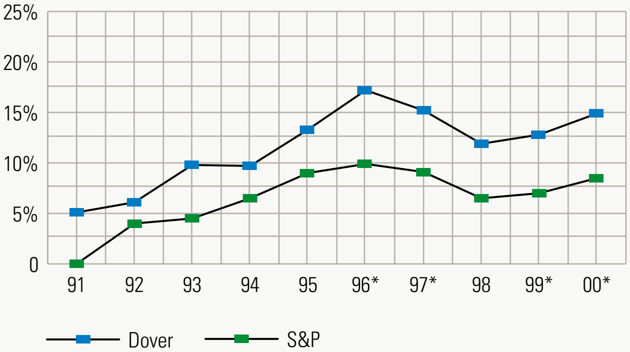
Summary of Operations (in thousands except per share figures)	2000	1999	1998	1997
Net sales	$5,400,717	4,446,420	3,977,666	3,669,568
Cost of sales	3,433,495	2,837,960	2,551,381	2,342,268
Selling and administrative expenses	1,124,012	973,049	894,325	807,793
Interest expense	97,538	53,401	60,746	46,163
Other income, net	26,643	32,994	17,432	18,930
Earnings before taxes	772,315	615,004	488,646	492,274
Income taxes	239,108	209,950	162,249	167,360
Net earnings	$ 533,207	405,054	326,397	324,914
% of sales	9.9%	9.1%	8.2%	8.9%
Return on average equity	23.5%	21.7%	20.5%	23.2%
EPS per diluted common share:				
Net earnings before discontinued	$ 2.57	1.90	1.45	1.43
Goodwill write-offs (net of tax)	0.20	.15	.12	.10
Net earnings before discontinued & goodwill	2.77	2.05	1.57	1.53
Other acquisition write-offs (net of tax)	0.17	.14	.12	.17
Net earnings before acquisition write-offs	$ 2.94	2.19	1.69	1.70
Net earnings including dispositions	$ 2.54	4.41	1.69	1.79
EBITACQ	$ 4.62	3.44	2.71	2.70
Weighted average number of shares	204,677	210,679	224,386	226,815
Dividends per common share	$ .48	.44	.40	.36
Book value per common share	$ 12.02	10.06	7.56	6.84
Depreciation and amortization	$ 203,384	183,244	167,687	155,204
Capital expenditures	$ 197,768	130,112	125,730	122,082
Acquisitions	$ 506,251	599,171	556,019	261,460
Cash flow	$ 736,591	588,298	494,084	480,118
Number of employees	29,489	26,584	23,314	21,814
Financial position at December 31				
Working capital	$ 370,209	285,076	314,777	292,195
Net property, plant and equipment	$ 755,548	646,475	571,963	522,344
Total assets	$4,892,116	4,131,940	3,382,393	2,898,971
Total debt	$1,474,383	905,925	1,043,679	698,747
Common stockholders' equity	$2,441,575	2,038,756	1,910,884	1,703,584
Common shares outstanding	203,184	202,629	220,407	222,596
Closing common stock price per share	$ 40.56	45.38	36.63	36.13

"Summary of Operations" represents results from continuing operations; excludes disposition of Dover Elevator International market segment. See Notes to Consolidated Financial Statements.

"Return on average equity", "Net earnings before discontinued", "Net earnings before discontinued & goodwill", "Net earnings before acquisition write-offs" and "EBITACQ" for 2000, 1999 and 1996 excludes gain from sale of businesses (Note 2).

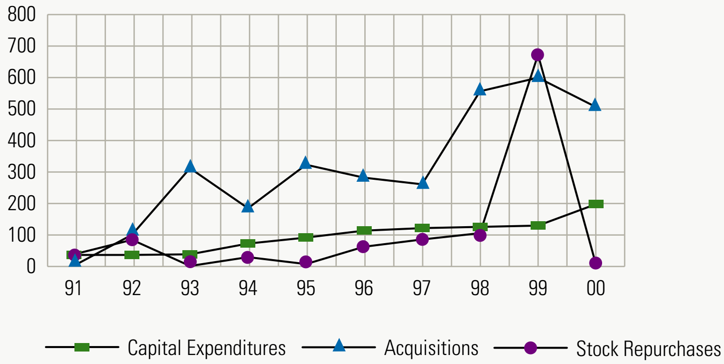
"Net earnings before acquisitions write-offs" is equal to net earnings before acquisition write-offs from continuing operations per weighted average diluted common share.

Earnings Per Share Growth (average annual rate)
For 10-Year Periods Ending 12/31 of each year shown



* Excluding gains on sale of businesses in 2000, 1999, 1997 and 1996.

Dover Long Term Investment (in $ millions)



1996	1995	1994	1993	1992	1991	1990
3,215,573	2,924,361	2,291,972	1,706,220	1,480,481	1,404,386	1,379,756
2,076,921	1,936,944	1,527,442	1,129,127	998,587	976,001	908,925
686,101	599,170	483,414	378,505	339,502	321,644	312,635
41,663	39,586	36,083	21,717	19,257	22,366	29,650
91,221	35,603	23,998	13,753	15,090	61,501	17,691
502,109	384,264	269,030	190,625	138,225	145,877	146,237
165,590	126,696	90,185	66,153	46,851	52,559	50,740
336,519	257,568	178,845	124,472	91,374	93,318	95,497
10.5%	8.8%	7.8%	7.3%	6.2%	6.6%	6.9%
24.7%	27.9%	24.4%	20.8%	16.4%	16.7%	17.8%
1.24	1.13	.78	.54	.39	.39	.39
.07	.06	.06	.04	.03	.04	.02
1.31	1.19	.84	.58	.42	.43	.41
.09	.10	.08	.07	.07	.07	.05
1.40	1.29	.92	.65	.49	.50	.46
1.69	1.22	.88	.69	.56	.54	.64
2.16	1.99	1.44	1.00	.75	.80	.74
230,518	227,815	228,740	228,441	231,953	239,000	244,675
.32	.28	.25	.23	.22	.21	.19
5.71	4.56	3.56	2.88	2.37	2.44	2.25
110,484	92,186	81,316	62,921	63,773	71,000	64,839
113,679	91,719	72,709	39,420	37,304	36,671	32,931
281,711	323,291	185,324	312,480	100,961	3,315	85,634
447,003	349,754	260,161	187,393	155,147	164,319	160,336
19,213	18,337	15,512	12,941	11,235	11,008	11,567
237,429	209,850	280,797	217,808	111,962	198,869	129,261
454,144	384,981	292,698	235,310	201,046	193,655	209,862
2,602,841	2,303,777	1,721,492	1,406,287	1,051,506	980,104	1,091,599
745,360	675,580	517,647	427,182	225,001	135,319	282,109
1,489,703	1,227,706	1,011,230	883,240	810,026	828,277	787,787
225,060	227,340	226,920	228,652	228,340	235,912	239,884
25.50	18.44	12.91	15.19	11.47	10.44	9.94

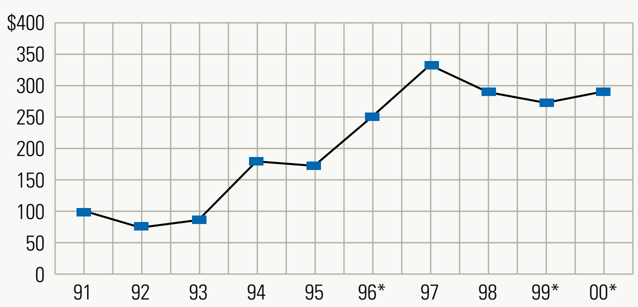
"EBITACQ" is equal to earnings before taxes, net interest and acquisition write-offs from continuing operations per weighted average diluted common share.

"Cash flow" represents net earnings plus depreciation and amortization.

"Net earnings including dispositions" includes the discontinued operations of the elevator market segment and gains/losses on sale of businesses (Note 2).

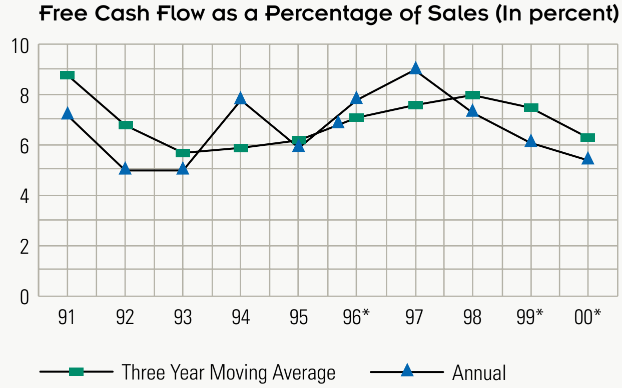
Adjusted, where applicable, to give retroactive effect to the 2 for 1 stock splits in 1995 and 1997.

Free Cash Flow (In millions)[a]



(a) Free cash flow is operating cash generated after funding capital expenditures, working capital and dividends, but excluding acquisitions, net proceeds from dispositions and stock repurchases.
*Excluding sale of businesses in 2000, 1999 and 1996.

Free Cash Flow as a Percentage of Sales (In percent)[a]



(a) Free cash flow is operating cash generated after funding capital expenditures, working capital, and dividends but excluding acquisitions, net proceeds from dispositions and stock repurchases.
*Excluding sale of businesses in 2000, 1999 and 1996.

Directors and Officers

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Chairman, Charter European Trust PLC.

Jean-Pierre M. Ergas*N
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Roderick J. Fleming†
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Kristiane C. GrahamN
Private Investor

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Chairman, Koley Jessen, P.C.

Richard K. LochridgeN
President, Lochridge & Company, Inc.

Thomas L. Reece*

Gary L. Roubos†*
Director of various corporations and former Chairman of the Board of Dover

Michael B. Stubbs†
Private Investor

* Members of Executive Committee
† Members of Audit Committee
N Members of Compensation Committee

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John E. Pomeroy
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Jerry W. Yochum
President and Chief Executive Officer

Dover Resources, Inc.
Rudolf J. Herrmann
President and Chief Executive Officer

Dover Corporation and Subsidiaries

Quarterly Data

(unaudited) (in thousands except per share figures)

Quarter	Net Sales	Gross Profit	Net Earnings	Per Share Basic	Per Share Diluted	Common Stock Cash Dividends and Market Prices: Market Prices High	Market Prices Low	Dividends Per Share
2000								
First	**$1,251,283**	**$ 457,139**	**$117,319**	**$ .58**	**$ .57**	**$48.75**	**$36.06**	**$.115**
Second	**1,379,260**	**507,421**	**136,733**	**.67**	**.67**	**54.38**	**40.25**	**.115**
Third	**1,390,486**	**514,243**	**144,462**	**.71**	**.71**	**51.56**	**40.69**	**.125**
Fourth	**1,379,688**	**488,419**	**134,693**	**.67**	**.66**	**47.50**	**34.13**	**.125**
	$5,400,717	**$1,967,222**	**$533,207**	**$2.63**	**$2.61**			**$.48**
1999								
First	$ 969,755	$ 342,873	$ 69,220	$ .32	$ .32	$37.69	$29.31	$.105
Second	1,077,850	390,145	93,310	.44	.44	40.88	32.00	.105
Third	1,150,531	415,967	121,535	.58	.58	42.88	36.13	.115
Fourth	1,248,284	459,475	120,989	.60	.58	47.94	37.25	.115
	$4,446,420	$1,608,460	$405,054	$1.94	$1.92			$.44

"Net Earnings" and "Per Share" data reflect continuing operations—See Note 2.

"Market Prices"—As reported in the Wall Street Journal.

Stockholder Information

Transfer Agent/Registrar:

Mellon Investor Services
Ridgefield Park, New Jersey

Requests concerning stockholder records, issuance of stock certificates, and distribution of our dividends and the IRS Form 1099 are most efficiently answered by corresponding directly with Mellon Investor Services at the following addresses:

Services

Regular Mail
Mellon Investor Services
P.O. Box 3315
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07606-1915
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Dover common stock is listed on the New York Stock Exchange with symbol DOV. The common stock is also listed on The London Stock Exchange.

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