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

Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For fiscal year ended December 31, 2010

Commission File No. 1-4018

Dover Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

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

3005 Highland Parkway, Suite 200, Downers Grove, IL 60515
(Address of principal executive offices)

Telephone: (630) 541-1540

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

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

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

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the close of business on June 30, 2010 was \$7,801,329,117. The registrant's closing price as reported on the New York Stock Exchange-Composite Transactions for June 30, 2010 was \$41.79 per share. The number of outstanding shares of the registrant's common stock as of February 4, 2011 was 186,545,088.

Documents Incorporated by Reference: Part III — Certain Portions of the Proxy Statement for Annual Meeting of Shareholders to be held on May 5, 2011 (the "2011 Proxy Statement").

Special Notes Regarding Forward-Looking Statements

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

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

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PART 1

Item 1. *Business*

Overview

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

Operating Structure

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

Industrial Products

- Material handling equipment such as industrial and recreational winches, utility, construction and demolition machinery attachments, hydraulic parts, industrial automation tools, four-wheel-drive (“4WD”) and all-wheel drive (“AWD”) powertrain systems, accessories for off-road vehicles and operator cabs and rollover structures.
- Mobile equipment related products, primarily refuse truck bodies, tank trailers, compactors, balers, vehicle service lifts and collision equipment, car wash systems, internal engine components, fluid control assemblies and various aerospace components.

Engineered Systems

- Engineered products such as refrigeration systems, refrigeration display cases, walk-in coolers, foodservice equipment, commercial kitchen air and ventilation systems, heat transfer equipment, and food and beverage packaging machines.
- Product identification related products such as industrial marking and coding systems used to code information (i.e. dates and serial numbers) on consumer products, printing products for cartons used in warehouse logistics operations, bar code printers and portable printers.

Fluid Management

- Energy market production and distribution products such as sucker rods, downhole rod pumps, drill bit inserts for oil and gas exploration, gas well production control devices, control valves, piston and seal rings, control instrumentation, remote data collection and transfer devices, and components for compressors, turbo machinery, motors and generators.
- Fluid solution products including nozzles, swivels and breakaways used to deliver various types of fuel, suction system equipment, unattended fuel management systems, integrated tank monitoring, pumps used in fluid transfer applications, quick disconnect couplings used in a wide variety of biomedical and commercial applications, and chemical proportioning and dispensing systems.

Electronic Technologies

- Electronic technology equipment and devices/components such as advanced micro-component products for the hearing aid, mobile phone and consumer electronics industries, high frequency capacitors, microwave electromagnetic switches, radio frequency and microwave filters, electromagnetic products, frequency control/select components and sophisticated automated assembly and testing equipment.

Business Strategy

The Company operates with certain fundamental business strategies. First, it seeks to acquire and own businesses that manufacture proprietary engineered products and are leaders in four broad markets: Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. To ensure success, Dover companies place strong emphasis on new product development to better serve customers and expand into new product and geographic markets. Second, the Company's businesses are committed to operational excellence, and to being market leaders as measured by market share, customer service, innovation, profitability and return on invested capital. Third, the Company is committed to an operating culture with high ethical standards, trust, respect and open communication, to allow individual growth and operational effectiveness. Fourth, the Company seeks to utilize its strong free cash flow in a balanced manner to grow its businesses and to increase shareholder value.

Management Philosophy

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

In addition, the Company is committed to creating value for its customers, employees and shareholders through sustainable business practices that protect the environment and developing products that help its customers meet their sustainability goals. Dover companies are increasing their focus on efficient energy usage, greenhouse gas reduction and waste management as they strive to meet the global environmental needs of today and tomorrow.

Company Goals

The Company is committed to driving shareholder return through three key objectives. First, the Company is committed to achieving annual organic sales growth over the next three years (2011 through 2013) of 6% to 8%, complemented by acquisition growth of 3% to 5% over the same periods. Secondly, the Company continues to focus on margin improvement activities and to expand return on invested capital to effectuate earnings per share growth ranging from 10% to 13% on an annual basis. Lastly, the Company is committed to generating free cash flow as a percentage of sales in excess of 10% through disciplined capital allocation, productivity improvements and active working capital management. The Company supports these goals through (1) alignment of management compensation with these objectives, (2) well defined and actively managed merger and acquisition processes, and (3) talent development programs.

Portfolio Development

Acquisitions

The Company's acquisition program has two elements. First, it seeks to acquire value creating add-on businesses that broaden its existing companies and their global reach, manufacture innovative components and equipment, specialty systems and/or support services, and sell to industrial or commercial users. Second, in the right circumstances, it will strategically pursue larger, stand-alone businesses that have the potential to either complement its existing companies or allow the Company to pursue a new platform. During the last three years (2008 — 2010), the Company purchased 16 businesses with an aggregate cost of \$436.6 million.

In 2010, the Company acquired six add-on businesses for an aggregate cost of \$104.4 million. In 2009, the Company also acquired six add-on businesses, for aggregate consideration of \$228.4 million (including \$6.4 million of consideration paid in the form of common stock issued in connection with the acquisition of Inpro/Seal Company). In 2008, the Company acquired four add-on businesses for an aggregate cost of \$103.8 million.

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For more details regarding acquisitions completed over the past two years, see Note 2 to the Consolidated Financial Statements in Item 8. The Company's future growth depends in large part on finding and acquiring successful businesses, as a substantial number of the Company's current businesses operate in relatively mature markets. While the Company expects to generate annual organic growth of 4% — 5% over a business cycle absent extraordinary economic conditions, sustained organic growth at these levels for individual businesses is difficult to achieve consistently each year.

Dispositions

While the Company generally expects to hold and integrate businesses that it buys, it continually reviews its portfolio to verify that those businesses continue to be essential contributors to the Company's long-term growth strategy. Occasionally, the Company may also make an opportunistic sale of one of its companies based on specific market conditions and strategic considerations. During the past three years (2008- 2010), the Company decided to reduce its exposure to small, lower margin operations and, accordingly, it discontinued one operation and sold seven businesses for aggregate consideration of approximately \$100.8 million. For more details, see the "Discontinued Operations" discussion below and Note 3 to the Consolidated Financial Statements in Item 8.

Reportable Segments

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

Industrial Products

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

Material Handling

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

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

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

Mobile Equipment

The Mobile Equipment platform serves three primary markets — transportation equipment, solid waste management and vehicle service. The platform has manufacturing operations in North and South America, Asia and Europe.

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

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

The businesses in the vehicle service market provide a wide range of products and services that are utilized in vehicle services, maintenance, repair and modification. Vehicle lifts and collision equipment are sold through equipment distributors and directly to a wide variety of markets, including independent service and repair shops, collision repair shops, national chains and franchised service facilities, new vehicle dealers, governments, and directly to consumers via the Internet. Car wash systems, both “touch-free” and “friction”, are sold primarily in the United States and Canada to major oil companies, convenience store chains and individual investors. These products are sold through a distribution network that installs the equipment and provides after-sale service and support. High performance internal combustion engine components, including pistons, connecting rods, crankshafts and accessories, and fuel and combustion management devices are designed to meet customer specifications for the racing and enthusiast markets in both the powersports and automotive market segments. These products are sold directly and through distribution networks on a global basis.

Engineered Systems

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

Product Identification

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

Engineered Products

The Engineered Products platform manufactures refrigeration systems, refrigeration display cases, walk-in coolers and freezers, electrical distribution products and engineering services, commercial foodservice equipment, cook-chill production systems, custom food storage and preparation products, kitchen ventilation systems, conveyer systems, beverage can-making machinery, and packaging machines used for meat, poultry and other food products. In addition, the platform manufactures copper-brazed compact heat exchangers, and designs

software for heating and cooling substations. The platform's manufacturing facilities and distributing operations are in North America, Europe and Asia.

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

Fluid Management

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

Energy

The Energy platform serves the oil, gas and power generation industries. Its products promote the efficient and cost-effective extraction, storage and movement of oil and gas products, or constitute critical components for power generation equipment. Major products manufactured by companies within this platform include: polycrystalline diamond cutters (PDCs) used in drill bits for oil and gas wells; steel sucker rods, plunger lifts, and accessories used in artificial lift applications in oil and gas production; pressure, temperature and flow monitoring equipment used in oil and gas exploration and production applications; and control valves and instrumentation for oil and gas production. In addition, these companies manufacture various compressor parts that are used in the natural gas production, distribution and oil refining markets, as well as bearings and remote condition monitoring systems that are used for rotating machinery applications such as turbo machinery, motors, generators and compressors used in energy, utility, marine and other industries. Sales are made directly to customers and through various distribution channels. Sales are predominantly in North America with international sales directed largely to Europe and South America.

Fluid Solutions

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

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

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

The quick disconnect couplings provide fluid control solutions to the industrial, food handling, life sciences and chemical handling markets. The chemical portioning and dispensing systems are used to dilute and dispense

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concentrated cleaning chemicals and are sold to the food service, health care, supermarket, institutional, school, building service contractor and industrial markets.

Electronic Technologies

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

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

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

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

Discontinued Operations

Operating companies that are considered discontinued operations in accordance with Accounting Standards Codification (“ASC”) 360, Property Plant and Equipment, are presented separately in the consolidated statements of operations, balance sheets and cash flows and are not included in continuing operations. Earnings from discontinued operations include impairment charges, when necessary to reduce these businesses to estimated fair value. Fair value is determined by using directly observable inputs, such as a negotiated selling price, or other valuation techniques that use market assumptions that are reasonable and supportable. All interim and full year reporting periods presented reflect the continuing operations on a comparable basis. Please refer to Note 3 to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information on discontinued operations.

Raw Materials

The Company’s operating companies use a wide variety of raw materials, primarily metals and semi-processed or finished components, which are generally available from a number of sources. As a result, shortages or the loss of any single supplier have not had, and are not likely to have, a material impact on operating profits. While the needed raw materials are generally available, commodity pricing has trended upward over the past few years, particularly for various grades of steel, copper, aluminum and select other commodities. The Company has generally kept pace with or exceeded raw material cost increases using effective pricing strategies. During 2010, the Company experienced modest increases in commodity prices.

Research and Development

The Company’s operating companies are encouraged to develop new products as well as to upgrade and improve existing products to satisfy customer needs, expand revenue opportunities domestically and internationally, maintain or extend competitive advantages, improve product reliability and reduce production costs. During 2010, the Company spent \$193.5 million for research and development, including qualified engineering costs. In 2009 and 2008, research and development spending totaled \$178.3 million and \$189.2 million, respectively.

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

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

Intellectual Property and Intangible Assets

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

Seasonality

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

Customers

Dover's companies serve thousands of customers, no one of which accounted for more than 10% of the Company's consolidated revenue in 2010. Similarly, within each of the four segments, no customer accounted for more than 10% of that segment's revenue in 2010.

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

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

Backlog

Backlog generally is not a significant long-term success factor in most of the Company's businesses, as most of the products of Dover companies have relatively short order-to-delivery periods. It is more relevant to those businesses that produce larger and more sophisticated machines or have long-term government contracts, primarily in the Mobile Equipment platform within the Industrial Products segment. Total Company backlog as of December 31, 2010 and 2009 was \$1,409.5 million and \$1,083.5 million, respectively.

Competition

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

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

International

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

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

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

Environmental Matters

The Company's operations are governed by a variety of international, national, state and local environmental laws. Dover is committed to continued compliance and believes its companies' operations generally are in substantial compliance with these laws. In a few instances, particular plants and businesses have been the subject of administrative and legal proceedings with governmental agencies or private parties relating to the discharge or potential discharge of regulated substances. Where necessary, these matters have been addressed with specific consent orders to achieve compliance.

In 2010, the Company developed and implemented a process to conduct an inventory of greenhouse gas emissions from its many, independently operated companies. In addition, the Company has evaluated its climate change risks and opportunities and is in the process of developing a strategy to manage these risks and opportunities. The Company plans to have this strategy completed in 2011, including clearly defined goals and objectives, along with prioritized programs and projects for achieving energy use and greenhouse gas emissions reductions.

All of the Company's segments are investigating the energy efficiencies related to the operation and use of their products and services by customers. In some instances, Dover's operating companies may be able to help customers reduce some of their energy needs. Increased demand for energy-efficient products, based on a variety of drivers (including, but not limited to, reduction of greenhouse gas emissions) could result in increased sales for a number of Dover's operating companies.

There have been no material effects upon the earnings and competitive position of the Company resulting from compliance with laws or regulations enacted or adopted relating to the protection of the environment. The Company is aware of a number of existing or upcoming regulatory initiatives intended to reduce emissions in geographies where its manufacturing and warehouse/distribution facilities are located and has evaluated the potential impact of

these regulations on the its businesses. The Company anticipates that direct impacts from regulatory actions will be insignificant in the short- to medium-term. The Company expects the regulatory impacts associated with climate change regulation would be primarily indirect and would result in “pass through” costs from energy suppliers, suppliers of raw materials and other services related to its operations.

Employees

The Company had approximately 32,000 employees in continuing operations as of December 31, 2010, which was an increase of approximately 9% from the prior year end. The increase reflects additional headcount necessary to support the volume growth in 2010, as well as the impact of recent acquisitions.

Other Information

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

Item 1A. Risk Factors

The Company’s business, financial condition, operating results and cash flows can be impacted by a number of factors which could cause its actual results to vary materially from recent results or from anticipated future results. In general, the Company is subject to the same general risks and uncertainties that impact many other industrial companies such as general economic, industry and/or market conditions and growth rates; the impact of natural disasters, and their effect on global energy markets; possible future terrorist threats and their effect on the worldwide economy; and changes in laws or accounting rules. The risk factors discussed in this section should be considered together with information included elsewhere in this Form 10-K and should not be considered the only risks facing the Company.

The Company has identified the following specific risks and uncertainties that it considers material:

• ***The Company’s results for 2011 may continue to be impacted by current domestic and international economic conditions and uncertainties.***

In 2011, the Company’s businesses may continue to be adversely affected by disruptions in the financial markets or declines in economic activity both domestically and internationally in those countries in which the Company operates. These circumstances will also impact the Company’s suppliers and customers in various ways which could have an impact on the Company’s business operations, particularly if global credit markets are not operating efficiently and effectively to support industrial commerce. Such negative changes in worldwide economic and capital market conditions are beyond the Company’s control, are highly unpredictable, and can have an adverse effect on the Company’s revenue, earnings, cash flows and cost of capital.

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

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

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

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

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

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

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

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

- ***The Company is subject to risks relating to its existing foreign operations and expansion into new geographical markets.***

Approximately 46% of the Company's revenues for 2010 and 43% of the Company's revenues for 2009 were derived outside the United States. The Company continues to focus on penetrating global markets as part of its overall growth strategy and expects sales from and into foreign markets to continue to represent a significant portion of its revenues. In addition, many of the Company's manufacturing operations and suppliers are located outside the United States. The Company's foreign operations and its global expansion strategy are subject to general risks related to international operations, including:

- political, social and economic instability and disruptions;
- government embargoes or trade restrictions;
- the imposition of duties and tariffs and other trade barriers;
- import and export controls;
- limitations on ownership and on repatriation of earnings;
- transportation delays and interruptions;

- labor unrest and current and changing regulatory environments;
- increased compliance costs;
- the impact of loss of a single-source manufacturing facility;
- difficulties in staffing and managing multi-national operations; and
- limitations on its ability to enforce legal rights and remedies.

If the Company is unable to successfully manage the risks associated with expanding its global business or adequately manage operational risks of its existing international operations, the risks could have a material adverse effect on the Company's growth strategy involving expansion into new geographical markets or the results of operations and financial position.

- ***The Company's exposure to exchange rate fluctuations on cross-border transactions and the translation of local currency results into U.S. dollars could negatively impact the Company's results of operations.***

The Company conducts business through its subsidiaries in many different countries, and fluctuations in currency exchange rates could have a significant impact on the reported results of operations, which are presented in U.S. dollars. A significant and growing portion of the Company's products are manufactured in lower-cost locations and sold in various countries. Cross-border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Accordingly, significant changes in currency exchange rates, particularly the Euro, Pound Sterling, Chinese RMB (Yuan) and the Canadian dollar, could cause fluctuations in the reported results of the Company's operations that could negatively affect its results of operations. Additionally, the strengthening of certain currencies such as the Euro and U.S. dollar potentially exposes the Company to competitive threats from lower cost producers in other countries such as China. The Company's sales are translated into U.S. dollars for reporting purposes. The weakening of the U.S. dollar could result in unfavorable translation effects as the results of foreign locations are translated into U.S. dollars.

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

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

- ***Failure to attract, retain and develop personnel or to provide adequate succession plans for key management could have an adverse effect on the Company's operating results.***

The Company's growth, profitability and effectiveness in conducting its operations and executing its strategic plans depend in part on its ability to attract, retain and develop qualified personnel, align them with appropriate opportunities and maintain adequate succession plans for key management positions. If the Company is unsuccessful in these efforts, its operating results could be adversely affected.

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

The Company's domestic and international sales and operations are subject to risks associated with changes in local government laws (including environmental and export laws), regulations and policies. Failure to comply with any of these laws could result in civil and criminal, monetary and non-monetary penalties as well as potential damage to the Company's reputation. In addition, the Company cannot provide assurance that its costs of complying with new and evolving regulatory reporting requirements and current or future laws, including environmental protection, employment, and health and safety laws, will not exceed its estimates. In addition, the Company has

invested in certain countries, including Brazil, Russia, India and China that carry high levels of currency, political, compliance and economic risk. While these risks or the impact of these risks are difficult to predict, any one or more of them could adversely affect the Company's businesses and reputation.

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

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

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

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

Dover companies own patents, trademarks, licenses and other forms of intellectual property related to their products. Dover companies employ various measures to maintain and protect their intellectual property. These measures may not prevent their intellectual property from being challenged, invalidated or circumvented, particularly in countries where intellectual property rights are not highly developed or protected. Unauthorized use of these intellectual property rights could adversely impact the competitive position of Dover's companies and have a negative impact on their revenue, operating profits and cash flows.

• The Company's growth and results of operations may be adversely affected if the Company is unsuccessful in its capital allocation and acquisition program or is unable to divest non-core assets and businesses as planned.

The Company expects to continue its strategy of seeking to acquire value creating add-on businesses that broaden its existing companies and their global reach as well as, in the right circumstances, strategically pursue large businesses that have the potential to either complement its existing companies or allow the Company to pursue a new platform. However, there can be no assurance that the Company will be able to continue to find suitable businesses to purchase, that it will be able to acquire such businesses on acceptable terms, or that all closing conditions will be satisfied with respect to any pending acquisition. If the Company is unsuccessful in its acquisition efforts, then its ability to continue to grow at rates similar to prior years could be adversely affected. In addition a completed acquisition may underperform relative to expectations, may be unable to achieve synergies originally anticipated, or may expose the Company to unexpected liabilities. Further, if the Company fails to allocate its capital appropriately, in respect of either its acquisition program or organic growth in its operations, the Company could be overexposed in certain markets and geographies. These factors could potentially have an adverse impact on the Company's operating profits and cash flows.

The inability of the Company to dispose of non-core assets and businesses on satisfactory terms and conditions and within expected time frames could also have an adverse affect on the Company's results of operations.

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

Three major ratings agencies (Moody's, Standard and Poor's, and Fitch Ratings) evaluate the Company's credit profile on an ongoing basis and have each assigned high ratings for the Company's long-term debt as of

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December 31, 2010. Although the Company does not anticipate a material change in its credit ratings, if the Company's current credit ratings deteriorate, then its borrowing costs could increase, including increased fees under the Five-Year Credit Facility and the Company's access to future sources of liquidity may be adversely affected.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

The number, type, location and size of the Company's properties as of December 31, 2010 are shown in the following charts, by segment:

Segment	Number and Nature of Facilities			Square Footage (000's)	
	Mfg.	Warehouse	Sales/Service	Owned	Leased
Industrial Products	67	11	17	4,726	1,603
Engineered Systems	34	24	70	2,604	6,010
Fluid Management	71	11	36	2,599	1,290
Electronic Technologies	44	6	28	1,122	1,293

Segment	Locations				Leased Facilities Expiration Dates (Years)	
	North America	Europe	Asia	Other	Minimum	Maximum
	Industrial Products	61	15	7	3	1
Engineered Systems	41	35	40	7	1	7
Fluid Management	80	11	5	3	1	15
Electronic Technologies	29	14	20	1	1	11

During 2010, the Company had a net reduction of 18 manufacturing and warehouse facilities reflecting the 2010 sale of a business (which had been discontinued in a prior period), along with other facility consolidations undertaken as part of the Company's ongoing efforts to streamline operations. The Company's facilities are well-maintained and suitable for the operations conducted.

During the summer of 2010, the Company completed the relocation of its corporate headquarters from New York City, and its four segment offices from other locations, to Downers Grove, Illinois. The move has consolidated the corporate and segment management teams into one location in order to improve communication and strategic decision making and facilitate performance efficiencies.

Item 3. Legal Proceedings

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

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

Item 4. [Removed and Reserved]**Executive Officers of the Registrant**

All officers are elected annually at the first meeting of the Board of Directors, following the Company's annual meeting of shareholders, and are subject to removal at any time by the Board of Directors. The executive officers of the Company as of February 11, 2011, and their positions with the Company (and, where relevant, prior business experience) for the past five years, are as follows:

<u>Name</u>	<u>Age</u>	<u>Positions Held and Prior Business Experience</u>
Robert A. Livingston	57	Chief Executive Officer and Director (since December 2008), President (since June 2008) and Chief Operating Officer (from June 2008 — December 2008) of Dover; prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems, Inc. (from July 2007 to May 2008); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Electronics, Inc. (from October 1, 2004).
Kevin P. Buchanan	55	Vice President, Taxation (since July 2010); prior thereto Deputy General Counsel, Tax (November 2009 to June 2010) and Vice President, Tax (May 2000 to October 2009) of Monsanto Company.
Ivonne M. Cabrera	44	Vice President of Dover (since May 2010) and Deputy General Counsel of Dover (since February 2004).
Brad M. Cerepak	51	Vice President and Chief Financial Officer (since August 2009); prior thereto Vice President, Finance (since June 2009) of Dover; prior thereto Vice President and Controller, Trane, Inc. (August 2005 to June 2008).
Thomas W. Giacomini	45	Vice President of Dover (since February 2008) and President (since April 2009) and Chief Executive Officer of Dover Industrial Products, Inc. (since July 2009); prior thereto President of Material Handling Platform (since October 2007); prior thereto President of Warn Industries, Inc. (from July 2005); prior thereto Chief Operating Officer of Warn Industries, Inc. (from 2000 to July 2005).
Paul E. Goldberg	47	Treasurer and Director of Investor Relations of Dover (since February 2006); prior thereto Assistant Treasurer of Dover (from July 2002).
Raymond C. Hoglund	60	Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems, Inc. (since August 2008); prior thereto President and Chief Executive Officer of Hill Phoenix, Inc. (from February 2005).
Jay L. Kloosterboer	50	Vice President, Human Resources (since January 2009); prior thereto Executive Vice President — Business Excellence of AES Corporation (from May 2005); prior thereto Vice President and Chief Human Resources Officer of AES Corporation (from May 2003).
Raymond T. McKay, Jr.	57	Vice President of Dover (since February 2004), Controller of Dover (since November 2002).
James H. Moyle	58	Vice President, Supply Chain and Global Sourcing (since April 2009); prior thereto Chief Financial Officer of Dover Fluid Management, Inc. (since July 2007); prior thereto Vice President and Chief Financial Officer of Dover Diversified, Inc. (since November 2005); prior thereto Executive Vice President of Knowles Electronics, Inc. (since September 2003).

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<u>Name</u>	<u>Age</u>	<u>Positions Held and Prior Business Experience</u>
Joseph W. Schmidt	64	Vice President, General Counsel and Secretary of Dover (since January 2003).
Stephen R. Sellhausen	52	Vice President, Corporate Development of Dover (since January 2009); prior thereto Vice President, Business Development of Dover (from April 2008); prior thereto investment banker with Citigroup Global Markets.
Sivasankaran Somasundaram	45	Vice President of Dover (since January 2008); Executive Vice President of Dover Fluid Management (since January 2010); President of Fluid Solutions Platform (since January 2008); prior thereto President of Gas Equipment Group (from May 2006); prior thereto President of RPA Process Technologies (from March 2004); prior thereto Vice President of Dorr-Oliver Eimco (supplier of solid/liquid separation equipment and wholly-owned subsidiary of GLV Inc.) (from November 2002 through February 2004).
William W. Spurgeon, Jr.	52	Vice President of Dover and President and Chief Executive Officer of Dover Fluid Management, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Diversified, Inc. (from October 1, 2004).
Michael Y. Zhang	47	Vice President of Dover (since May 2010) and Managing Director of Dover Regional Headquarters Shanghai (since January 2009); prior thereto various roles at ABB, Ltd., including Vice President, ABB Control System and Product Business (September 2004 to March 2008).
David R. Van Loan	62	Vice President of Dover and President and Chief Executive Officer of Dover Electronic Technologies, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Technologies International, Inc. (from January 2006); prior thereto President of Dover Technologies International, Inc. (from July 2005); prior thereto for more than eight years, President and Chief Executive Officer of Everett Charles Technologies, Inc.

PART II

Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information and Dividends

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

	2010			2009		
	Market Prices		Dividends Per Share	Market Prices		Dividends Per Share
	High	Low		High	Low	
First Quarter	\$ 47.56	\$ 40.50	\$ 0.26	\$ 36.15	\$ 21.79	\$ 0.25
Second Quarter	55.50	41.42	0.26	36.55	25.83	0.25
Third Quarter	53.00	40.50	0.275	39.79	30.30	0.26
Fourth Quarter	59.20	51.39	0.275	43.10	36.52	0.26
			<u>\$ 1.07</u>			<u>\$ 1.02</u>

Holders

The number of holders of record of the Company’s common stock as of January 28, 2011 was approximately 17,211. This figure includes participants in the Company’s 401(k) program.

Securities Authorized for Issuance Under Equity Compensation Plans

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

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The table below presents shares of the Company’s stock which were acquired by the Company during the fourth quarter.

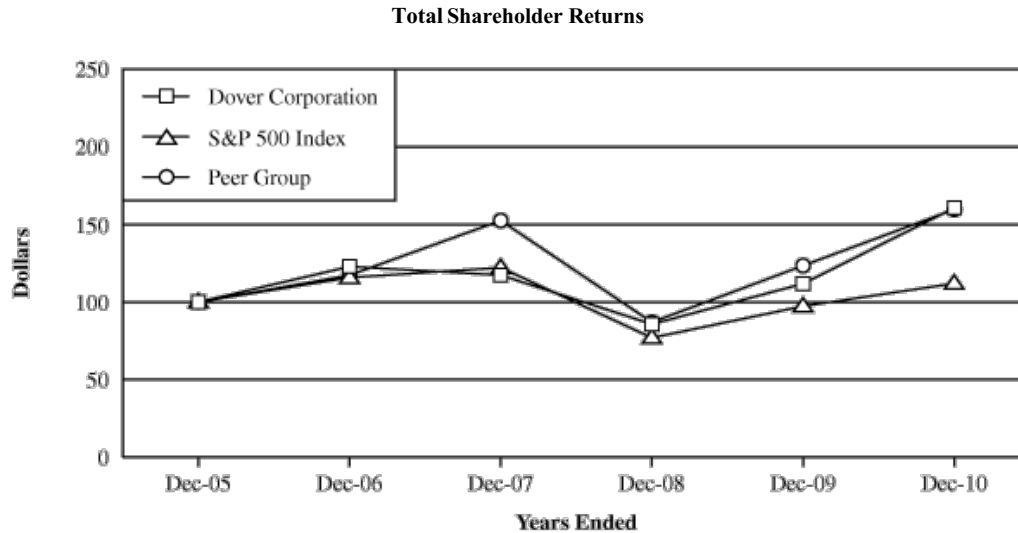
Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs
October 1 to October 31	19,004	\$ 53.00	—	7,453,968
November 1 to November 30	140,285	55.13	140,000	7,313,968
December 1 to December 31	769,869	57.95	745,500	6,568,468
For the Fourth Quarter 2010	<u>929,158</u>	<u>\$ 57.43</u>	<u>885,500</u>	<u>6,568,468</u>

(1) In October, November and December, 19,004, 285, and 24,369 of these shares were acquired by the Company, respectively, from the holders of its employee stock options when they tendered these shares as full or partial payment of the exercise price of such options. These shares are applied against the exercise price at the market price on the date of exercise. During November and December, the Company purchased 140,000 and 745,500 shares, respectively, under the five-year, 10,000,000 share repurchase authorized by the Board of Directors in May 2007, leaving 6,568,468 available for repurchase as of the end of December 2010.

Performance Graph

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

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



Data Source: Hemscott, Inc.

* Total return assumes reinvestment of dividends.

This graph assumes \$100 invested on December 31, 2005 in Dover Corporation common stock, the S&P 500 index and a peer group index.

The peer index consists of the following 38 public companies selected by the Company:

Actuant Corp.	FMC Technologies	Parker-Hannifin Corp.
ACGO Corporation	Honeywell International	Pentair Inc.
Agilent Technologies	Hubbell Incorporated	Precision Castparts Corp.
Ametek Inc.	IDEX Corporation	Rockwell Automation
Cameron International	Illinois Tool Works	Roper Industries
Carlisle Companies	Ingersoll-Rand Company	SPX Corporation
Cooper Industries	ITT Corporation	Terex Corporation
Crane Co.	Leggett & Platt Inc.	The Timken Company
Danaher Corporation	Manitowoc Co.	Tyco International
Deere & Company	Masco Corp.	United Technologies Corp.
Eaton Corporation	Oshkosh Corp.	Weatherford International
Emerson Electric Co.	Paccar Inc.	3M Company
Flowserve Corporation	Pall Corporation	

Item 6. Selected Financial Data

Selected Company financial information for the years 2006 through 2010 is set forth in the following 5-year Consolidated Table.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	(In thousands, except per share figures)				
Revenue	\$ 7,132,648	\$ 5,775,689	\$ 7,568,888	\$ 7,317,270	\$ 6,419,528
Earnings from continuing operations	707,908	371,894	694,758	669,750	595,680
Basic earnings (loss) per share:					
Continuing operations	\$ 3.79	\$ 2.00	\$ 3.69	\$ 3.33	\$ 2.92
Discontinued operations	(0.04)	(0.08)	(0.55)	(0.04)	(0.17)
Net earnings	3.75	1.91	3.13	3.28	2.76
Weighted average shares outstanding	<u>186,897</u>	<u>186,136</u>	<u>188,481</u>	<u>201,330</u>	<u>203,773</u>
Diluted earnings (loss) per share:					
Continuing operations	\$ 3.74	\$ 1.99	\$ 3.67	\$ 3.30	\$ 2.90
Discontinued operations	(0.04)	(0.08)	(0.55)	(0.04)	(0.16)
Net earnings	3.70	1.91	3.12	3.26	2.73
Weighted average shares outstanding	<u>189,170</u>	<u>186,736</u>	<u>189,269</u>	<u>202,918</u>	<u>205,497</u>
Dividends per common share	<u>\$ 1.07</u>	<u>\$ 1.02</u>	<u>\$ 0.90</u>	<u>\$ 0.77</u>	<u>\$ 0.71</u>
Capital expenditures	\$ 183,217	\$ 120,009	\$ 175,795	\$ 173,653	\$ 191,937
Depreciation and amortization	268,406	258,223	261,154	243,776	195,840
Total assets	8,562,894	7,882,403	7,883,238	8,068,407	7,626,657
Total debt	1,807,811	1,860,884	2,085,673	2,090,652	1,771,040

All results and data in the table above reflect continuing operations, unless otherwise noted. All periods reflect the impact of certain operations that were discontinued. As a result, the data presented above will not necessarily agree to previously issued financial statements. See Note 3 to the Consolidated Financial Statements for additional information on disposed and discontinued operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Dover Corporation for the three years ended December 31, 2010. The following MD&A should be read in conjunction with the Company's Consolidated Financial Statements and Notes which appear elsewhere in this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Form 10-K, particularly in Item 1A. "Risk Factors" and in "SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS" inside the front cover of this Form 10-K.

OVERVIEW AND OUTLOOK

As the global economy strengthened in 2010, the Company experienced increased demand across most of its end-markets as well as higher bookings and backlog in all of its segments. In total, the Company's consolidated revenue increased \$1.4 billion, or 24%, over 2009 to \$7.1 billion, inclusive of acquisitions. Furthermore, the Company successfully leveraged the structural improvements made over the last few years to expand consolidated gross profit margin by 200 basis points to 38.3%, as compared with 2009. The Company generated free cash flow of \$767 million, representing 11% of revenue and 108% of earnings from continuing operations, despite significant investments necessary to support the growing businesses. The Company deployed this cash in support of its growth strategies as well as continuing its 55-year record of increasing its annual dividend to shareholders. Developing economies in Asia contributed 17% of 2010 consolidated revenues, and the Company expects to continue its expansion into Asia and other growing markets.

Given this strong momentum entering 2011, along with the execution of its strategies around product innovation, global expansion, leveraging its scale and disciplined capital allocation, the Company believes it is well-positioned for solid growth in the future.

The Company estimates 2011 full year organic growth to be in the range of 6% to 8% (assuming a negligible impact from foreign currency) and acquisition related growth to be approximately 3% for transactions completed in 2010 and four acquisitions completed in January 2011, the largest being Harbison-Fischer, which closed on January 3, 2011. Based on these revenue assumptions and profitability expectations, the Company has projected that its diluted earnings per share from continuing operations for 2011 will be in the range of \$4.05 to \$4.25 and expects its earnings to follow a traditional seasonal pattern of being higher in the second and third quarters.

CONSOLIDATED RESULTS OF OPERATIONS

	Years Ended December 31,			% / Point Change	
	2010	2009	2008	2010	2009
				versus	versus
	(In thousands except per share figures)			2009	2008
Revenue	\$ 7,132,648	\$ 5,775,689	\$ 7,568,888	24%	(24)%
Cost of goods and services	4,399,990	3,676,535	4,838,881	20%	(24)%
Gross profit	2,732,658	2,099,154	2,730,007	30%	(23)%
Selling and administrative expenses	1,697,721	1,511,111	1,700,677	12%	(11)%
Restructuring — severance and exit costs	6,200	72,102	27,364	(91)%	163%
Interest expense, net	106,341	100,375	96,037	6%	5%
Other expense (income), net	3,512	(3,950)	(12,726)	(189)%	(69)%
Earnings from continuing operations	707,908	371,894	694,758	90%	(46)%
Net earnings	700,104	356,438	590,831	96%	(40)%
Net earnings per common share — diluted	\$ 3.70	\$ 1.91	\$ 3.12	94%	(39)%
Gross profit margin	38.3%	36.3%	36.1%	2.0	0.2
Selling and administrative expenses as a percentage of revenue	23.8%	26.2%	22.5%	(2.4)	3.7
Effective tax rate	23.5%	24.4%	26.6%	(0.9)	(2.2)

Revenue

Consolidated revenue in 2010 increased \$1.4 billion or 24% reflecting organic revenue growth of 20%, growth from acquisitions of 4%, and a negligible unfavorable impact from foreign currency translation. The organic growth reflects volume increases across all of the Company's segments, driven by higher demand in the majority of the Company's end-markets as the global economy continues to rebound. Revenues generated outside of the U.S. increased by 30% compared with 2009, with much of this growth generated in emerging economies of Asia and Latin America.

The \$1.8 billion or 24% decrease in consolidated revenue in 2009 reflected a 24% decline in organic revenue and a 2% unfavorable impact from foreign currency translation, partially offset by 2% net growth from acquisitions. The decline in organic revenue reflected lower demand and sales volumes across all four business segments stemming from general unfavorable global economic conditions.

Gross Profit

Gross profit increased \$633.5 million or 30% in 2010 compared with 2009, reflecting the increased sales volumes. Gross profit margin improved to 38.3% in 2010, a 200 basis point improvement over the 2009 gross profit margin of 36.3%, reflecting the increase in sales volumes in 2010, the impact of lower restructuring charges on a comparative basis, and benefits realized from restructuring initiatives executed in 2009 along with Dover productivity initiatives.

Gross profit decreased \$630.9 million or 23% in 2009 compared with 2008, consistent with the decline in revenue for the period. Gross margin as a percentage of sales remained essentially flat at 36.3% and 36.1% in 2009 and 2008, respectively.

Selling and Administrative Expenses

Selling and administrative expenses increased \$186.6 million or 12% in 2010 compared with 2009 due primarily to general increases across the segments in support of higher volumes. As a percentage of sales, selling and administrative expenses declined to 23.8% in 2010 compared with 26.2% in 2009. This 240 basis point improvement reflects the absence of significant restructuring charges in 2010 and the benefits realized from 2009 restructuring efforts, as well as leverage from the higher revenue levels partially offset by increased compensation costs.

Selling and administrative expenses decreased \$189.6 million or 11% in 2009 compared with 2008, primarily due to decreased revenue activity, cost curtailment efforts and integration programs, partially offset by restructuring charges. Selling and administrative expenses as a percentage of revenue increased to 26.2% in 2009 from 22.5% in the prior year, reflecting reduced revenue levels and restructuring charges of \$50.2 million.

Interest Expense, net

Interest expense for the years ended December 31, 2010, 2009 and 2008 was \$115.5 million, \$116.2 million and \$130.2 million, respectively. Interest income for the years ended December 31, 2010, 2009 and 2008 was \$9.1 million, \$15.8 million \$34.2 million, respectively.

Interest expense, net, increased 6.0% in 2010 compared with 2009, primarily due to reduced interest income in 2010 resulting from lower interest rates on the Company's short term investment balances.

Interest expense, net increased 4.5% in 2009 compared with 2008 due primarily to reduced interest income stemming from lower interest rates on cash and investments which more than offset the reduction in interest expense due to lower average outstanding commercial paper balances during the 2009 period.

Other Expense (Income), net

Other expense, net of \$3.5 million in 2010 reflects \$6.6 million of net expense from foreign currency exchange fluctuations on assets and liabilities denominated in currencies other than the functional currency, coupled with a \$4.3 million loss on extinguishment of debt, offset in part by royalty income and other miscellaneous non-operating gains. This compares to other income, net of \$4.0 million in 2009, which reflects \$6.0 million of net expense from foreign currency exchange fluctuations on assets and liabilities denominated in currencies other than the Company's functional currency, which was more than offset by a favorable insurance settlement and other miscellaneous non-operating gains. In 2008, other income, net of \$12.7 million reflected net gains from foreign currency exchange fluctuations of \$6.7 million, coupled with other miscellaneous non-operating gains.

Income Taxes

The effective tax rate for continuing operations for 2010 was 23.5% compared to the 2009 rate of 24.4%. The effective tax rate was impacted by discrete items in both years. The effective tax rate for 2010 was favorably impacted by net discrete items totaling \$38.5 million, arising principally from third and fourth quarter settlements with U.S. taxing authorities, coupled with the resolution of a foreign tax matter in the third quarter. The effective tax rate for 2009 was favorably impacted by \$31.6 million of net benefits recognized for discrete items in the second and fourth quarters of 2009. Excluding these discrete items, the effective tax rate for 2010 was 27.6% compared to 30.8% for 2009, the variance of which is primarily attributed to a more favorable mix of non-U.S. earnings in low tax rate jurisdictions in 2010. With the exception of contested matters, for which an estimate cannot be made due to uncertainties, the Company believes that additional uncertain tax positions will be settled in 2011.

The effective tax rate for continuing operations for 2009 was 24.4% compared to the 2008 rate of 26.6%, reflecting the previously mentioned discrete items in the second and fourth quarters of 2009. The effective tax rate for 2008 was favorably impacted by \$26.3 million of net benefits recognized for discrete items in the third and fourth quarters of 2008. The full year 2009 rate reflects the favorable impact of net benefits for discrete items and the favorable impact of a higher percentage of non-U.S. earnings in low tax rate jurisdictions. Excluding these discrete items, the effective tax rate for 2009 was 30.8% compared to 29.3% for 2008.

Net Earnings

Net earnings for the year ended December 31, 2010 were \$700.1 million or \$3.70 dilutive earnings per share (“EPS”) including a loss from discontinued operations of \$7.8 million or \$0.04 EPS, compared to net earnings of \$356.4 million or \$1.91 dilutive EPS for the same period of 2009, including a loss from discontinued operations of \$15.5 million or \$0.08 EPS.

The loss from discontinued operations in 2010 includes a loss of approximately \$14.2 million, net of tax, related to the sale of a business that had been previously reflected as a discontinued operation as well as other expense and accrual adjustments relating to other previously discontinued operations. These losses and expenses were offset in part by tax benefits, which included approximately \$11.6 million relating to discrete tax items settled or resolved during the third and fourth quarters. The loss from discontinued operations in 2009 includes approximately \$10.3 million, net of tax, related to a write-down of a business held for sale. Refer to Note 3 to the Consolidated Financial Statements for additional information on disposed and discontinued operations.

Net earnings for the year ended December 31, 2009 were \$356.4 million or \$1.91 dilutive EPS including a loss from discontinued operations of \$15.5 million or \$0.08 EPS, compared to net earnings of \$590.8 million or \$3.12 dilutive EPS for the same period of 2008, including a loss from discontinued operations of \$103.9 million or \$0.55 EPS. As noted above, the loss from discontinued operations in 2009 includes approximately \$10.3 million, net of tax, related to a write-down of a business held for sale. The loss from discontinued operations in 2008 largely reflects a loss provision for a business held for sale, as well as tax expenses and tax accruals related to ongoing federal tax settlements and state tax assessments.

In addition to these factors, 2009 earnings across all platforms were also negatively impacted by restructuring charges as noted below, while 2010 earnings reflect the benefits captured from the businesses’ restructuring and integration programs initiated in 2008 and 2009.

Severance and Exit Reserves

In late 2008, the Company launched various synergy capture programs and restructuring initiatives in response to the weakening global economic environment. In 2008 and 2009, the Company recorded restructuring charges of \$27.4 million and \$72.1 million, respectively, relating to these programs. These programs were largely executed throughout 2009, and the Company realized incremental savings of approximately \$125 million and \$32 million in 2009 and 2010, respectively. During 2009, the Company had a net reduction in its workforce of approximately 2,950, or 9%, and a net reduction of 23 manufacturing and warehouse facilities, as a result of these strategic restructuring efforts.

By 2010, the Company completed the majority of the initiatives launched in 2008 and 2009 and initiated a few targeted facility consolidations at its operating companies, resulting in restructuring charges of \$6.2 million, a significant decline compared to the previous two years. The remaining exit reserves of \$6.8 million at December 31, 2010 relate primarily to lease commitment obligations in connection with the prior years’ restructuring activities.

The Company does not expect to undertake significant restructuring activities in 2011, but will continue to monitor business activity across its markets served and adjust capacity as necessary depending on the economic climate.

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A summary of the Company's restructuring activity for the years ended December 31, 2010, 2009 and 2008 is as follows (in thousands):

	<u>Severance</u>	<u>Exit</u>	<u>Total</u>
Balance at December 31, 2007	\$ 5,762	\$ 22,668	\$ 28,430
Provision	14,980	12,384	27,364
Purchase accounting	2,933	2,698	5,631
Payments	(16,094)	(12,035)	(28,129)
Other, including impairments	(378)	(1,961)	(2,339)
Balance at December 31, 2008	7,203	23,754	30,957
Provision	53,106	18,996	72,102
Purchase accounting	—	(16,074)	(16,074)
Payments	(53,009)	(13,828)	(66,837)
Other, including impairments	852	(4,229)	(3,377)
Balance at December 31, 2009	8,152	8,619	16,771
Provision	2,989	3,211	6,200
Payments	(9,773)	(5,574)	(15,347)
Other, including impairments	(225)	495	270
At December 31, 2010	<u>\$ 1,143</u>	<u>\$ 6,751</u>	<u>\$ 7,894</u>

Prior to January 1, 2009, the Company had established reserves related to severance and facility closings in connection with certain acquisitions, which were established through the purchase accounting for these acquisitions, as allowed under accounting guidance in effect at the time. The restructuring reserve balances at December 31, 2009, 2008 and 2007 include \$0.9 million, \$27.9 million and \$26.8 million for acquisition-related restructuring accruals that were established in purchase accounting. These reserves were substantially settled in 2010.

A summary of restructuring charges by segment and income statement classification for the years ended December 31, 2010, 2009 and 2008 is as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Industrial Products	\$ 1,182	\$ 17,505	\$ 8,285
Engineered Systems	2,364	18,381	10,071
Fluid Management	1,476	9,707	2,475
Electronic Technologies	1,178	26,509	6,533
Total	<u>\$ 6,200</u>	<u>\$ 72,102</u>	<u>\$ 27,364</u>
Classified in the Statements of Operations as follows:			
Cost of goods and services	\$ 2,147	\$ 21,943	\$ —
Selling and administrative expenses	4,053	50,159	27,364
Total	<u>\$ 6,200</u>	<u>\$ 72,102</u>	<u>\$ 27,364</u>

Segment Results of Operations

See Note 14 to the Consolidated Financial Statements in this Form 10-K for a reconciliation of segment revenue, earnings and operating margin to the Company's consolidated revenue, earnings from continuing operations, and operating margin.

Industrial Products

	Years Ended December 31,			% Change	
	2010	2009	2008	2010	2009
	(In thousands)			versus	versus
				2009	2008
Revenue					
Material Handling	\$ 854,331	\$ 660,353	\$ 1,136,869	29%	(42)%
Mobile Equipment	995,159	962,177	1,323,422	3%	(27)%
Eliminations	(1,679)	(738)	(786)		
	<u>\$ 1,847,811</u>	<u>\$ 1,621,792</u>	<u>\$ 2,459,505</u>	14%	(34)%
Segment earnings	\$ 226,385	\$ 139,757	\$ 299,740	62%	(53)%
Operating margin	12.3%	8.6%	12.2%		
Acquisition related depreciation and amortization expense*	\$ 31,792	\$ 32,048	\$ 32,283	(1)%	(1)%
Bookings					
Material Handling	\$ 899,794	\$ 587,676	\$ 1,109,028	53%	(47)%
Mobile Equipment	1,033,114	901,164	1,177,880	15%	(23)%
Eliminations	(2,130)	(986)	(1,134)		
	<u>\$ 1,930,778</u>	<u>\$ 1,487,854</u>	<u>\$ 2,285,774</u>	30%	(35)%
Backlog					
Material Handling	\$ 165,505	\$ 116,658	\$ 188,591	42%	(38)%
Mobile Equipment	368,140	329,774	387,329	12%	(15)%
Eliminations	(822)	(371)	(220)		
	<u>\$ 532,823</u>	<u>\$ 446,061</u>	<u>\$ 575,700</u>	19%	(23)%

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

2010 Versus 2009

Industrial Products 2010 revenue and earnings increased by 14% and 62%, respectively, as compared with 2009 primarily due to broad-based revenue growth in material handling businesses and more modest growth in mobile equipment businesses. The revenue increase was predominantly attributed to organic revenue growth, with nominal 2010 revenue growth from the acquisition of Gear Products in the third quarter by Tulsa Winch in the segment's Material Handling platform.

Earnings and margin were favorably impacted by increased volume in high margin businesses, the absence of restructuring charges and the benefits associated with prior year restructuring initiatives.

Material Handling 2010 revenue increased 29% while earnings increased over 200% when compared with the prior year. Revenue improvements were experienced across the platform, including modest improvements in those businesses with commercial construction exposure, driven by increased activity across most end-markets. Improvements in the energy and infrastructure end-markets, along with modest automotive market recovery, particularly outside the U.S., contributed to backlog levels at the end of 2010 which were 42% higher than 2009 year-end levels. Earnings and operating margin improved due to the increased sales volume, coupled with the absence of restructuring charges in the current period and the benefits associated with prior year restructuring initiatives.

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Mobile Equipment 2010 revenue and earnings each increased 3% as compared with the prior year. The revenue growth was generated primarily by the vehicle service business, offset in part by softness in bulk trailer and refuse vehicle markets. Earnings and operating margin at the platform level were favorably impacted by the absence of significant restructuring charges in the current period coupled with the benefits achieved from restructuring initiatives taken in the prior year; however, this was substantially offset by the impact of unfavorable product mix in the period.

2009 Versus 2008

Industrial Products 2009 revenue and earnings decreased by 34% and 53%, respectively, compared with 2008, primarily due to general economic conditions as well as the continued downturn in infrastructure, energy, and transportation markets. The segment decline in revenue primarily reflected a core business decrease of 33% and an unfavorable impact of 1% due to foreign exchange. Earnings and margin were impacted by decreased revenue and \$17.5 million in restructuring charges. The segment experienced modest improvement in commercial activity across markets served during the fourth quarter of 2009.

Material Handling revenue and earnings decreased 42% and 73%, respectively, when compared to the prior year. The platform experienced significant challenges in its core infrastructure, automotive, construction equipment and energy markets, which were partially offset by an increase in military demand. The decrease in revenue coupled with restructuring charges of \$11.0 million negatively impacted earnings. Although bookings were down 47% as compared to 2008, the platform's served end-markets stabilized in the fourth quarter.

Mobile Equipment revenue and earnings decreased 27% and 29%, respectively, over the prior year. The strength of the military market during the year was offset by challenges in the energy, bulk transport and vehicle service markets. Earnings at the platform were primarily impacted by lower revenue and restructuring charges of \$6.5 million.

Engineered Systems

	Years Ended December 31,			% Change	
	2010	2009	2008	2010	2009
	2009	2008	2009	2008	
	(In thousands)				
Revenue					
Engineered Products	\$ 1,339,204	\$ 1,059,660	\$ 1,085,881	26%	(2)%
Product Identification	890,471	802,276	924,469	11%	(13)%
	<u>\$2,229,675</u>	<u>\$1,861,936</u>	<u>\$ 2,010,350</u>	20%	(7)%
Segment earnings	\$ 301,906	\$ 227,268	\$ 278,553	33%	(18)%
Operating margin	13.5%	12.2%	13.9%		
Acquisition related depreciation and amortization expense*	\$ 28,688	\$ 26,666	\$ 24,394	8%	9%
Bookings					
Engineered Products	\$ 1,408,443	\$ 1,018,067	\$ 1,043,873	38%	(2)%
Product Identification	902,874	817,359	920,712	10%	(11)%
	<u>\$ 2,311,317</u>	<u>\$ 1,835,426</u>	<u>\$1,964,585</u>	26%	(7)%
Backlog					
Engineered Products	\$ 288,969	\$ 218,520	\$ 183,821	32%	19%
Product Identification	86,315	74,700	61,195	16%	22%
	<u>\$ 375,284</u>	<u>\$ 293,220</u>	<u>\$ 245,016</u>	28%	20%

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

2010 Versus 2009

Engineered Systems 2010 revenue and earnings increased by 20% and 33%, respectively, compared with 2009. The improvement in revenue was the result of a 12% increase in organic business revenue and an 8% increase from acquisitions completed in 2010 and 2009. The revenue and earnings increases were substantially driven by strength in Hill Phoenix, Direct Coding and Belvac volumes, including acquisitions, coupled with the benefits from prior year restructuring activities, which more than offset higher commodity costs and unfavorable mix.

Engineered Products 2010 revenue and earnings increased by 26% and 30%, respectively, compared with 2009. Organic business revenue increased approximately 13% driven by higher sales volume at Hill Phoenix and Belvac, while growth from acquisitions completed in 2010 and 2009 contributed 13% to revenue growth and was accretive to 2010 earnings. The platform's earnings were favorably impacted by the higher sales volumes and contribution from prior year restructuring activities, partly offset by higher material costs and unfavorable product and customer mix.

Product Identification 2010 revenue and earnings increased 11% and 31%, respectively, compared with 2009, with growth driven by organic sales volume growth and benefit from the 2009 acquisition of Extech Instruments. The platform's earnings reflect continued investment in research and development, the favorable impact of product and geographic mix, the absence of restructuring charges and the benefits of prior year restructuring initiatives.

2009 Versus 2008

Engineered Systems 2009 revenue and earnings decreased by 7% and 18%, respectively, compared with 2008. The decline in revenue was primarily driven by an 11% decline in core business revenue (excluding acquisitions) as a result of general softness in the markets served by the segment and an unfavorable impact of foreign exchange of 3%. The acquisitions of Tyler, Ala Cart, Inc. and Barker Company in the Engineered Products platform and Extech Instruments in the Product Identification platform accounted for 7% revenue growth. The earnings decline was substantially driven by softness in most end markets served, \$18.4 million of restructuring charges and \$6.2 million of acquisition related expenses.

Engineered Products 2009 revenue and earnings decreased by 2% and 10%, respectively, compared with 2008. Lower sales volume throughout our core businesses (most notably refrigeration equipment) were partially offset by acquisition revenue. The earnings decline resulted from lower sales volume in commercial cooling, HVAC and packaging equipment, restructuring charges of \$6.9 million and \$6.2 million of acquisition related expenses.

Product Identification 2009 revenue and earnings declined 13% and 18%, respectively, compared with 2008. Core revenue decreased 10% due to lower sales volume in the Direct Marketing and Bar Coding business with the balance of the revenue decline due to foreign exchange. The platform incurred \$11.5 million in restructuring charges during the year.

Fluid Management

	Years Ended December 31,			% Change	
	2010	2009	2008	2010	2009
		(In thousands)		versus	versus
				2009	2008
Revenue					
Energy	\$ 885,582	\$ 624,211	\$ 935,414	42%	(33)%
Fluid Solutions	754,650	646,849	778,812	17%	(17)%
Eliminations	(442)	(150)	(180)		
	<u>\$ 1,639,790</u>	<u>\$ 1,270,910</u>	<u>\$ 1,714,046</u>	29%	(26)%
Segment earnings	\$ 388,420	\$ 259,269	\$ 385,317	50%	(33)%
Operating margin	23.7%	20.4%	22.5%		
Acquisition related depreciation and amortization expense*	\$ 22,010	\$ 18,389	\$ 19,550	20%	(6)%
Bookings					
Energy	\$ 895,360	\$ 610,045	\$ 964,517	47%	(37)%
Fluid Solutions	758,002	645,098	771,359	18%	(16)%
Eliminations	(1,175)	(140)	(178)		
	<u>\$ 1,652,187</u>	<u>\$ 1,255,003</u>	<u>\$ 1,735,698</u>	32%	(28)%
Backlog					
Energy	\$ 94,113	\$ 77,173	\$ 95,532	22%	(19)%
Fluid Solutions	65,525	60,540	64,471	8%	(6)%
Eliminations	(33)	(2)	(12)		
	<u>\$ 159,605</u>	<u>\$ 137,711</u>	<u>\$ 159,991</u>	16%	(14)%

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

2010 Versus 2009

Fluid Management 2010 revenue and earnings increased by 29% and 50%, respectively, compared with 2009. The improvement in revenue was driven by a 25% increase in core business revenue and a 4% increase from acquisitions completed in 2009 and 2010, along with a nominal impact from favorable foreign currency translation. The increase in revenue is primarily attributed to continued recovery in the oil and gas markets served by the Energy platform as well as in the industrial markets served by the Fluid Solutions platform, along with market share gains at select operating companies. Segment earnings and operating margin reflect the benefit of higher sales volumes, productivity improvements and favorable product mix.

The Energy platform's 2010 revenue and earnings increased 42% and 63%, respectively, compared with 2009. Organic revenue growth of 34% was driven by higher demand and market share gains in the oil and gas sector, which experienced a significant increase in active North American drilling rigs. The 2009 Inpro/Seal acquisition contributed revenue growth of approximately 7%, and foreign currency translation favorably impacted revenue by 1%. The increase in earnings is the result of higher sales volume and benefits from productivity improvements and 2009 restructuring initiatives.

The Fluid Solutions platform revenue and earnings increased 17% and 31%, respectively, compared with 2009 due to higher demand in substantially all end-markets, including chemical, sanitary, transportation, retail fueling and life sciences. Earnings were favorably impacted by the increased volumes and productivity improvements.

2009 Versus 2008

Fluid Management 2009 revenue and earnings decreased by 26% and 33%, respectively, compared with 2008. The decline in revenue was primarily driven by a 25% decline in core business revenue and an unfavorable impact of foreign exchange of 2%. The decline in revenue was partially offset by growth of 1% from the full year effect of 2008 acquisitions and a 2009 acquisition. The earnings decline was driven by reduced revenue, \$9.7 million in restructuring charges and acquisition related expenses of \$2.5 million.

The Energy platform's 2009 revenue and earnings decreased 33% and 38%, respectively, compared with 2008. The decline in revenue was a result of lower demand in the oil, gas and power generation industries, partially offset by the impact of 2008 and 2009 acquisitions. The platform experienced a recent increase in revenue growth stemming from increases in active North American drilling rigs. The decrease in earnings was a result of lower sales volume, restructuring charges of \$3.0 million and acquisition related expenses of \$2.5 million, partially offset by operational improvements and cost savings as a result of restructuring activities. Waukesha Bearings acquired Inpro/Seal Company on December 30, 2009, which accounted for the majority of the acquisition costs.

The Fluid Solutions 2009 platform revenue and earnings decreased 17% and 20%, respectively, compared with 2008 due to lower demand in its various industrial markets served. Decreased earnings reflected lower sales volume and \$6.7 million of restructuring charges.

Electronic Technologies

	Years Ended December 31,			% Change	
	2010	2009	2008	2010	2009
	(In thousands)			versus	versus
	2010	2009	2008	2009	2008
Revenue	\$ 1,423,664	\$ 1,026,954	\$ 1,396,131	39%	(26)%
Segment earnings	250,428	83,694	193,641	199%	(57)%
Operating margin	17.6%	8.1%	13.9%		
Acquisition related depreciation and amortization expense*	\$ 33,998	\$ 33,203	\$ 36,481	2%	(9)%
Bookings	\$ 1,544,954	\$ 1,055,282	\$ 1,342,382	46%	(21)%
Backlog	342,578	206,893	175,317	66%	18%

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

2010 Versus 2009

Electronic Technologies 2010 revenue and earnings increased 39% and 199%, respectively, compared with 2009. The increase in revenues was supported by organic revenue growth of 39% and growth from acquisitions of 1%, offset by a 1% unfavorable impact from foreign currency translation. The organic revenue growth was primarily driven by strong demand for electronic assembly equipment, Micro Electronic Mechanical Systems ("MEMS") microphones, hearing aid components and telecom infrastructure related products. Demand also continues to grow for the segment's emerging solar products. Revenue from the electronic assembly equipment companies increased 77%, while revenue of the communication component companies increased 20% compared with 2009. Earnings and operating margin in 2010 were favorably impacted by higher sales volume and production leverage, coupled with the absence of significant restructuring charges in the current year and the benefit of prior year restructuring programs.

2009 Versus 2008

Electronic Technologies 2009 revenue and earnings decreased 26% and 57%, respectively, compared with 2008 primarily driven by weak demand for telecom components and electronic assembly and test equipment. The decline in core revenue was 24% and there was a 2% unfavorable impact on revenue from foreign exchange. MEMS products continued to show increased customer adoption, while military and space programs continued to provide a

constructive business climate for the segment's electronic component companies. Earnings in 2009 were negatively impacted by lower sales volume and \$26.6 million of restructuring charges. In addition, the comparability of 2009 earnings was impacted by the favorable impact of 2008 earnings, which included a \$7.5 million gain on the sale of a business (semi-conductor test handling).

FINANCIAL CONDITION

Liquidity and Capital Resources

Net Debt to Net Capitalization

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

Net Debt to Net Capitalization Ratio	At December 31,		
	2010	2009	2008
	(In thousands)		
Current maturities of long-term debt	\$ 1,925	\$ 35,624	\$ 32,194
Commercial paper	15,000	—	192,750
Long-term debt	1,790,886	1,825,260	1,860,729
Total debt	1,807,811	1,860,884	2,085,673
Less: Cash, cash equivalents and short-term investments	(1,309,095)	(938,174)	(826,869)
Net debt	498,716	922,710	1,258,804
Add: Stockholders' equity	4,526,562	4,083,608	3,792,866
Net capitalization	\$ 5,025,278	\$ 5,006,318	\$ 5,051,670
Net debt to net capitalization	9.9%	18.4%	24.9%

The Company's net debt to net capitalization levels improved during 2010, primarily as a result of cash generated from operations and lower levels of acquisition investments. In addition, long-term debt decreased due to scheduled repayments, coupled with the early extinguishment of a structured non-interest bearing loan in the third quarter.

At December 31, 2010, the Company's cash, cash equivalents and short-term investments totaled \$1.3 billion, representing an increase of \$371 million, as compared with the 2009 balance. Cash and equivalents are invested in highly liquid investment grade money market instruments with maturities of three months or less. The Company regularly invests cash in excess of near-term requirements in short-term investments, which consist of investment grade time deposits with original maturity dates at the time of purchase greater than three months, up to twelve months. At December 31, 2010, the Company's total cash, cash equivalents and short-term investments included \$1.2 billion held outside of the United States, and the Company intends to use a significant portion of this to fund the Sound Solutions acquisition, as described in Note 17 to the Consolidated Financial Statements.

Free Cash Flow

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

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The following table reconciles free cash flow to cash flows from operating activities:

Free Cash Flow	Years Ended December 31,		
	2010	2009	2008
		(In thousands)	
Cash flow provided by operating activities	\$950,551	\$ 802,060	\$ 1,010,416
Less: Capital expenditures	(183,217)	(120,009)	(175,795)
Free cash flow	\$ 767,334	\$ 682,051	\$ 834,621
Free cash flow as a percentage of revenue	10.8%	11.8%	11.0%

Free cash flow in 2010 was \$767.3 million or 10.8% of revenue, compared to \$682.1 million or 11.8% of revenue in 2009 and \$834.6 million or 11.0% of revenue in 2008. The 2010 increase in free cash flow compared to 2009 reflects higher earnings from continuing operations offset by investment in working capital and an increase in capital expenditures as compared to the prior year. The 100 basis point decline in free cash flow as a percentage of revenue was the result of the significant reduction in working capital realized in 2009 coupled with lower revenue levels.

The 2009 decrease in free cash flow compared to 2008 reflected lower earnings from continuing operations and higher employee benefit contributions partially offset by improvements in working capital and a decrease in capital expenditures. The increase in free cash flow as a percentage of revenue was due to active management of adjusted working capital in a lower revenue environment.

The Company uses commercial paper borrowings for general corporate purposes, including the funding of acquisitions and the repurchase of its common stock. The Company currently maintains an unsecured revolving credit facility with a syndicate of banks which permits borrowings up to \$1 billion, which expires on November 9, 2012. This facility is used primarily as liquidity back-up for the Company's commercial paper program. The Company has not drawn down any loans under this facility nor does it anticipate doing so. If the Company were to draw down a loan, at the Company's election, the loan would bear interest at a Eurodollar or Sterling rate based on LIBOR, plus an applicable margin ranging from 0.13% to 0.35% (subject to adjustment based on the rating accorded the Company's senior unsecured debt by S&P and Moody's) or at a base rate pursuant to a formula defined in the facility. Under this facility, the Company is required to maintain an interest coverage ratio of EBITDA to consolidated net interest expense of not less than 3.5 to 1. The Company was in compliance with this covenant and its other long-term debt covenants at December 31, 2010 and had a coverage ratio of 12.1 to 1. The Company is not aware of any potential impairment to its liquidity and expects to remain in compliance with all of its debt covenants.

The Company also has a current shelf registration statement filed with the SEC, with remaining capacity of \$600 million, that allows for the issuance of additional debt securities that may be offered in one or more offerings on terms to be determined at the time of the offering. Net proceeds of any offering would be used for general corporate purposes, including repayment of existing indebtedness, capital expenditures and acquisitions.

The Company has a \$400 million face value note issuance coming due on February 15, 2011. This amount is classified as long-term within the consolidated balance sheet at December 31, 2010, as the Company has the ability and intends to refinance this debt on a long-term basis.

At December 31, 2010, the Company also had an outstanding floating-to-floating cross currency swap agreement for a total notional amount of \$50 million in exchange for CHF 65.1 million, which matures on February 15, 2011. This transaction hedges a portion of the Company's net investment in non-U.S. operations. The agreement qualifies as a net investment hedge and changes in the fair value are reported within the cumulative translation adjustment section of other comprehensive income, with any hedge ineffectiveness being recognized in current earnings. The fair values at December 31, 2010 and 2009 reflected losses of \$19.8 million and \$13.3 million, respectively, due to the strengthening of the Swiss franc relative to the U.S. dollar over the term of this arrangement. Prior to this hedge maturing, the Company intends to assess market conditions and make a decision as to whether to settle the liability with available sources of liquidity or renew the hedge arrangement.

The Company's ability to obtain debt financing at comparable risk-based interest rates is partly a function of its existing cash-flow-to-debt and debt-to-capitalization levels as well as its current credit standing. The Company's

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credit ratings, which are independently developed by the respective rating agencies, were as follows as of December 31, 2010:

	<u>Short Term Rating</u>	<u>Long Term Rating</u>	<u>Outlook</u>
Moody's	P-1	A2	Stable
Standard & Poor's	A-1	A	Stable
Fitch	F1	A	Stable

The Company believes that existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates for the foreseeable future. Acquisition spending and/or share repurchases could potentially increase the Company's debt. However, management anticipates that the net debt to net capitalization ratio will remain generally consistent with the historical range of 25%-30%. Operating cash flow and access to capital markets are expected to satisfy the Company's various cash flow requirements, including acquisitions and capital expenditures.

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

Cash Flow Summary

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

<u>Cash Flows from Continuing Operations</u>	<u>Years Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(In thousands)		
Net Cash Flows Provided By (Used In):			
Operating activities	\$ 950,551	\$ 802,060	\$ 1,010,416
Investing activities	(178,957)	(257,865)	(452,994)
Financing activities	(304,788)	(389,953)	(560,904)

Operating Activities

Cash provided by operating activities in 2010 increased \$148.5 million from 2009. Higher sales volume increased 2010 net earnings before depreciation and amortization by \$354 million as compared with 2009. This was offset by a \$223 million increase in working capital necessary to support the increase in 2010 order and revenue levels, compared to a \$229 million decrease in working capital in the 2009 period when sales levels had declined. Other factors contributing to the 2010 increase in operating cash flows included \$52 million less in restructuring payments, \$21 million less of post-retirement plan contributions, and a \$40 million increase in unearned/deferred revenue due to additional sales activity in the 2010 period.

Cash flows provided by operating activities in 2009 decreased \$208.4 million from 2008, primarily reflecting lower earnings on reduced sales from continuing operations and increased contributions to employee benefit plans, partially offset by improvements in working capital.

Postretirement costs relating to pension and other employee-related defined benefit plans affect results in all segments. The Company recorded net periodic benefit cost of \$33 million, \$37 million and \$36 million in 2010, 2009 and 2008, respectively, relating to its benefit plans (including its defined benefit, supplemental and post-retirement plans). As further described in Note 13, the main drivers of the expense variance from year to year are the expected returns on plan assets, the service cost and the interest cost. In 2010, the actual return on plan assets increased, consistent with increased returns within the global equity markets. In 2011, the Company expects its net

periodic benefit cost to be approximately \$36 million, with the increase compared to 2010 being attributed to higher amortization relating to unrecognized losses.

The funded status of the Company's qualified defined benefit pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. The Company contributes cash to its plans at its discretion, subject to applicable regulations and minimum contribution requirements. Cash contributions to qualified defined benefit pension plans in 2010, 2009 and 2008 totaled \$38 million, \$51 million and \$35 million, respectively. See Note 13 to the Consolidated Financial Statements for further discussion regarding the Company's post-retirement plans.

At December 31, 2010, the Company's qualified defined benefit plans were underfunded by \$49 million, which includes \$7 million relating to the U.S. Dover Corporate Pension Plan and \$42 million relating to the Company's significant international pension plans, some in locations where it is not economically advantageous to pre-fund the plans due to local regulations. The majority of the international obligations relate to defined pension plans operated by the Company's businesses in Germany, the United Kingdom and Switzerland. In 2011, the Company expects to contribute approximately \$40 million to its qualified defined benefit plans.

Investing Activities

Cash used in investing activities during 2010 decreased \$78.9 million compared to 2009, largely due to lower spending on acquisitions in 2010, offset in part by higher net proceeds from the sale of short-term investments and higher capital investments.

Cash used in investing activities during 2009 decreased \$195.1 million compared to 2008, largely reflecting reduced capital expenditures and higher net proceeds from the sale of short-term investments, partially offset by higher acquisition investments and reduced proceeds from the sale of businesses.

Cash consideration paid for acquisitions was \$104 million in 2010 compared to \$222 million in 2009 and \$104 million in 2008. In addition, during the fourth quarter of 2010, the Company signed a definitive agreement to acquire the Sound Solutions business of NXP Semiconductors. Sound Solutions, which is currently headquartered in Vienna, Austria, is one of the world's leading manufacturers of dynamic speakers and receivers for the global cell phone market and will become part of Knowles Electronics, which is an operating unit of Dover's Electronic Technologies segment. The purchase price is \$855 million, subject to customary regulatory approvals, and the deal is expected to close around the end of the first quarter or early in the second quarter of 2011. This acquisition is expected to be entirely funded by cash and equivalents currently held outside the U.S.

Effective January 3, 2011, the Company also completed the acquisition of Harbison-Fischer, Inc., a Texas-based leading designer and manufacturer of down-hole rod pumps and related products for \$402.5 million, subject to normal closing adjustments. Harbison-Fischer's 2011 revenue is expected to be approximately \$160 million. The business will become part of Norris Production Solutions, which is an operating unit of Dover's Fluid Management segment.

The Company currently anticipates that these and any other acquisitions made during 2011 will be funded from available cash and internally generated funds, and if necessary, through the issuance of commercial paper or through public debt markets.

Cash used for capital expenditures increased to \$183 million in 2010, compared to \$120 million in 2009 and \$176 million in 2008, with the increase driven by capacity expansion requirements of the Company's high-growth businesses. Additionally, 2009 capital spending was at reduced levels due to management's spending discretion in response to the weakened economic environment.

Capital expenditures during 2011 are expected to be approximately 3.0% to 3.2% of revenue, which compares to 2010 capital expenditures as a percent of revenue of 2.6%. The increase continues to be driven by capacity expansion in high-growth areas, including significant investment to support increased demand in the energy and cell phone markets.

Financing Activities

Cash used in financing activities during 2010 decreased \$85.2 million compared to 2009, due mainly to lower debt repayments in 2010 and cash inflows from exercise of stock options, offset by share repurchases made in 2010. In 2010, the Company's net repayments of debt and commercial paper were \$166 million lower than in 2009. Proceeds from the exercise of stock options increased by \$53 million in 2010 compared to 2009 due to the increased exercise of stock options.

Cash used in financing activities during 2009 decreased \$171.0 million compared to 2008 primarily driven by the absence of share repurchases versus the prior year and reduced proceeds from the exercise of stock options, partially offset by debt repayments and higher dividend payments in 2009.

During 2010, financing cash outflows included repurchase of approximately 2.3 million shares of its common stock in the open market for approximately \$124 million, pursuant to the 10,000,000 share repurchase program authorized by the Board of Directors in May 2007. The Company had no share repurchases in 2009. Approximately 6.6 million shares remain authorized for repurchase under this 10,000,000 five year authorization as of December 31, 2010. In 2008, pursuant to a separate \$500 million share repurchase program approved by the Board of Directors in the fourth quarter of 2007, the Company repurchased 10,000,000 shares of its common stock in the open market for \$467 million. The Company has completed the purchase of all shares under this \$500 million share repurchase program.

In 2010, the Company paid quarterly dividends totaling \$1.07 per share for the year, for a total of \$200 million and a 5% increase over 2009 payments. In 2009 and 2008, \$190 million and \$169 million, respectively, was paid to shareholders.

Adjusted Working Capital

In 2010, Adjusted Working Capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) increased from 2009 by \$240 million, or 22%, to \$1.3 billion, which reflected an increase in receivables of \$209 million, an increase in net inventory of \$143 million and an increase in accounts payable of \$112 million, generally due to additional working capital investment necessary to support the increased revenue levels. Excluding acquisitions, dispositions, and the effects of foreign exchange translation of \$14 million, Adjusted Working Capital would have increased by \$226 million, or 21%. "Average Annual Adjusted Working Capital" as a percentage of revenue (a non-GAAP measure calculated as the five-quarter average balance of accounts receivable, plus inventory, less accounts payable divided by the trailing twelve months of revenue) decreased to 17.6% at December 31, 2010 from 19.9% at December 31, 2009, and inventory turns were 6.7 at December 31, 2010 compared to 6.2 at December 31, 2009.

Off-Balance Sheet Arrangements and Contractual Obligations

As of December 31, 2010, the Company had approximately \$66.0 million outstanding in letters of credit with financial institutions, which expire at various dates in 2011 through 2015. These letters of credit are primarily maintained as security for insurance, warranty and other performance obligations. In general, the Company would only be liable for the amount of these guarantees in the event of default in the performance of its obligations, the probability of which is remote in management's opinion.

The Company has also provided typical indemnities in connection with sales of certain businesses and assets, including representations and warranties and related indemnities for environmental, health and safety, tax and employment matters. The Company does not have liabilities recorded for certain of the historic indemnifications and is not aware of any claims or other information that would give rise to material payments under such indemnities.

Company and in many cases can be provided by third parties or the customers. If the installation obligation is essential to the functionality of the delivered product, then revenue recognition is deferred until installation is complete. In addition, when it is determined that there are multiple deliverables to a sales arrangement, the Company will allocate consideration received to the separate deliverables based on their relative fair values and recognize revenue based on the appropriate criteria for each deliverable identified. In a limited number of revenue transactions, other post shipment obligations such as training and customer acceptance are required and, accordingly, revenue recognition is deferred until the customer is obligated to pay, or acceptance has been confirmed. Service revenue is recognized and earned when services are performed. Revenues associated with construction-type contracts are recorded using the percentage-of-completion method. The Company recognizes contract revenue under percentage-of-completion accounting using the cost to cost method measure of progress. The application of percentage of completion accounting requires estimates of future revenues and contract costs over the full term of the contract. The Company updates project cost estimates on a quarterly basis or more frequently when changes in circumstances warrant.

- Inventory for the majority of the Company's subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventory is stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value. Under certain market conditions, estimates and judgments regarding the valuation of inventory are employed by the Company to properly value inventory. The Electronic Technologies companies tend to experience somewhat higher levels of inventory value fluctuations, particularly given the relatively high rate of product obsolescence over relatively short periods of time.
- Occasionally, the Company will establish restructuring reserves at an operation, in accordance with appropriate accounting principles. These reserves, for both severance and exit costs, require the use of estimates. Though the Company believes that these estimates accurately reflect the anticipated costs, actual results may be different than the estimated amounts.
- The Company has significant tangible and intangible assets on its balance sheet that include goodwill and other intangibles related to acquisitions. The valuation and classification of these assets and the assignment of useful depreciation and amortization lives involve significant judgments and the use of estimates. The testing of these intangibles under established accounting guidelines for impairment also requires significant use of judgment and assumptions, particularly as it relates to the identification of reporting units and the determination of fair market value. The Company's assets and reporting units are tested and reviewed for impairment on an annual basis during the fourth quarter or, when indicators of impairment exist, such as a significant sustained change in the business climate, during the interim periods. The Company estimates fair value using discounted cash flow analyses (i.e. an income approach) which incorporate management assumptions relating to future growth and profitability. Changes in business or market conditions could impact the future cash flows used in such analyses. The Company believes that its use of estimates and assumptions are reasonable and comply with generally accepted accounting principles. No goodwill impairment was indicated by the Company's testing of its 10 identified reporting units in the fourth quarter of 2010, and the fair values of the reporting units significantly exceeded the carrying values. If the fair value of each of the reporting units was decreased by 10%, the resulting fair value would still have exceeded the carrying value and no impairment would have been recognized.
- The valuation of the Company's pension and other post-retirement plans requires the use of assumptions and estimates that are used to develop actuarial valuations of expenses and assets/liabilities. Inherent in these valuations are key assumptions, including discount rates, investment returns, projected salary increases and benefits, and mortality rates. The actuarial assumptions used in the Company's pension reporting are reviewed annually and are compared with external benchmarks to ensure that they accurately account for the Company's future pension obligations. Changes in assumptions and future investment returns could potentially have a material impact on the Company's pension expenses and related funding requirements. The Company's expected long-term rate of return on plan assets is reviewed annually based on actual returns, economic trends and portfolio allocation. The Company's discount rate assumption is determined by developing a yield curve based on high quality corporate bonds with maturities matching the plans' expected benefit payment streams. The plans' expected cash flows are then discounted by the resulting year-by-year

spot rates. As disclosed in Note 13 to the Consolidated Financial Statements, the Company's 2010 weighted-average discount rates used to measure its qualified defined benefit, supplemental and other post-retirement obligations were 5.37%, 5.50% and 5.10%, respectively, in each case reduced from the 2009 rates of 5.71%, 5.95% and 5.50%, respectively. The reduced discount rates are reflective of the decline in global market interests over these periods. A 25 basis point decrease in the discount rates used for these plans would have increased the post retirement benefit obligations by approximately \$26.7 million from the amount recorded in the financial statements at December 31, 2010. The Company's pension expense is also sensitive to changes in the expected long-term rate of return on plan assets. A decrease of 25 basis points in the expected long-term rate of return on assets would have increased the Company's defined benefit pension expense by approximately \$1.3 million.

- The Company has significant amounts of deferred tax assets that are reviewed for recoverability and valued accordingly. These assets are evaluated by using estimates of future taxable income streams and the impact of tax planning strategies. Reserves are also estimated, using more likely than not criteria, for ongoing audits regarding federal, state and international issues that are currently unresolved. The Company routinely monitors the potential impact of these situations and believes that it is properly reserved. Reserves related to tax accruals and valuations related to deferred tax assets can be impacted by changes in accounting regulations, changes in tax codes and rulings, changes in statutory tax rates, and the Company's future taxable income levels. The provision for uncertain tax positions provides a recognition threshold and measurement attribute for financial statement tax benefits taken or expected to be taken in a tax return and disclosure requirements regarding uncertainties in income tax positions. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company records interest and penalties related to unrecognized tax benefits as a component of its provision for income taxes.
- The Company has significant accruals and reserves related to the self-insured portion of its risk management program. These accruals require the use of estimates and judgment with regard to risk exposure and ultimate liability. The Company estimates losses under these programs using actuarial assumptions, the Company's experience and relevant industry data. The Company reviews these factors quarterly and considers the current level of accruals and reserves adequate relative to current market conditions and Company experience.
- The Company has established reserves for environmental and legal contingencies at both the operating company and corporate levels. A significant amount of judgment and the use of estimates is required to quantify the Company's ultimate exposure in these matters. The valuation of reserves for contingencies is reviewed on a quarterly basis at the operating and corporate levels to ensure that the Company is properly reserved. Reserve balances are adjusted to account for changes in circumstances for ongoing issues and the establishment of additional reserves for emerging issues. While the Company believes that the current level of reserves is adequate, future changes in circumstances could impact these determinations.
- The Company from time to time will discontinue certain operations for various reasons. Estimates are used to adjust, if necessary, the assets and liabilities of discontinued operations to their estimated fair market value. These estimates include assumptions relating to the proceeds anticipated as a result of the sale. Fair value is established using internal valuation calculations along with market analysis of similar-type entities. The adjustments to fair market value of these operations provide the basis for the gain or loss when sold. Changes in business conditions or the inability to sell an operation could potentially require future adjustments to these estimates.
- The Company is required to recognize in its consolidated statements of operations the expense associated with all share-based payment awards made to employees and directors, including stock options, stock appreciation rights (SARs), restricted stock and performance share awards. The Company uses the Black-Scholes valuation model to estimate the fair value of its SARs, and stock options that are granted to employees. The model requires management to estimate the expected life of the SAR or option, expected forfeitures and the volatility of the Company's stock using historical data. The Company uses the Monte Carlo simulation model to estimate fair value of performance share awards which also requires management

to estimate the volatility of its stock and the volatility of returns on the stock of its peer group as well as the correlation of the returns between the companies in the peer group. For additional information related to the assumptions used, see Note 10 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

New Accounting Standards

In January 2010, the FASB issued Accounting Standards Update (“ASU”) 2010-06 which is intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels, the reasons for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The Company has applied the new disclosure requirements as of January 1, 2010, except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which will be effective for interim and annual periods beginning after December 15, 2010. The adoption of this guidance has not had and is not expected to have a material impact on the Company’s consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13 which amends existing guidance for identifying separate deliverables in a revenue-generating transaction where multiple deliverables exist, and provides guidance for allocating and recognizing revenue based on those separate deliverables. The guidance is expected to result in more multiple-deliverable arrangements being separable than under current guidance. This guidance is effective for the Company beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. Its adoption is not expected to significantly impact the Company’s consolidated financial statements.

In October 2009, the FASB issued ASU 2009-14 which eliminates tangible products containing both software and non-software components that operate together to deliver a product’s functionality from the scope of current generally accepted accounting principles for software. This guidance is effective for the Company beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. Its adoption is not expected to significantly impact the Company’s consolidated financial statements.

Non-GAAP Disclosures

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

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

The diverse nature of the Company's business activities necessitates the management of various financial and market risks, including those related to changes in interest rates, foreign currency exchange rates and commodity prices. The Company periodically uses derivative financial instruments to manage some of these risks. The Company does not hold or issue derivative instruments for trading or speculative purposes. The Company is exposed to credit loss in the event of nonperformance by counterparties to the financial instrument contracts held by the Company; however, nonperformance by these counterparties is considered unlikely as the Company's policy is to contract with highly-rated, diversified counterparties.

Interest Rate Exposure

The Company may from time to time enter into interest rate swap agreements to manage its exposure to interest rate changes. As of December 31, 2010, the Company did not have any open interest rate swap contracts. The Company issues commercial paper, which exposes it to changes in variable interest rates; however, maturities are typically three months or less so a change in rates over this period would have an immaterial impact on the Company's pre-tax earnings.

The Company considers its current risk related to market fluctuations in interest rates to be minimal since its debt is largely long-term and fixed-rate in nature. Generally, the fair market value of fixed-interest rate debt will increase as interest rates fall and decrease as interest rates rise. A 100 basis point increase in market interest rates would decrease the fair value of Company's long-term debt by approximately \$130 million. However, since the Company has no plans to repurchase its outstanding fixed-rate instruments before their maturities, the impact of market interest rate fluctuations on the Company's long-term debt does not affect the Company's results of operations or financial position.

Foreign Currency Exposure

The Company conducts business in various non-U.S. countries, primarily in Canada, Mexico, substantially all of the European countries, Brazil, Argentina, Malaysia, China, India and other Asian countries. Therefore, the Company has a significant volume of foreign currency exposures that result from its international sales, purchases, investments, borrowings and other international transactions. Changes in the value of the currencies of these countries affect the Company's financial position and cash flows when translated into U.S. dollars.

The Company has generally accepted the exposure to exchange rate movements relative to its investment in non-U.S. operations. The Company may, from time to time, for a specific exposure, enter into fair value hedges. At December 31, 2010, the Company had one outstanding floating-to-floating cross currency swap agreement for a total notional amount of \$50 million in exchange for CHF 65.1 million, which matures on February 15, 2011. This transaction hedges a portion of the Company's net investment in non-U.S. operations. The agreement qualifies as a net investment hedge and changes in the fair value are reported within the cumulative translation adjustment section of other comprehensive income, with any hedge ineffectiveness being recognized in current earnings. The fair values at December 31, 2010 reflected losses of \$19.8 million and \$13.3 million, due to the strengthening of the Swiss franc relative to the U.S. dollar over the term of this arrangement.

Certain individual operating companies that have foreign exchange exposure have established formal policies to mitigate risk in this area by using fair value and/or cash flow hedging programs. The Company has mitigated and will continue to mitigate a portion of its currency exposure through operation of non-U.S. operating companies in which the majority of all costs are local-currency based. A change of 5% or less in the value of all foreign currencies would not have a material effect on the translation of the Company's balance sheet or statement of operations.

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Item 8. *Financial Statements and Supplementary Data*

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(All other schedules are not required and have been omitted)

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework*.

Based on its assessment under the criteria set forth in *Internal Control — Integrated Framework*, management concluded that, as of December 31, 2010, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

In making its assessment of internal control over financial reporting as of December 31, 2010, management has excluded those companies acquired in purchase business combinations during 2010, which included BSC Filters, Chemilizer, Intek Manufacturing, the Diagnostic Product Line of Dynalco Controls, Gear Products, and KMC/Bearings Inc. These companies are wholly-owned by the Company and their total revenue for the year ended December 31, 2010 represents approximately 0.3% of the Company's consolidated total revenue for the same period and their assets represent approximately 1.3% of the Company's consolidated assets as of December 31, 2010.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report which appears herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Dover Corporation:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Dover Corporation and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting," appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

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As described in “Management’s Report on Internal Control Over Financial Reporting,” management has excluded BSC Filters, Chemilizer, Intek Manufacturing, the Diagnostic Product Line of Dynalco Controls, Gear Products, and KMC/Bearings Inc. from its assessment of internal control over financial reporting as of December 31, 2010 because they were acquired by the Company in purchase business combinations during 2010. We have also excluded BSC Filters, Chemilizer, Intek Manufacturing, the Diagnostic Product Line of Dynalco Controls, Gear Products, and KMC/Bearings Inc. from our audit of internal control over financial reporting. These subsidiaries are wholly owned by the Company and their total assets and revenue represent approximately 1.3% and 0.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2010.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
February 11, 2011

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2010	2009	2008
	(In thousands, except per share amounts)		
Revenue	\$ 7,132,648	\$ 5,775,689	\$ 7,568,888
Cost of goods and services	4,399,990	3,676,535	4,838,881
Gross profit	2,732,658	2,099,154	2,730,007
Selling and administrative expenses	1,697,721	1,511,111	1,700,677
Operating earnings	1,034,937	588,043	1,029,330
Interest expense, net	106,341	100,375	96,037
Other expense (income), net	3,512	(3,950)	(12,726)
Earnings before provision for income taxes and discontinued operations	925,084	491,618	946,019
Provision for income taxes	217,176	119,724	251,261
Earnings from continuing operations	707,908	371,894	694,758
Loss from discontinued operations, net	(7,804)	(15,456)	(103,927)
Net earnings	\$ 700,104	\$ 356,438	\$ 590,831
Basic earnings (loss) per common share:			
Earnings from continuing operations	\$ 3.79	\$ 2.00	\$ 3.69
Loss from discontinued operations, net	(0.04)	(0.08)	(0.55)
Net earnings	3.75	1.91	3.13
Weighted average shares outstanding	186,897	186,136	188,481
Diluted earnings (loss) per common share:			
Earnings from continuing operations	\$ 3.74	\$ 1.99	\$ 3.67
Loss from discontinued operations, net	(0.04)	(0.08)	(0.55)
Net earnings	3.70	1.91	3.12
Weighted average shares outstanding	189,170	186,736	189,269
Dividends paid per common share	\$ 1.07	\$ 1.02	\$ 0.90

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

	Years Ended December 31,		
	2010	2009	2008
Weighted average shares outstanding — Basic	186,897	186,136	188,481
Dilutive effect of assumed exercise of employee stock options, SARs and performance shares	2,273	600	788
Weighted average shares outstanding — Diluted	189,170	186,736	189,269
Anti-dilutive options/SARs excluded from diluted EPS computation	1,378	9,176	5,103

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED BALANCE SHEETS

	<u>At December 31,</u> <u>2010</u>	<u>At December 31,</u> <u>2009</u>
(In thousands)		
Current assets:		
Cash and cash equivalents	\$ 1,187,361	\$ 714,365
Short-term investments	121,734	223,809
Receivables, net of allowances of \$34,151 and \$41,832	1,087,704	878,754
Inventories, net	714,110	570,858
Prepaid and other current assets	61,242	64,922
Deferred tax asset	89,720	69,999
Total current assets	3,261,871	2,522,707
Property, plant and equipment, net	847,189	828,922
Goodwill	3,368,033	3,350,217
Intangible assets, net	907,523	950,748
Other assets and deferred charges	111,145	113,108
Assets of discontinued operations	67,133	116,701
Total assets	\$ 8,562,894	\$ 7,882,403
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 16,925	\$ 35,624
Accounts payable	469,038	357,004
Accrued compensation and employee benefits	275,947	210,804
Accrued insurance	112,198	107,455
Other accrued expenses	240,786	219,295
Federal and other taxes on income	79,492	38,994
Total current liabilities	1,194,386	969,176
Long-term debt	1,790,886	1,825,260
Deferred income taxes	381,297	292,344
Other liabilities	564,121	573,137
Liabilities of discontinued operations	105,642	138,878
Commitments and contingent liabilities		
Stockholders' Equity:		
Preferred stock	—	—
Common stock	249,361	247,342
Additional paid-in capital	596,457	497,291
Accumulated other comprehensive earnings	50,161	84,842
Retained earnings	5,953,027	5,453,022
Common stock in treasury	(2,322,444)	(2,198,889)
Total stockholders' equity	4,526,562	4,083,608
Total liabilities and stockholders' equity	\$ 8,562,894	\$ 7,882,403

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND
COMPREHENSIVE EARNINGS

	Common Stock \$1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity	Comprehensive Earnings (Loss)
	(In thousands)						
Balance at December 31, 2007	\$ 244,548	\$ 353,031	\$ 217,648	\$ 4,870,460	\$ (1,739,514)	\$ 3,946,173	\$ 829,876
Net earnings	—	—	—	590,831	—	590,831	\$ 590,831
Dividends paid	—	—	—	(169,071)	—	(169,071)	—
Common stock issued for options exercised	2,038	68,549	—	—	—	70,587	—
Tax benefit from the exercise of stock options	—	8,449	—	—	—	8,449	—
Stock-based compensation expense	—	24,367	—	—	—	24,367	—
Common stock issued, net of cancellations	29	832	—	—	—	861	—
Common stock acquired	—	—	—	—	(466,737)	(466,737)	—
Translation of foreign financial statements	—	—	(146,433)	—	—	(146,433)	(146,433)
Unrealized holding losses, net of tax of \$582	—	—	(1,081)	—	—	(1,081)	(1,081)
Effect of adoption of ASC 715, change in measurement date	—	—	1,960	(5,762)	—	(3,802)	—
Pension amortization and adjustment, net of tax of \$31,923	—	—	(61,278)	—	—	(61,278)	(61,278)
Balance at December 31, 2008	\$ 246,615	\$ 455,228	\$ 10,816	\$ 5,286,458	\$ (2,206,251)	\$ 3,792,866	\$ 382,039
Net earnings	—	—	—	356,438	—	356,438	\$ 356,438
Dividends paid	—	—	—	(189,874)	—	(189,874)	—
Common stock issued for options exercised	712	24,807	—	—	—	25,519	—
Tax benefit from the exercise of stock options	—	425	—	—	—	425	—
Stock-based compensation expense	—	17,176	—	—	—	17,176	—
Common stock issued, net of cancellations	15	617	—	—	—	632	—
Issuance of treasury stock	—	(962)	—	—	7,362	6,400	—
Translation of foreign financial statements	—	—	76,442	—	—	76,442	76,442
Unrealized holding gains, net of tax of (\$582)	—	—	1,091	—	—	1,091	1,091
Pension amortization and adjustment, net of tax of \$1,740	—	—	(3,507)	—	—	(3,507)	(3,507)
Balance at December 31, 2009	\$ 247,342	\$ 497,291	\$ 84,842	\$ 5,453,022	\$ (2,198,889)	\$ 4,083,608	\$ 430,464
Net earnings	—	—	—	700,104	—	700,104	\$ 700,104
Dividends paid	—	—	—	(200,099)	—	(200,099)	—
Common stock issued for options exercised	1,983	69,465	—	—	—	71,448	—
Tax benefit from the exercise of stock options	—	6,466	—	—	—	6,466	—
Stock-based compensation expense	—	21,464	—	—	—	21,464	—
Common stock issued, net of cancellations	36	1,771	—	—	—	1,807	—
Common stock acquired	—	—	—	—	(123,555)	(123,555)	—
Translation of foreign financial statements	—	—	(33,636)	—	—	(33,636)	(33,636)
Unrealized holding losses, net of tax of (\$126)	—	—	234	—	—	234	234
Pension amortization and adjustment, net of tax of \$1,189	—	—	(1,279)	—	—	(1,279)	(1,279)
Balance at December 31, 2010	\$ 249,361	\$ 596,457	\$ 50,161	\$ 5,953,027	\$ (2,322,444)	\$ 4,526,562	\$ 665,423

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Operating Activities of Continuing Operations			
Net earnings	\$ 700,104	\$ 356,438	\$ 590,831
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Loss from discontinued operations	7,804	15,456	103,927
Depreciation and amortization	268,406	258,223	261,154
Stock-based compensation	22,102	17,912	25,246
Provision for losses on accounts receivable (net of recoveries)	(620)	17,260	12,040
Deferred income taxes	84,839	(23,062)	33,459
Employee benefit plan expense	32,914	37,221	36,275
Loss on extinguishment of long-term debt	4,343	—	—
Gain on sale of line of business	—	—	(7,518)
Other non-current, net	15,937	26,609	(33,081)
Cash effect of changes in current assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Accounts receivable	(195,934)	163,054	36,427
Inventories	(131,476)	97,241	27,128
Prepaid expenses and other assets	4,766	18,296	882
Accounts payable	104,093	(31,306)	(19,273)
Accrued expenses	92,975	(95,647)	26,161
Accrued taxes	(1,501)	23,319	(27,881)
Contributions to employee benefit plans	(58,201)	(78,954)	(55,361)
Net cash provided by operating activities of continuing operations	950,551	802,060	1,010,416
Investing Activities of Continuing Operations			
Proceeds from sale of short-term investments	553,466	406,033	—
Purchase of short-term investments	(466,881)	(348,439)	(279,460)
Proceeds from sale of property, plant and equipment	17,593	22,973	13,248
Additions to property, plant and equipment	(183,217)	(120,009)	(175,795)
Proceeds from sales of businesses	4,500	3,571	92,774
Acquisitions (net of cash acquired)	(104,418)	(221,994)	(103,761)
Net cash used in investing activities of continuing operations	(178,957)	(257,865)	(452,994)
Financing Activities of Continuing Operations			
Increase (decrease) in notes payable, net	15,000	(192,749)	(412,723)
Reduction of long-term debt	(75,855)	(33,908)	(186,390)
Proceeds from long-term debt	—	—	594,120
Purchase of common stock	(123,555)	—	(466,737)
Proceeds from exercise of stock options, including tax benefits	79,721	26,578	79,897
Dividends to stockholders	(200,099)	(189,874)	(169,071)
Net cash used in financing activities of continuing operations	(304,788)	(389,953)	(560,904)
Cash Flows from Discontinued Operations			
Net cash used in operating activities of discontinued operations	(3,700)	(5,967)	(7,592)
Net cash used in investing activities of discontinued operations	(140)	(888)	(1,805)
Net cash used in discontinued operations	(3,840)	(6,855)	(9,397)
Effect of exchange rate changes on cash and cash equivalents	10,030	19,569	(45,817)
Net increase in cash and cash equivalents	472,996	166,956	(58,696)
Cash and cash equivalents at beginning of period	714,365	547,409	606,105
Cash and cash equivalents at end of period	\$ 1,187,361	\$ 714,365	\$ 547,409
Supplemental information — cash paid during the year for:			
Income taxes	\$ 105,328	\$ 115,047	\$ 212,348
Interest	\$ 116,037	\$ 116,847	\$ 120,834

See Notes to Consolidated Financial Statements.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands except share data and where otherwise indicated)

1. Description of Business and Summary of Significant Accounting Policies

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

Principles of Consolidation — The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. The results of operations of purchased businesses are included from the dates of acquisitions. The assets, liabilities, results of operations and cash flows of all discontinued operations have been separately reported as discontinued operations for all periods presented.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates may be adjusted due to changes in future economic, industry or customer financial conditions, as well as changes in technology or demand. Significant estimates include allowances for doubtful accounts receivable, net realizable value of inventories, restructuring reserves, valuation of goodwill and intangible assets, pension and post retirement assumptions, useful lives associated with amortization and depreciation of intangibles and fixed assets, warranty reserves, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves and the valuations of discontinued assets and liabilities. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the consolidated financial statements in the period that they are determined.

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

Short-Term Investments — Short-term investments consist of investment grade time deposits that have original maturity dates at the time of purchase greater than three months, up to twelve months. The Company’s short-term investments earned interest at the weighted average rate of 1.04% and 1.01%, in 2010 and 2009, respectively.

Allowance for Doubtful Accounts — The Company maintains allowances for doubtful accounts for estimated losses as a result of customer’s inability to make required payments. Management at each operating company evaluates the aging of the accounts receivable balances, the financial condition of its customers, historical trends and the time outstanding of specific balances to estimate the amount of accounts receivable that may not be collected in the future and records the appropriate provision.

Inventories — Inventories for the majority of the Company’s subsidiaries, including all international subsidiaries, are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market. Other domestic inventory is stated at cost, determined on the last-in, first-out (LIFO) basis, which is less than market value.

Property, Plant and Equipment — Property, plant and equipment includes the historic cost of land, buildings, equipment and significant improvements to existing plant and equipment or, in the case of acquisitions, a fair market value appraisal of such assets completed at the time of acquisition. Property, plant and equipment also includes the cost of purchased software. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. Depreciation expense was \$163,915 in 2010, \$159,595 in 2009 and \$159,282 in 2008 and was calculated on a straight-line basis for all periods presented. The Company depreciates its assets over their estimated

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

useful lives as follows: buildings and improvements 5 to 31.5 years; machinery and equipment 3 to 7 years; furniture and fixtures 3 to 7 years; vehicles 3 years; and software 3 to 5 years.

Derivative Instruments — The Company periodically uses derivative financial instruments to hedge its exposures to various risks, including interest rate and foreign currency exchange rate risk. The Company does not enter into derivative financial instruments for speculative purposes and does not have a material portfolio of derivative financial instruments. Derivative financial instruments used for hedging purposes must be designated and effective as a hedge of the identified risk exposure at inception of the contract.

The Company recognizes all derivatives as either assets or liabilities on the consolidated balance sheet and measures those instruments at fair value. For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and of the hedged items are recorded in current earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivatives is recorded as a component of other comprehensive income and subsequently recognized in earnings when the hedged items impact earnings.

Goodwill and Indefinite-Lived Intangible Assets — Goodwill represents the excess of acquisition costs over the fair value of the net assets of businesses acquired. Goodwill and certain other intangible assets deemed to have indefinite lives (primarily trademarks) are not amortized. Instead, goodwill and indefinite-lived intangible assets are tested for impairment at least annually, or more frequently if indicators of impairment exist, such as a significant sustained change in the business climate. The Company conducts its annual impairment evaluation in the fourth quarter of each year. No impairment was indicated for the years ended December 31, 2010, 2009 or 2008.

Recoverability of goodwill is measured at the reporting unit level and determined using a two step process. For both 2010 and 2009, the Company identified 10 reporting units for its annual goodwill impairment test. Step one of the test compared the fair value of each reporting unit using a discounted cash flow method to its book value. This method uses the Company's own market assumptions including projections of future cash flows, determinations of appropriate discount rates, and other assumptions which are considered reasonable and inherent in the discounted cash flow analysis. The projections are based on historical performance and future estimated results. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. Step two, which compares the book value of the goodwill to its implied fair value, was not necessary since there were no indicators of potential impairment from step one. See Note 6 for additional details on goodwill balances.

Similar to goodwill, in testing its other indefinite lived intangible assets for impairment, the Company uses a discounted cash flow method to calculate and compare the fair value of the intangible asset to its book value. This method uses the Company's own market assumptions which are considered reasonable and inherent in the discounted cash flow analysis. Any excess of carrying value over the estimated fair value is recognized as an impairment loss.

Other Intangible Assets — Other intangible assets with determinable lives consist primarily of customer lists, unpatented technology, patents and trademarks. These other intangibles are amortized over their estimated useful lives, ranging from 5 to 15 years.

Long-Lived Assets — Long-lived assets (including intangible assets with determinable lives) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, such as a significant sustained change in the business climate. If an indicator of impairment exists for any grouping of assets, an estimate of undiscounted future cash flows is produced and compared to its carrying value. If an asset is determined to be impaired, the loss is measured by the excess of the carrying amount of the asset over its fair value as determined by an estimate of discounted future cash flows. There were no indicators of impairment noted during 2010.

Foreign Currency — Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates and profit and loss accounts have been translated using

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

weighted average yearly exchange rates. Foreign currency translation gains and losses are included as a component of Accumulated Other Comprehensive Income (Loss). Assets and liabilities of an entity that are denominated in currencies other than an entity's functional currency are remeasured into the functional currency using end of period exchange rates or historical rates where applicable to certain balances. Gains and losses related to these remeasurements are recorded within the Statement of Operations as a component of Other Expense (Income), net.

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

Stock-Based Compensation — The principal awards issued under the Company's stock-based compensation plans include non-qualified stock-settled stock appreciation rights and performance share awards. The cost for such awards is measured at the grant date based on the fair value of the award. The value of the portion of the award that is expected to ultimately vest is recognized as expense on a straight-line basis, generally over the explicit service period of three years (except for retirement-eligible employees and retirees) and is included in selling and administrative expense in the Consolidated Statements of Operations. Awards granted to retirement-eligible employees are expensed immediately and the Company shortens the vesting period, for expensing purposes, for any employee who will become eligible to retire within the three-year explicit service period. Expense for these employees is recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service. See Note 10 for additional information related to the Company's stock-based compensation. Forfeitures are required to be estimated at the time of grant in order to estimate the portion of the award that will ultimately vest. The estimate is based on the Company's historical rates of forfeiture.

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

Research and Development Costs — Research and development costs, including qualifying engineering costs, are expensed when incurred and amounted to \$193,487 in 2010, \$178,335 in 2009 and \$189,221 in 2008.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

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

Reclassifications — Certain amounts in prior years have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements — In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06 which is intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels, the reasons for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The Company has applied the new disclosure requirements as of January 1, 2010, except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which will be effective for interim and annual periods beginning after December 15, 2010. The adoption of this guidance has not had and is not expected to have a material impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13 which amends existing guidance for identifying separate deliverables in a revenue-generating transaction where multiple deliverables exist, and provides guidance for allocating and recognizing revenue based on those separate deliverables. The guidance is expected to result in more multiple-deliverable arrangements being separable than under current guidance. This guidance is effective for the Company beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. Its adoption is not expected to significantly impact the Company's consolidated financial statements.

In October 2009, the FASB issued ASU 2009-14 which eliminates tangible products containing both software and non-software components that operate together to deliver a product's functionality from the scope of current generally accepted accounting principles for software. This guidance is effective for the Company beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. Its adoption is not expected to significantly impact the Company's consolidated financial statements.

2. Acquisitions

All of the Company's 2010 and 2009 acquisitions were accounted for under Accounting Standard Codification ("ASC") 805, Business Combinations ("ASC 805"). Accordingly, the assets and liabilities of the acquired businesses are accounted for under the purchase method of accounting and recorded at their fair values at the

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

dates of acquisition. The results of operations of acquired businesses have been included in the Company's consolidated results of operations from their respective dates of acquisition and were not material to the consolidated financial statements. In accordance with ASC 805, all direct transaction costs relating to the 2010 and 2009 acquisitions were expensed as incurred and such amounts were not material to the Company's consolidated financial statements.

2010 Acquisitions

A summary of the acquisitions made during the year ended December 31, 2010 is as follows:

<u>Date</u>	<u>Type</u>	<u>Company/Product Line Acquired</u>	<u>Location (Near)</u>	<u>Segment</u>	<u>Platform</u>	<u>Company</u>
4-May	Stock	BSC Filters	York, UK	Electronic Technologies	N/A	Ceramic & Microwave Products Group
Designer and manufacturer of microwave filters, diplexers, waveguide and coaxial passive components.						
1-Jun	Asset	Chemilizer	Largo, FL	Fluid Management	Fluid Solutions	HydroSystems
Manufacturer of non-electric, volumetric dosing equipment used in commercial animal raising, agriculture, horticulture and irrigation markets.						
17-Aug	Asset	Intek Manufacturing	Fort Wayne, IN	Engineered Systems	Engineered Products	Unified Brands
Manufacturer of electric and gas steam equipment (steamers, kettles, braising pans).						
30-Sep	Asset	Diagnostic Product Line — Dynalco Controls	Ft. Lauderdale, FL	Fluid Management	Energy	Cook Compression
Manufacturer and servicer of portable analyzers targeting the gas gathering and gas transmission markets.						
30-Sep	Stock	Gear Products	Tulsa, OK	Industrial Products	Material Handling	Tulsa Winch Group
Manufacturer of worm gear and planetary hoists, rotation drives, rotation bearings and hydraulic pump drives.						
24-Nov	Asset	KMC/Bearings Inc.	Houston, TX/Rhode Island	Fluid Management	Energy	Waukesha Bearings
Designer and manufacturer of fluid film bearings serving process plant, refinery, deep hole drilling, plant air and refrigeration industries.						

The Company acquired 100% of each of these businesses in six separate transactions for an aggregate purchase price of \$104,418, net of cash acquired. The Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding, obtained during due diligence and through other sources, of the fair value of the acquired assets and assumed liabilities. As additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), including through asset appraisals and learning more about the newly acquired business, the Company may refine its estimates of fair value to more accurately allocate the purchase price. The Company is still in the process of finalizing appraisals of tangible and intangible assets in order to complete its purchase price allocation for the KMC/Bearings Inc. acquisition which occurred in the fourth quarter of 2010. Accordingly, management has used its best estimates in the preliminary purchase price allocation as of the date of these financial statements.

The following presents the allocation of the aggregate purchase price to the assets acquired and liabilities assumed, based on their estimated fair values:

	<u>2010</u>
Current assets, net of cash acquired	\$ 14,983
Property, plant and equipment	11,610
Goodwill	40,086
Intangible assets	43,650
Total assets acquired	110,329
Total liabilities assumed	(5,911)
Net assets acquired	<u>\$ 104,418</u>

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Acquired intangible assets consist primarily of customer and technology-related intangibles and trademarks, which are being amortized on a straight-line basis over a weighted average amortization period of approximately 10 years (lives ranging from 7 to 12 years). The 2010 acquisitions resulted in the recognition of goodwill totaling \$40,086, which is attributed primarily to the benefits derived from the complementary product line offerings and operational synergies the businesses bring to the existing operations.

The amounts assigned to goodwill and major intangible asset classifications by segment for the 2010 acquisitions are as follows:

	<u>Industrial Products</u>	<u>Engineered Systems</u>	<u>Fluid Management</u>	<u>Electronic Technologies</u>	<u>Total</u>
Goodwill — Tax deductible	\$ 8,106	\$ 4,575	\$ 22,970	\$ —	\$35,651
Goodwill — Non deductible	—	—	—	4,435	4,435
Trademarks	738	552	1,900	—	3,190
Customer intangibles	5,157	1,180	25,525	1,240	33,102
Unpatented technologies	—	—	5,854	—	5,854
Other intangibles	—	—	364	1,140	1,504
	<u>\$ 14,001</u>	<u>\$ 6,307</u>	<u>\$ 56,613</u>	<u>\$ 6,815</u>	<u>\$ 83,736</u>

In December 2010, the Company entered into an agreement with NXP Semiconductors N.V. to acquire the Sound Solutions business line for approximately \$855 million. See Note 17 for additional details regarding this acquisition, which is expected to close around the end of the first quarter or early in the second quarter of 2011.

2009 Acquisitions

During 2009, the Company acquired 100% of six businesses for an aggregate cost of \$221,994, net of cash acquired, plus the issuance of \$6,400 of common stock for aggregate consideration of \$228,394 at the date of acquisition. A summary of the acquisitions made during 2009 is as follows:

<u>Date</u>	<u>Type</u>	<u>Acquired Companies</u>	<u>Location (Near)</u>	<u>Segment</u>	<u>Platform</u>	<u>Company</u>
8-May	Asset	Tyler Refrigeration	Niles, MI	Engineered Systems	Engineered Products	Hill Phoenix
		Manufacturer of refrigerated specialty display merchandisers and refrigeration systems for the food retail industry.				
24-Aug	Asset	Mechanical Field Services	Gardendale, TX	Fluid Management	Energy	Cook Compression
		Manufacturer of air and gas compressors.				
12-Nov	Asset	Ala Cart Inc.	Charlotte, NC	Engineered Systems	Engineered Products	Unified Brands
		Manufacturer of foodservice equipment, ventilation and conveyor systems.				
17-Nov	Asset/Stock	Barker Company	Keosauqua, IA	Engineered Systems	Engineered Products	Hill Phoenix
		Manufacturer of refrigerated, non-refrigerated and hot display cases.				
16-Dec	Asset	Extech Instruments	Waltham, MA	Engineered Systems	Product Identification	Datamax O'Neil
		Developer of portable printers for enterprise-wide applications.				
31-Dec	Asset	Inpro/Seal	Rock Island, IL	Fluid Management	Energy	Waukesha Bearings
		Manufacturer of metallic gaskets and machined seals, parts and components for ball and roller bearings.				

During the year ended December 31, 2010, the Company recorded adjustments totaling \$12,655 to goodwill relating primarily to the finalization of purchase price allocations for 2009 acquisitions.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Pro Forma Information

The following unaudited pro forma information illustrates the effect on the Company's revenue and net earnings for the years ended December 31, 2010 and 2009, assuming that the 2010 acquisitions had taken place on January 1, 2009.

	Years Ended December 31,	
	2010	2009
Revenue from continuing operations:		
As reported	\$ 7,132,648	\$ 5,775,689
Pro forma	7,173,187	5,827,947
Net earnings from continuing operations:		
As reported	\$ 707,908	\$ 371,894
Pro forma	713,306	374,794
Basic earnings per share from continuing operations:		
As reported	\$ 3.79	\$ 2.00
Pro forma	3.82	2.01
Diluted earnings per share from continuing operations:		
As reported	\$ 3.74	\$ 1.99
Pro forma	3.77	2.01

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

3. Disposed and Discontinued Operations

2010 — During the first quarter of 2010, the Company sold Triton, an operating company that had been reclassified from the Engineered Systems segment to discontinued operations in 2008, for net consideration of \$7,498, resulting in a net after-tax current year loss on sale of approximately \$13,100. During the second and third quarters of 2010, the loss was increased by approximately \$900, net of tax, upon settlement of a \$1,500 working capital adjustment related to the sale. The net loss from discontinued operations also includes tax benefits of \$11,597 driven primarily by discrete tax items settled or resolved during the year, which more than offset other expense and accrual adjustments relating to discontinued operations during the year.

2009 — During the first and fourth quarters of 2009, the Company recorded in aggregate, a \$10,338 (after-tax) additional write-down to the carrying value of Triton. The write-down and other adjustments related to previously discontinued entities resulted in a net after-tax loss on sale of \$11,170 for the year. The after-tax loss from discontinued operations for the year ended December 31, 2009 was \$15,456.

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

	Years Ended December 31,		
	2010	2009	2008
Revenue	\$ 9,380	\$ 55,275	\$ 84,065
Loss on sale, net of taxes(1)	\$ (14,203)	\$ (11,170)	\$ (101,692)
Earnings (loss) from operations before taxes	(3,918)	(2,062)	(3,886)
Benefit (provision) for income taxes	10,317	(2,224)	1,651
Gain (loss) from discontinued operations, net of tax	\$ (7,804)	\$ (15,456)	\$ (103,927)

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

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

2008 — During the second quarter of 2008, the Company discontinued Triton and recorded an impairment charge of \$51,173 (after-tax) to write-down the carrying value of Triton to its estimated fair market value. This write-down was increased by \$21,330 (after-tax) in the fourth quarter based on factors supporting the fair value at that time. In the fourth quarter, the Company reached final settlement on certain Federal tax matters relating to businesses previously discontinued and sold, resulting in a charge of \$14,602, after tax, and also recognized certain state tax adjustments relating to previously sold businesses resulting in a net charge of \$12,736, after tax. The remaining adjustments comprising the 2008 after-tax loss on sale of \$101,692 were individually insignificant and related to other businesses sold or held for sale during the period.

During the fourth quarter of 2008, the Company also closed on a sale of a line of business in the Electronic Technologies segment resulting in a \$7,518 (after-tax) gain, which was recorded in Selling and Administrative expenses in the Consolidated Statements of Operations.

The Company currently has no businesses held for sale in discontinued operations. At December 31, 2010, the assets and liabilities of discontinued operations primarily represent residual amounts for deferred tax assets, short and long-term reserves, and contingencies related to businesses previously sold. Additional detail related to the assets and liabilities of the Company's discontinued operations is as follows:

	<u>At December 31,</u> <u>2010</u>	<u>At December 31,</u> <u>2009</u>
Assets of Discontinued Operations		
Current assets	\$ 52,678	\$ 73,284
Non-current assets	14,455	43,417
	<u>\$ 67,133</u>	<u>\$ 116,701</u>
Liabilities of Discontinued Operations		
Current liabilities	\$ 34,111	\$ 25,919
Non-current liabilities	71,531	112,959
	<u>\$ 105,642</u>	<u>\$ 138,878</u>

4. Inventories

The following table displays the components of inventory:

	<u>At December 31,</u> <u>2010</u>	<u>At December 31,</u> <u>2009</u>
Raw materials	\$ 349,628	\$ 291,340
Work in progress	161,597	136,726
Finished goods	253,910	191,853
Subtotal	765,135	619,919
Less LIFO reserve	51,025	49,061
Total	<u>\$ 714,110</u>	<u>\$ 570,858</u>

At December 31, 2010 and 2009, the portion of domestic inventories determined by the LIFO inventory method amounted to \$73,372 and \$60,376, respectively.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

5. Property, Plant & Equipment

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

	<u>At December 31,</u> <u>2010</u>	<u>At December 31,</u> <u>2009</u>
Land	\$ 50,760	\$ 48,010
Buildings and improvements	567,941	555,262
Machinery, equipment and other	1,921,509	1,840,638
	<u>2,540,210</u>	<u>2,443,910</u>
Accumulated depreciation	(1,693,021)	(1,614,988)
Total	\$ 847,189	\$ 828,922

6. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill by segment for the years ended December 31, 2010 and 2009 are as follows:

	<u>Industrial</u> <u>Products</u>	<u>Engineered</u> <u>Systems</u>	<u>Fluid</u> <u>Management</u>	<u>Electronic</u> <u>Technologies</u>	<u>Total</u>
Goodwill	1,018,967	788,424	631,191	976,706	3,415,288
Accumulated impairment losses	(99,752)	—	(59,970)	—	(159,722)
Balance at January 1, 2009	919,215	788,424	571,221	976,706	3,255,566
Acquisitions	—	49,807	43,882	—	93,689
Foreign currency translation	1,236	4,887	2,829	2,800	11,752
Purchase price adjustments	—	(10,790)	—	—	(10,790)
Balance at December 31, 2009	920,451	832,328	617,932	979,506	3,350,217
Acquisitions	8,106	4,575	22,970	4,435	40,086
Foreign currency translation	824	(3,665)	(644)	(6,130)	(9,615)
Purchase price adjustments	2,525	(14,184)	(996)	—	(12,655)
Balance at December 31, 2010	<u>931,906</u>	<u>819,054</u>	<u>639,262</u>	<u>977,811</u>	<u>3,368,033</u>

During the year ended December 31, 2010, the Company recorded adjustments totaling \$12,655 to goodwill relating primarily to the finalization of purchase price allocations for 2009 acquisitions.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

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

	<u>At December 31, 2010</u>		<u>At December 31, 2009</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized Intangible Assets:				
Trademarks	\$ 74,053	\$ 21,330	\$ 72,790	\$ 16,492
Patents	131,975	94,632	128,041	84,092
Customer Intangibles	802,663	334,585	764,865	267,558
Unpatented Technologies	138,780	86,461	134,822	75,244
Drawings & Manuals	15,650	7,728	11,922	6,523
Distributor Relationships	73,183	24,724	73,230	20,974
Other	28,202	18,445	23,740	16,032
Total	<u>1,264,506</u>	<u>587,905</u>	<u>1,209,410</u>	<u>486,915</u>
Unamortized Intangible Assets:				
Trademarks	230,922		228,253	
Total Intangible Assets	<u>\$ 1,495,428</u>	<u>\$ 587,905</u>	<u>\$ 1,437,663</u>	<u>\$ 486,915</u>

Total intangible amortization expense for the twelve months ended December 31, 2010, 2009 and 2008 was \$103,892, \$98,628 and \$101,873, respectively. Amortization expense, based on current intangible balances is estimated to be \$92,622, \$91,773, \$91,257, \$84,894 and \$79,554 in 2011 through 2015, respectively.

7. Accrued Expenses and Other Liabilities

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

	<u>At December 31,</u>	<u>At December 31,</u>
	<u>2010</u>	<u>2009</u>
Warranty	\$ 49,776	\$ 47,980
Unearned/deferred revenue	45,616	13,462
Taxes other than income	27,888	25,411
Accrued interest	27,679	28,226
Accrued volume discounts	13,896	14,115
Accrued commissions (non-employee)	9,900	9,745
Legal and environmental	8,193	9,622
Restructuring and exit	5,555	13,203
Other (none of which are individually significant)	52,283	57,531
	<u>\$ 240,786</u>	<u>\$ 219,295</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

The following table details the major components of other liabilities:

	<u>At December 31,</u> <u>2010</u>	<u>At December 31,</u> <u>2009</u>
Deferred compensation	\$ 257,122	\$ 253,208
Tax reserves	196,446	230,200
Unearned/deferred revenue	40,767	32,995
Legal and environmental	19,234	20,954
Warranty	8,453	11,733
Restructuring and exit	2,339	3,568
Other	39,760	20,479
	<u>\$ 564,121</u>	<u>\$ 573,137</u>

Unearned/deferred revenue represents cash received in excess of revenue recognized, which amounts have increased in 2010 due in part to growth in the solar manufacturing business within the Electronic Technologies segment, as well as incremental growth in other businesses throughout the Company.

From time to time, the Company will initiate various restructuring programs at its operating companies and incur severance and other restructuring costs. Prior to January 1, 2009, the Company established reserves related to severance and facility closings in connection with certain acquisitions, which were established through the purchase accounting for these acquisitions, as allowed under accounting guidance in effect at the time. These reserves have been substantially settled in 2010.

In late 2008, the Company announced plans to substantially increase its restructuring efforts in response to the significant decline in global economic activity at the time. As a result, in 2009 the Company recorded restructuring charges totaling \$72,102 for workforce reductions and facility rationalizations. The majority of these activities were carried out in 2009 and the exit reserves of \$6,751 remaining at December 31, 2010 relate largely to lease commitment obligations in connection with these restructuring activities. Restructuring initiatives in 2010 were minor, and the Company does not anticipate significant restructuring charges in 2011.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

The following table details the Company's severance and exit reserve activity for the years ended December 31, 2010, 2009 and 2008:

	<u>Severance</u>	<u>Exit</u>	<u>Total</u>
Balance at December 31, 2007(A)	\$ 5,762	\$ 22,668	\$ 28,430
Provision	14,980	12,384	27,364
Purchase accounting	2,933	2,698	5,631
Payments	(16,094)	(12,035)	(28,129)
Other, including impairments	(378)	(1,961)	(2,339)
Balance at December 31, 2008(B)	7,203	23,754	30,957
Provision	53,106	18,996	72,102
Purchase accounting	—	(16,074)	(16,074)
Payments	(53,009)	(13,828)	(66,837)
Other, including impairments	852	(4,229)	(3,377)
Balance at December 31, 2009(C)	8,152	8,619	16,771
Provision	2,989	3,211	6,200
Payments	(9,773)	(5,574)	(15,347)
Other, including impairments	(225)	495	270
Balance at December 31, 2010	\$ 1,143	\$ 6,751	\$ 7,894

(A) Includes \$26,823 for acquisition-related restructuring accruals established in purchase accounting.

(B) Includes \$27,864 for acquisition-related restructuring accruals established in purchase accounting.

(C) Includes \$895 for acquisition-related restructuring accruals established in purchase accounting. This balance was settled in 2010.

A summary of restructuring charges by segment and income statement classification is as follows:

	<u>Years Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Industrial Products	\$1,182	\$ 17,505	\$ 8,285
Engineered Systems	2,364	18,381	10,071
Fluid Management	1,476	9,707	2,475
Electronic Technologies	1,178	26,509	6,533
Total	\$ 6,200	\$ 72,102	\$ 27,364

Classified in the Statements of Operations as follows:

Cost of goods and services	\$2,147	\$ 21,943	\$ —
Selling and administrative expenses	4,053	50,159	27,364
Total	\$ 6,200	\$ 72,102	\$ 27,364

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

8. Borrowings and Lines of Credit

Borrowings at December 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
6.50% 10-year notes due February 15, 2011	\$ 399,986	\$ 399,921
4.875% 10-year notes due October 15, 2015	299,047	298,851
5.45% 10-year notes due March 15, 2018	347,608	347,280
6.60% 30-year notes due March 15, 2038	247,595	247,506
6.65% 30-year debentures due June 1, 2028	199,379	199,344
5.375% 30-year debentures due October 15, 2035	296,048	295,890
Non-interest bearing, amortizing loan due July 2011	—	67,684
Other	3,148	4,408
Total long-term debt	1,792,811	1,860,884
Less current installments	(1,925)	(35,624)
	<u>\$1,790,886</u>	<u>\$1,825,260</u>

The long-term note borrowings presented above are net of unamortized discounts of \$5,764 and \$6,240 in 2010 and 2009, respectively. The debentures presented above include unamortized discounts of \$4,572 and \$4,767 in 2010 and 2009, respectively. The discounts are being amortized to interest expense using the effective interest rate method over the life of the issuances. The notes and debentures are redeemable at the option of Dover in whole or in part at any time at a redemption price that includes a make-whole premium, with accrued interest to the redemption date.

At December 31, 2010, notes payable and current maturities of long-term debt shown on the Consolidated Balance Sheet includes commercial paper of \$15,000. The weighted average interest rate for short-term commercial paper borrowings for 2010 and 2009 was 0.2% and 0.3%, respectively. The Company had no outstanding commercial paper borrowings at December 31, 2009.

The Company maintains a \$1 billion unsecured revolving credit facility (the "Credit Agreement"), which expires on November 9, 2012. At the Company's election, loans under the Credit Agreement will bear interest at a Eurodollar or Sterling rate based on LIBOR, plus an applicable margin ranging from 0.13% to 0.35% (subject to adjustment based on the rating accorded the Company's senior unsecured debt by S&P and Moody's), or at a base rate pursuant to a formula defined in the Credit Agreement. In addition, the Credit Agreement requires the Company to pay a facility fee and a utilization fee in certain circumstances and imposes various restrictions on the Company such as, among other things, the requirement for the Company to maintain an interest coverage ratio of EBITDA to consolidated net interest expense of not less than 3.5 to 1. The Company was in compliance with all of its debt covenants at December 31, 2010 and had a coverage ratio of 12.1 to 1. The Company primarily uses this facility as liquidity back-up for its commercial paper program and has not drawn down any loans under the \$1 billion facility and does not anticipate doing so. The Company generally uses commercial paper borrowings for general corporate purposes, including the funding of potential acquisitions and the repurchases of its common stock.

During the third quarter of 2010, the lender of a structured five-year, non-interest bearing amortizing loan originally due July 2011 called the loan, as permitted per the terms of the agreement. As a result, the Company repaid the outstanding \$51,214 balance and recognized a net loss on extinguishment of \$4,343, recorded in other income.

Principal payments required on long-term debt for the next five years (2011 to 2015) and thereafter are \$401,911 in 2011, \$616 in 2012, \$500 in 2013, \$0 in 2014, \$299,047 in 2015, and \$1,090,737 thereafter. The

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Company currently has debt with a carrying value of approximately \$399,986 which matures February 15, 2011. This amount is classified as long-term within the Consolidated Balance Sheet at December 31, 2010 as the Company has the ability and intends to refinance this debt on a long-term basis. The Company anticipates refinancing this debt with a maturity date beyond five years; however, since the terms of the refinancing have not been finalized, the debt is reflected within the 2011 repayments in the aforementioned principal payments schedule.

Interest expense for the years ended December 31, 2010, 2009 and 2008 was \$115,490, \$116,234 and \$130,150, respectively. Interest income for the years ended December 31, 2010, 2009 and 2008 was \$9,149, \$15,859 and \$34,113, respectively.

9. Financial Instruments

Derivatives

The Company is exposed to market risk for changes in foreign currency exchange rates due to the global nature of its operations. In order to manage this risk the Company has hedged portions of its forecasted sales and purchases, which occur within the next twelve months and are denominated in non-functional currencies, with currency forward or collar contracts. At December 31, 2010 and 2009, the Company had contracts with U.S. dollar equivalent notional amounts of \$63,935 and \$45,847, respectively, to exchange foreign currencies, principally the U.S. dollar, British pound, Singapore dollar, Chinese yuan and Malaysian ringgit. The Company believes it is probable that all forecasted cash flow transactions will occur.

At December 31, 2010, the Company also had an outstanding floating-to-floating cross currency swap agreement for a total notional amount of \$50,000 in exchange for CHF 65,100, which matures on February 15, 2011. This transaction hedges a portion of the Company's net investment in non-U.S. operations. The agreement qualifies as a net investment hedge and changes in the fair value are reported within the cumulative translation adjustment section of other comprehensive income, with any hedge ineffectiveness being recognized in current earnings. The fair values at December 31, 2010 and 2009 reflected losses of \$19,774 and \$13,278, respectively, due to the strengthening of the Swiss franc relative to the U.S. dollar over the term of this arrangement.

The following table sets forth the fair values of derivative instruments held by the Company as of December 31, 2010 and 2009 and the balance sheet lines in which they are recorded:

	Fair Value — Asset (Liability)		Balance Sheet Caption
	2010	2009	
Foreign exchange forward/collar contracts	\$ 503	\$ 16	Prepaid/Other assets
Foreign exchange forward/collar contracts	—	(99)	Other accrued expenses
Net investment hedge swap derivative	(19,774)	(13,278)	Other liabilities

The amount of gains or losses from hedging activity recorded in earnings is not significant and the amount of unrealized gains and losses from cash flow hedges which are expected to be reclassified to earnings in the next twelve months is not significant; therefore, additional tabular disclosures are not presented. There are no amounts excluded from the assessment of hedge effectiveness and there are no credit risk related contingent features in the Company's derivative instruments.

The Company is exposed to credit loss in the event of nonperformance by counterparties to the financial instrument contracts held by the Company; however, nonperformance by these counterparties is considered unlikely as the Company's policy is to contract with highly-rated, diversified counterparties.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs include inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009:

	December 31, 2010			December 31, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Short-term investments	\$ 121,734	\$ —	\$ —	\$ 223,809	\$ —	\$ —
Foreign currency exchange contracts	—	503	—	—	16	—
Liabilities:						
Net investment hedge derivative	—	19,774	—	—	13,278	—
Foreign currency exchange contracts	—	—	—	—	99	—

Short-term investments consist of investment grade time deposits with original maturities between three months and one year and are included in current assets in the Consolidated Balance Sheet. Short-term investments are measured at fair value using quoted market prices. The derivative contracts are measured at fair value using models based on observable market inputs such as foreign currency exchange rates and interest rates; therefore, they are classified within Level 2 of the valuation hierarchy.

In addition to fair value disclosure requirements related to financial instruments carried at fair value, accounting standards require disclosures regarding the fair value of all of the Company's financial instruments.

The Company's long-term debt instruments with a book value of \$1,792,811 had a fair value of approximately \$1,961,697 at December 31, 2010. On December 31, 2009, the Company's long-term debt instruments had a book value of \$1,860,884 and a fair value of approximately \$1,954,569. The estimated fair value of the long-term debt is based on quoted market prices for similar issues. The fair value of short-term loans, principally commercial paper at December 31, 2010, approximates carrying value.

The carrying values of cash and cash equivalents, trade receivables, accounts payable, notes payable, and accrued expenses are reasonable estimates of their fair values as of December 31, 2010 and 2009 due to the short-term nature of these instruments.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

10. Equity and Cash Incentive Program

2005 Equity and Cash Incentive Plan

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

Performance Share Awards

In May 2009, the shareholders of the Company approved an amendment to the 2005 Plan allowing the granting of performance share awards that will become payable in common shares upon achievement of pre-established performance targets. The changes to the 2005 Plan are detailed in the Company’s Proxy Statement dated March 24, 2009 under the heading “Proposal 2 — Proposal to Approve Amendments to the 2005 Equity and Cash Incentive Plans.” Performance share awards granted under the 2005 Plan are being expensed over the three year period that is the requisite performance and service period. Awards shall become vested if (1) the Company achieves certain specified stock performance targets compared to a peer group of 38 companies and (2) the employee remains continuously employed by the company during the performance period. Partial vesting may occur for certain terminations not for cause and for retirements. The Company assesses performance levels quarterly. Compensation expense relating to performance share awards for the years ended December 31, 2010 and 2009 was \$2,632 and \$555, respectively. Unrecognized compensation expense as of December 31, 2010 is \$3,038 which will be recognized over a weighted average period of 1.8 years.

Performance Share Awards	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2009	75,006	\$ 35.79
Granted	68,446	57.49
Vested	—	—
Forfeited	—	—
Unvested at December 31, 2010	143,452	\$ 46.14

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

The performance share awards are market condition awards and have been fair valued on the date of grant using the Monte Carlo simulation model with the following assumptions:

Performance Shares	2010 Grant	2009 Grant
Risk-free interest rate	1.37%	1.30%
Dividend yield	2.38%	2.93%
Expected life (years)	2.9	2.7
Volatility	39.98%	39.57%
Share price at date of grant	\$ 42.88	\$ 32.47
Fair value of performance award	\$57.49	\$35.79

SARs and Stock Options

In 2010, 2009 and 2008, the Company issued SARs covering 2,304,574 shares, 2,825,701 shares, and 2,234,942 shares, respectively, under the 2005 Plan. No stock options were issued in 2010, 2009 or 2008 and the Company does not anticipate issuing stock options in the future. The fair value of each SAR grant was estimated on the date of grant using a Black-Scholes option-pricing model with the following assumptions:

	2010 Grant	2009 Grant	2008 Grant
Risk-free interest rate	2.77%	2.06%	3.21%
Dividend yield	2.33%	3.23%	1.86%
Expected life (years)	6.0	6.5	6.5
Volatility	31.93%	30.47%	26.09%
Option grant price	\$ 42.88	\$29.45	\$ 42.30
Fair value of options granted	\$11.66	\$ 6.58	\$ 10.97

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

A summary of activity for SARs and stock options for the years ended December 31, 2010, 2009 and 2008 is as follows:

	SARs				Stock Options			
	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Outstanding at 1/1/2008	3,241,226	\$ 48.32			8,260,730	\$ 35.77		
Granted	2,234,942	42.30			—	—		
Forfeited	(373,193)	45.90			(139,826)	36.82		
Exercised	—	—	\$ —		(2,040,458)	34.29	\$ 15,807	
Outstanding at 12/31/2008	<u>5,102,975</u>	45.82	—	8.23	<u>6,080,446</u>	36.22	35,359	4.29
Exercisable at December 31, 2008 through February 14, 2015	—	—			6,080,466	36.22		
Outstanding at 1/1/2009	5,102,975	\$ 45.82			6,080,446	\$ 36.22		
Granted	2,825,701	29.51			—	—		
Forfeited	(320,490)	38.85			(174,386)	31.06		
Exercised	—	—	\$ —		(713,678)	34.63		
Outstanding at 12/31/2009	<u>7,608,186</u>	40.05	—	7.89	<u>5,192,382</u>	36.62	\$ 8,903	3.48
Exercisable at December 31, 2009 through February 14, 2016	<u>1,477,658</u>	46.00			<u>5,192,382</u>	36.62		
Outstanding at 1/1/2010	7,608,186	\$ 40.05			5,192,382	\$ 36.62		
Granted	2,304,574	42.88			—	—		
Forfeited	(312,950)	38.56			(314,584)	38.39		
Exercised	(167,797)	47.06	\$ 252		(1,978,663)	35.94	\$ 24,976	
Outstanding at 12/31/2010	<u>9,432,013</u>	40.63	74,841	7.46	<u>2,899,135</u>	36.79	34,128	2.99
Exercisable at December 31, 2010 through:								
2011	—	\$ —	\$ —		118,613	\$ 40.99	\$ 898	
2012	—	—	—		345,006	37.90	3,678	
2013	—	—	—		479,064	24.59	11,483	
2014	—	—	—		797,078	41.25	5,828	
2015	—	—	—		1,159,374	38.00	12,241	
2016	1,253,338	46.00	3,209		—	—	—	
2017	<u>1,378,443</u>	50.60			—	—	—	
Total exercisable at December 31, 2010	<u>2,631,781</u>	48.41	3,209	5.62	<u>2,899,135</u>	36.79	34,128	2.99

Compensation expense relating to SARs/option awards for the years ended December 31, 2010, 2009 and 2008 was \$19,334, \$16,621 and \$24,839, respectively. Unrecognized compensation expense related to not yet exercisable SARs was \$22,708 at December 31, 2010. This cost is expected to be recognized over a weighted average period of 1.8 years. The fair value of options and SARs which became exercisable during the years ended December 31, 2010, 2009 and 2008 was \$23,593, \$25,134 and \$26,200, respectively. Cash received by the Company for stock options exercised during 2010, 2009 and 2008 totaled \$66,962, \$24,714, and \$70,600, respectively.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Additional Detail

Range of Exercise Prices	SARs Outstanding			SARs Exercisable		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$29.45-\$35.50	2,596,423	\$ 29.52	8.12	—	\$ —	—
\$42.30-\$50.60	6,835,590	\$ 44.84	7.20	2,631,781	\$ 48.41	5.62

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$24.50-\$31.00	479,514	\$ 24.53	2.12	479,514	\$ 24.53	2.12
\$33.00-\$39.00	1,501,430	38.00	3.43	1,501,430	38.00	3.43
\$39.40-\$43.00	918,191	41.21	2.73	918,191	41.21	2.50

The Company also has restricted stock authorized for grant (as part of the 2005 Plan), under which common stock of the Company may be granted at no cost to certain officers and key employees. In general, restrictions limit the sale or transfer of these shares during a two or three year period, and restrictions lapse proportionately over the two or three year period. The Company granted 15,500 restricted shares in 2010. No restricted shares were granted in 2009 or 2008.

The Company has a stock compensation plan under which non-employee directors are granted shares of the Company's common stock each year as more than half of their compensation for serving as directors. During 2010, the Company issued an aggregate of 20,279 shares, of its common stock to 13 outside directors (after withholding 574 additional shares to satisfy tax obligations) as partial compensation for serving as directors of the Company during 2010. During 2009, the Company issued an aggregate of 14,726 shares, of its common stock to 11 outside directors (after withholding 6,823 additional shares to satisfy tax obligations) as partial compensation for serving as directors of the Company during 2009. During 2008, the Company issued an aggregate of 29,213 shares, net, of its common stock to 12 outside directors (after withholding 11,582 additional shares to satisfy tax obligations) as partial compensation for serving as directors of the Company during 2008.

11. Income Taxes

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

	For the Years Ended December 31,		
	2010	2009	2008
Domestic	\$ 470,396	\$ 258,313	\$ 527,509
Foreign	454,688	233,305	418,510
	<u>\$925,084</u>	<u>\$491,618</u>	<u>\$ 946,019</u>

Total income taxes were as follows:

	For the Years Ended December 31,		
	2010	2009	2008
Taxes on income from continuing operations	217,176	119,724	251,261
Credit to stockholders' equity for tax benefit related to stock option/SAR exercises	(6,466)	(425)	(8,449)
	<u>210,710</u>	<u>119,299</u>	<u>242,812</u>

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Income tax expense (benefit) for the years ended December 31, 2010, 2009 and 2008 is comprised of the following:

	For the Years Ended December 31,		
	2010	2009	2008
Current:			
U.S. Federal	\$ 33,867	\$ 71,269	\$ 124,193
State and local	8,295	5,191	24,060
Foreign	105,476	68,065	69,549
Total current — continuing	<u>147,638</u>	<u>144,525</u>	<u>217,802</u>
Deferred:			
U.S. Federal	95,036	(12,985)	21,207
State and local	140	116	301
Foreign	(25,638)	(11,932)	11,951
Total deferred — continuing	<u>69,538</u>	<u>(24,801)</u>	<u>33,459</u>
Total expense — continuing	<u>\$217,176</u>	<u>\$119,724</u>	<u>\$251,261</u>

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

	For the Years Ended December 31,		
	2010	2009	2008
U.S. Federal income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of Federal income tax benefit	1.3	1.5	1.7
Foreign operations tax effect	(8.1)	(5.2)	(6.9)
Subtotal	<u>(6.8)</u>	<u>(3.7)</u>	<u>(5.2)</u>
R&E tax credits	(0.4)	(0.4)	(0.5)
Domestic manufacturing deduction	(0.8)	(0.9)	(0.7)
Foreign tax credits	(0.5)	1.2	(0.1)
Branch losses	(0.5)	(1.1)	(0.5)
Settlement of tax contingencies	(4.2)	(6.9)	(1.9)
Other, principally non-tax deductible items	1.7	1.2	0.5
Effective rate from continuing operations	<u>23.5%</u>	<u>24.4%</u>	<u>26.6%</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

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

	At December 31,	
	2010	2009
Deferred Tax Assets:		
Accrued insurance	\$ 10,777	\$ 9,794
Accrued compensation, principally postretirement benefits and other employee benefits	119,148	103,800
Accrued expenses, principally for state income taxes, interest and warranty	66,543	73,147
Long-term liabilities, principally warranty, environmental, and exit costs	759	2,548
Inventories, principally due to reserves for financial reporting purposes and capitalization for tax purposes	24,806	25,593
Net operating loss and other carryforwards	68,558	106,009
Accounts receivable, principally due to allowance for doubtful accounts	8,089	9,786
Prepaid pension assets	1,619	7,947
Other assets	10,377	13,904
Total gross deferred tax assets	310,676	352,528
Valuation allowance	(38,136)	(43,171)
Total deferred tax assets	\$ 272,540	\$ 309,357
Deferred Tax Liabilities:		
Accounts receivable	\$ (8,304)	\$ (9,098)
Plant and equipment, principally due to differences in depreciation	(51,872)	(46,831)
Intangible assets, principally due to different tax and financial reporting bases and amortization lives	(503,941)	(475,773)
Total gross deferred tax liabilities	\$ (564,117)	\$ (531,702)
Net deferred tax liability	\$(291,577)	\$(222,345)

Classified as follows in the consolidated balance sheets:

Current deferred tax asset	\$ 89,720	\$ 69,999
Non-current deferred tax liability	(381,297)	(292,344)
	\$ (291,577)	\$ (222,345)

The Company has loss carryforwards for U.S. federal and non-U.S. purposes as of December 31, 2010 of \$1.2 million and \$52.7 million, respectively, and as of December 31, 2009, \$8.4 million and \$73.8 million, respectively. The federal loss carryforwards are available for use against the Company's consolidated federal taxable income and expire in 2029. The entire balance of the non-U.S. losses is available to be carried forward, with \$8.5 million of these losses beginning to expire during the years 2012 through 2030. The remaining \$44.2 million of such losses can be carried forward indefinitely.

The Company has loss carryforwards for state purposes as of December 31, 2010 and 2009 of \$211.8 million and \$220.9 million, respectively. The state loss carryforwards are available for use by the Company between 2011 and 2030.

The Company has U.S. foreign tax credit carryforwards as of December 31, 2010 and 2009 of \$24.5 million and \$61.8 million, respectively. The U.S. foreign tax credit carryforwards are available for use by the Company between 2011 and 2019.

The Company has research and development credits of \$3.9 million at December 31, 2010 and 2009 that are available for use by the Company between 2011 and 2026.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

At December 31, 2010 and 2009, the Company had available alternative minimum tax credits of \$3.1 million, which are available for use by the Company indefinitely, and alternative minimum tax non-U.S. tax credits of \$11.7 million that are available for use by the Company between 2011 and 2026.

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

The Company has not provided for U.S. federal income taxes or tax benefits on the undistributed earnings of its international subsidiaries because such earnings are reinvested and it is currently intended that they will continue to be reinvested indefinitely. At December 31, 2010, the Company has not provided for federal income taxes on earnings of approximately \$1.2 billion from its international subsidiaries.

Unrecognized Tax Benefits

The Company files federal income tax returns, as well as multiple state, local and non-U.S. jurisdiction tax returns. The Company is no longer subject to examinations of its federal income tax returns by the Internal Revenue Service (“IRS”) for years through 2006. All significant state, local, and international matters have been concluded for years through 1993 and 2000, respectively. With the exception of contested matters, for which an estimate cannot be made due to uncertainties, the Company believes that additional uncertain tax positions will be settled in 2011.

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

	<u>Continuing</u>	<u>Discontinued</u>	<u>Total</u>
Unrecognized tax benefits at January 1, 2008	\$ 188,758	\$ 34,987	\$ 223,745
Additions based on tax positions related to the current year	24,015	—	24,015
Additions for tax positions of prior years	25,866	22,578	48,444
Reductions for tax positions of prior years	(19,267)	(10,906)	(30,173)
Settlements	(2,859)	—	(2,859)
Lapse of statutes	(11,466)	—	(11,466)
Unrecognized tax benefits at December 31, 2008	<u>205,047</u>	<u>46,659</u>	<u>251,706</u>
Additions based on tax positions related to the current year	46,133	39,480	85,613
Additions for tax positions of prior years	5,622	2,741	8,363
Reductions for tax positions of prior years	(9,497)	(2,014)	(11,511)
Settlements	(41,869)	(5,914)	(47,783)
Lapse of statutes	(7,074)	(2,748)	(9,822)
Unrecognized tax benefits at December 31, 2009	<u>198,362</u>	<u>78,204</u>	<u>276,566</u>
Additions based on tax positions related to the current year	22,566	—	22,566
Additions for tax positions of prior years	15,258	—	15,258
Reductions for tax positions of prior years	(39,883)	(6,716)	(46,599)
Settlements	(8,152)	(17,804)	(25,956)
Lapse of statutes	(7,654)	—	(7,654)
Unrecognized tax benefits at December 31, 2010	<u>\$ 180,497(A)</u>	<u>\$ 53,684</u>	<u>\$ 234,181</u>

(A) If recognized, the net amount of potential tax benefits that would impact the Company’s effective tax rate is \$150.0 million. During the years ended December 31, 2010, 2009, and 2008, the Company recorded potential

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

interest and penalty expense of \$1.5 million, \$5.0 million and \$(0.6) million, respectively, related to its unrecognized tax benefits as a component of provision for income taxes. The Company had accrued interest and penalties of \$45.6 million at December 31, 2010 and \$46.5 million at December 31, 2009.

12. Commitments and Contingent Liabilities

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

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

The Company leases certain facilities and equipment under operating leases, many of which contain renewal options. Total rental expense, net of insignificant sublease rental income, for all operating leases was \$75,172, \$74,859 and \$76,651 for the years ended December 31, 2010, 2009 and 2008, respectively. Contingent rentals under the operating leases were not significant.

The aggregate future minimum lease payments for operating and capital leases as of December 31, 2010 are as follows:

	<u>Operating</u>	<u>Capital</u>
2011	\$ 54,544	\$ 1,149
2012	44,831	845
2013	31,899	649
2014	24,478	89
2015	18,570	95
2016 and thereafter	63,036	640

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

	<u>2010</u>	<u>2009</u>
Beginning Balance, January 1	\$ 59,713	\$ 56,137
Provision for warranties	40,190	34,342
Increase from acquisitions/dispositions	173	3,838
Settlements made	(40,876)	(34,781)
Other adjustments, including currency translation	(971)	177
Ending Balance, December 31	<u>\$ 58,229</u>	<u>\$ 59,713</u>

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

(Amounts in thousands except share data and where otherwise indicated)

As of December 31, 2010, the Company had approximately \$66,002 outstanding in letters of credit with financial institutions, which expire at various dates in 2011 through 2015. These letters of credit are primarily maintained as security for insurance, warranty and other performance obligations.

13. Employee Benefit Plans

The Company offers a defined contribution plan to most of its employees. The Company also has defined benefit pension plans (the “plans”) covering certain employees of the Company and its subsidiaries. The plans’ benefits are generally based on years of service and employee compensation. The Company’s funding policy is consistent with the funding requirements of the Employment Retirement Income Security Act (“ERISA”) and applicable international laws.

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

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

The assets of the plans are invested to achieve an appropriate return for the plans consistent with a prudent level of risk. The asset return objective is to achieve, as a minimum over time, the passively managed return earned by market index funds, weighted in the proportions outlined by the asset class exposures identified in the plans’ strategic allocation. The expected return on assets assumption used for pension expense is developed through analysis of historical market returns, statistical analysis, current market conditions and the past experience of plan asset investments. Overall, it is projected that the investment of plan assets will achieve a 7.75% net return over time from the asset allocation strategy.

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

	<u>December 2010</u>	<u>December 2009</u>	<u>Current Target</u>
Equity — domestic	40%	39%	35%
Equity — international	22%	21%	22%
Fixed income — domestic	32%	34%	35%
Real estate	6%	6%	8%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

The fair values of pension plan assets by asset category within the ASC 820 hierarchy are as follows:

Asset category:	At December 31, 2010				At December 31, 2009			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Common stocks	\$ 154,832	\$ 5,381	\$ —	\$ 160,213	\$ 110,728	\$ 4,868	\$ —	\$ 115,596
Fixed income investments	6,070	160,251	—	166,321	8,955	133,586	—	142,541
Debt, equity and real estate funds	—	171,856	23,059	194,915	—	177,342	20,401	197,743
Cash and equivalents	10,149	—	—	10,149	11,761	—	—	11,761
	<u>\$ 171,051</u>	<u>\$ 337,488</u>	<u>\$ 23,059</u>	<u>\$ 531,598</u>	<u>\$ 131,444</u>	<u>\$ 315,796</u>	<u>\$ 20,401</u>	<u>\$ 467,641</u>

Common stocks represent investments in U.S. equities which are publicly traded on active exchanges and are valued based on quoted market prices.

Fixed income investments include U.S. treasury bonds and notes, which are valued based on quoted market prices, as well as investments in other U.S. government and municipal securities and corporate bonds, which are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Debt, equity and real estate funds represent commingled investment funds. The debt and equity fund investments are valued using Net Asset Value (“NAV”) which is based on the underlying value of the assets owned by the funds, minus liabilities, then divided by the number of shares outstanding. The NAV is a quoted price in an active market. The real estate funds are valued on an annual basis using third-party appraisals, with adjustments estimated on a quarterly basis using discounted cash flow models which consider such inputs as revenue and expense growth rates, terminal capitalization rates and discount rates.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) changed during 2010 due to the following:

	<u>Real Estate Investments</u>
Balance at December 31, 2009	\$ 20,401
Realized gains	1,156
Unrealized gains	1,502
Balance at December 31, 2010	<u>\$ 23,059</u>

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

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

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

Obligations and Funded Status

	Qualified Defined Benefits		Non Qualified Supplemental Benefits		Post-Retirement Benefits	
	2010	2009	2010	2009	2010	2009
Change in benefit obligation						
Benefit obligation at beginning of year	\$ 541,206	\$ 484,891	\$ 127,355	\$ 152,695	\$ 15,329	\$ 16,470
Benefits earned during the year	14,687	13,971	4,241	6,188	279	314
Interest cost	30,574	28,936	7,677	8,688	837	959
Plan participants' contributions	809	1,014	—	—	2,094	172
Benefits paid	(30,418)	(27,699)	(18,471)	(26,828)	(3,661)	(1,597)
Federal subsidy on benefits paid	—	—	—	—	85	130
Actuarial loss (gain)	25,617	20,469	4,885	(13,388)	(455)	538
Business acquisitions/divestitures	—	7,241	—	—	—	—
Amendments	1,781	227	1,348	—	—	(1,657)
Settlements and curtailments	(1,697)	(6,963)	—	—	—	—
Currency rate changes	(1,591)	10,322	—	—	—	—
Other	75	8,797	—	—	—	—
Benefit obligation at end of year	<u>581,043</u>	<u>541,206</u>	<u>127,035</u>	<u>127,355</u>	<u>14,508</u>	<u>15,329</u>
Change in Plan Assets						
Fair value of plan assets at beginning of year	467,641	410,711	—	—	—	—
Actual return on plan assets	55,205	23,992	—	—	—	—
Company contributions	38,163	50,701	18,471	26,828	1,567	1,425
Employee contributions	809	1,014	—	—	2,094	172
Benefits paid	(30,418)	(27,699)	(18,471)	(26,828)	(3,661)	(1,597)
Acquisitions	—	6,361	—	—	—	—
Settlements and curtailments	(503)	(6,547)	—	—	—	—
Currency rate changes	701	7,191	—	—	—	—
Other	—	1,917	—	—	—	—
Fair value of plan assets at end of year	<u>531,598</u>	<u>467,641</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Funded status	<u>(49,445)</u>	<u>(73,565)</u>	<u>(127,035)</u>	<u>(127,355)</u>	<u>(14,508)</u>	<u>(15,329)</u>
Accrued benefit cost	<u>\$ (49,445)</u>	<u>\$ (73,565)</u>	<u>\$ (127,035)</u>	<u>\$ (127,355)</u>	<u>\$ (14,508)</u>	<u>\$ (15,329)</u>
Amounts recognized in the Balance Sheets consist of:						
Assets and Liabilities:						
Other assets and deferred charges	\$ 5,930	\$ 3,339	\$ —	\$ —	\$ —	\$ —
Accrued compensation and employee benefits	(1,343)	(1,527)	(17,670)	(14,468)	(1,036)	(1,189)
Other liabilities (principally compensation)	(54,032)	(75,377)	(109,365)	(112,887)	(13,472)	(14,140)
Total Assets and Liabilities	<u>(49,445)</u>	<u>(73,565)</u>	<u>(127,035)</u>	<u>(127,355)</u>	<u>(14,508)</u>	<u>(15,329)</u>
Net actuarial losses (gains)	\$ 168,605	165,935	\$ (10,159)	(15,045)	\$ (2,917)	(2,881)
Prior service cost (credit)	8,547	8,133	51,445	57,363	(2,262)	(2,671)
Net asset at transition, other	(155)	(198)	—	—	—	—
Deferred taxes	(59,845)	(58,426)	(14,451)	(14,812)	1,754	1,885
Total Accumulated Other Comprehensive Loss (Earnings), net of tax	117,152	115,444	26,835	27,506	(3,425)	(3,667)
Net amount recognized at December 31,	<u>\$ 67,707</u>	<u>\$ 41,879</u>	<u>\$ (100,200)</u>	<u>\$ (99,849)</u>	<u>\$ (17,933)</u>	<u>\$ (18,996)</u>
Accumulated benefit obligations	<u>\$ 532,426</u>	<u>\$ 494,690</u>	<u>\$ 95,771</u>	<u>\$ 93,956</u>		
Information for plans with accumulated benefit obligations in excess of plan assets:						
ABO	\$ 105,846	\$ 120,278	\$ 95,771	\$ 93,956		
PBO	114,888	127,928	127,035	127,356		
Fair value of plan assets	66,485	71,003	—	—		

The Company's net unfunded status of \$49,445 at December 31, 2010 includes \$6,971 relating to the U.S. Dover Corporate Pension Plan and \$42,474 relating to the Company's significant international pension plans, some in locations where it is not economically advantageous to pre-fund the plans due to local regulations. The majority of the international obligations relate to defined pension plans operated by the Company's businesses in Germany, the United Kingdom and Switzerland.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

Net Periodic Cost

	Qualified Defined Benefits			Non-Qualified Supplemental Benefits			Post-Retirement Benefits		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Service Cost	\$ 14,687	\$ 13,971	\$ 13,042	\$ 4,241	\$ 6,188	\$ 7,688	\$ 279	\$ 314	\$ 274
Interest Cost	30,574	28,936	28,337	7,677	8,688	9,434	837	959	954
Expected return on plan assets	(38,289)	(34,612)	(34,341)	—	—	—	—	—	—
Amortization of:									
Prior service cost (income)	1,365	1,292	1,343	7,266	7,706	7,463	(409)	(172)	(172)
Transition obligation	(42)	(43)	(53)	—	—	—	—	—	—
Recognized actuarial (gain) loss	5,474	5,216	3,933	—	—	—	(398)	(426)	(478)
Settlement and curtailment gains	(348)	(795)	(1,149)	—	(1)	—	—	—	—
Total net periodic benefit cost	\$ 13,421	\$ 13,965	\$ 11,112	\$ 19,184	\$ 22,581	\$ 24,585	\$ 309	\$ 675	\$ 578

Assumptions

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

	Qualified Defined Benefits		Non-Qualified Supplemental Benefits		Post-Retirement Benefits	
	2010	2009	2010	2009	2010	2009
Discount rate	5.37%	5.71%	5.50%	5.95%	5.10%	5.50%
Average wage increase	4.32%	4.26%	4.50%	4.50%	—	—
Ultimate medical trend rate	—	—	—	—	5.00%	5.00%

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

	Qualified Defined Benefits			Non-Qualified Supplemental Benefits			Post-Retirement Benefits		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Discount rate	5.71%	6.10%	6.10%	5.95%	6.10%	6.25%	5.50%	6.00%	6.00%
Average wage increase	4.29%	4.26%	4.20%	4.50%	6.00%	6.00%	—	—	—
Expected return on plan assets	7.37%	7.37%	6.40%	—	—	—	—	—	—
Ultimate medical trend rate	—	—	—	—	—	—	5.00%	5.00%	5.00%

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Amounts in thousands except share data and where otherwise indicated)

Future Estimates

Benefit Payments

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

	Qualified Defined Benefits	Non-Qualified Supplemental Benefits	Post-Retirement Benefits
2011	\$ 34,249	\$ 17,670	\$ 1,036
2012	35,124	12,593	1,065
2013	35,690	7,843	1,061
2014	35,891	3,612	1,052
2015	36,344	26,105	1,059
2016-2020	200,090	38,466	4,446

Contributions

Estimated contributions to be made during 2011 are as follows:

	Qualified Defined Benefits	Non-Qualified Supplemental Benefits
To plan assets	\$40,000	\$ —
To plan participants	840	17,670

2011 Amortization Expense

Estimated amortization expense for 2011 related to amounts in Accumulated Other Comprehensive Earnings (Loss) at December 31, 2010 is as follows:

	Qualified Defined Benefits	Non-Qualified Supplemental Benefits	Post-Retirement
Amortization of:			
Prior service cost (income)	\$ 1,424	\$ 7,266	\$ (409)
Transition obligation	(42)	—	—
Recognized actuarial (gain) loss	9,613	—	(241)
Total	\$ 10,995	\$ 7,266	\$ (650)

Pension cost for all defined contribution, defined benefit, and supplemental plans was \$78,513 for 2010, \$72,884 for 2009 and \$81,693 for 2008.

For post-retirement benefit measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rates) was assumed for 2011. The rate was assumed to decrease gradually to 5% by the year 2017 and remain at that level thereafter. The health care cost trend rate assumption can have an effect on the amounts reported. For example, increasing (decreasing) the assumed health care cost trend rates by one percentage point in each year would increase (decrease) the accumulated post-retirement benefit obligation as of December 31, 2010 by \$397 (\$380) and would have a negligible impact on the net post-retirement benefit cost for 2010.

The post-retirement benefit plans cover approximately 1,634 participants, approximately 778 of whom are eligible for medical benefits. The plans are effectively closed to new entrants. The post-retirement benefit

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

obligation amounts at December 31, 2010 and 2009 include approximately \$3,529 and \$4,767 in obligations, respectively, recorded in discontinued operations.

14. Segment Data

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

The Company's four reportable segments are briefly described below:

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

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

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

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

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

Selected financial information by market segment is as follows:

	For the Years Ended December 31,		
	2010	2009	2008
REVENUE			
Industrial Products	\$ 1,847,811	\$ 1,621,792	\$ 2,459,505
Engineered Systems	2,229,675	1,861,936	2,010,350
Fluid Management	1,639,790	1,270,910	1,714,046
Electronic Technologies	1,423,664	1,026,954	1,396,131
Intra — segment eliminations	(8,292)	(5,903)	(11,144)
Total consolidated revenue	<u>\$ 7,132,648</u>	<u>\$ 5,775,689</u>	<u>\$ 7,568,888</u>
EARNINGS FROM CONTINUING OPERATIONS			
Segment Earnings:			
Industrial Products	\$ 226,385	\$ 139,757	\$ 299,740
Engineered Systems	301,906	227,268	278,553
Fluid Management	388,420	259,269	385,317
Electronic Technologies	250,428	83,694	193,641
Total segments	1,167,139	709,988	1,157,251
Corporate expense/other	(135,714)	(117,995)	(115,195)
Net interest expense	(106,341)	(100,375)	(96,037)
Earnings from continuing operations before provision for income taxes and discontinued operations	925,084	491,618	946,019
Provision for taxes	217,176	119,724	251,261
Earnings from continuing operations — total consolidated	<u>\$ 707,908</u>	<u>\$ 371,894</u>	<u>\$ 694,758</u>
OPERATING MARGINS (pre-tax)			
Segments:			
Industrial Products	12.3%	8.6%	12.2%
Engineered Systems	13.5%	12.2%	13.9%
Fluid Management	23.7%	20.4%	22.5%
Electronic Technologies	17.6%	8.1%	13.9%
Total Segments	16.4%	12.3%	15.3%
Earnings from continuing operations	13.0%	8.5%	12.5%

Selected financial information by market segment (continued):

TOTAL ASSETS AT DECEMBER 31:	2010	2009	2008
Industrial Products	\$ 1,925,495	\$ 1,874,242	\$ 2,069,743
Engineered Systems	1,886,100	1,818,750	1,729,331
Fluid Management	1,405,122	1,267,388	1,231,391
Electronic Technologies	1,830,833	1,751,826	1,820,173
Corporate (principally cash and equivalents and marketable securities)	1,448,211	1,053,496	963,494
Total continuing assets	8,495,761	7,765,702	7,814,132
Assets from discontinued operations	67,133	116,701	69,106
Consolidated total	<u>\$ 8,562,894</u>	<u>\$ 7,882,403</u>	<u>\$ 7,883,238</u>

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

DEPRECIATION and AMORTIZATION	For the Years Ended December 31,		
	2010	2009	2008
Industrial Products	\$ 68,462	\$ 71,453	\$ 73,516
Engineered Systems	62,348	60,106	61,062
Fluid Management	61,263	54,023	49,962
Electronic Technologies	74,296	71,544	75,587
Corporate	2,037	1,097	1,027
Consolidated total	<u>\$268,406</u>	<u>\$258,223</u>	<u>\$ 261,154</u>
CAPITAL EXPENDITURES			
Industrial Products	\$ 45,377	\$ 23,750	\$ 43,194
Engineered Systems	39,012	34,740	33,609
Fluid Management	46,399	34,424	61,054
Electronic Technologies	40,821	25,725	37,730
Corporate	11,608	1,370	208
Consolidated total	<u>\$ 183,217</u>	<u>\$ 120,009</u>	<u>\$ 175,795</u>

	Revenue			Long-Lived Assets	
	For the Years Ended December 31,			At December 31,	
	2010	2009	2008	2010	2009
United States	\$ 3,863,849	\$ 3,257,152	\$ 4,246,792	\$551,763	\$ 543,886
Europe	1,210,644	1,078,308	1,544,144	139,975	144,651
Other Americas	680,230	463,176	642,673	45,830	36,666
Total Asia	1,188,679	791,292	968,169	108,430	103,026
Other	189,246	185,761	167,110	1,191	693
	<u>\$ 7,132,648</u>	<u>\$5,775,689</u>	<u>\$7,568,888</u>	<u>\$ 847,189</u>	<u>\$828,922</u>

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

15. Shareholders' Equity

The Company has the authority to issue up to 100,000 shares of \$100 par value preferred stock and up to 500,000,000 shares of \$1 par value common stock. None of the preferred stock has been issued. As of December 31, 2010 and 2009, 249,373,529 and 247,343,411 shares of common stock were issued, respectively. In addition, the Company had 62,885,348 and 60,467,393 shares in treasury, held at cost, as of December 31, 2010 and 2009, respectively.

Share Repurchases

2010

During the year ended December 31, 2010, the Company repurchased 2,335,500 shares of its common stock in the open market at an average price of \$51.13 per share under the five-year, 10,000,000 share repurchase authorized

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

by the Board of Directors in May 2007 (the “five-year authorization”), leaving approximately 6.6 million shares available for repurchase as of the end of December 2010.

2009

The Company had no share repurchases in 2009. Approximately 8.9 million shares remained authorized for repurchase under the five-year authorization as of December 31, 2009.

2008

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

16. Quarterly Data (Unaudited)

Quarter	Revenue	Gross Profit	Continuing Operations			Net Earnings		
			Earnings	Per Share - Basic	Per Share - Diluted	Net Earnings	Per Share - Basic	Per Share - Diluted
2010								
First	\$ 1,583,270	\$ 612,157	\$ 121,485	\$ 0.65	\$ 0.65	\$ 108,127	\$ 0.58	\$ 0.58
Second	1,786,696	688,698	171,893	0.92	0.91	169,870	0.91	0.90
Third	1,887,141	711,685	222,759	1.19	1.18	223,759	1.20	1.19
Fourth	1,875,541	720,118	191,771	1.03	1.01	198,348	1.06	1.04
	<u>\$ 7,132,648</u>	<u>\$ 2,732,658</u>	<u>\$ 707,908</u>	3.79	3.74	<u>\$ 700,104</u>	3.75	3.70
2009								
First	\$ 1,379,086	\$ 482,144	\$ 61,096	\$ 0.33	\$ 0.33	\$ 53,428	\$ 0.29	\$ 0.29
Second	1,390,331	493,310	100,874	0.54	0.54	97,080	0.52	0.52
Third	1,499,611	558,266	107,484	0.58	0.58	106,884	0.57	0.57
Fourth	1,506,661	565,434	102,440	0.55	0.55	99,046	0.53	0.53
	<u>\$ 5,775,689</u>	<u>\$ 2,099,154</u>	<u>\$ 371,894</u>	2.00	1.99	<u>\$ 356,438</u>	1.91	1.91

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in thousands except share data and where otherwise indicated)

17. Subsequent Events

The Company assessed events occurring subsequent to December 31, 2010 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to the consolidated financial statements.

In December 2010, the Company entered into an agreement with NXP Semiconductors N.V. to acquire the Sound Solutions business line for approximately \$855 million. The transaction is subject to customary regulatory approvals and the satisfaction of normal closing conditions, and is expected to close around the end of the first quarter or early in the second quarter of 2011. Sound Solutions is one of the world's leading manufacturers of dynamic speakers and receivers for cell phones and other consumer electronics, with annual unaudited 2010 revenue of approximately \$330 million. The business will be incorporated into the Knowles business within the Dover Electronic Technologies segment, which will enhance the segment's product offerings serving the high growth mobile handset market.

Effective January 3, 2011, the Company completed the acquisition of Harbison-Fischer, Inc., a Texas-based leading designer and manufacturer of down-hole rod pumps and related products for \$402.5 million, subject to normal closing adjustments. Harbison-Fischer's 2011 revenue is expected to be approximately \$160 million. The business will become part of Norris Production Solutions, which is an operating unit of Dover's Fluid Management segment.

Effective January 5, 2011, the Company completed the acquisition of Dosmatic, Inc., a Texas-based leading manufacturer of environmentally friendly, non-electric chemical metering equipment for approximately \$14 million, subject to normal closing adjustments. The business will become part of Hydro Systems Company, which is also an operating unit of Dover's Fluid Management segment.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2010, 2009 and 2008
(In thousands)

<u>Allowance for Doubtful Accounts</u>	<u>Balance at Beginning of Year</u>	<u>Acquired by Purchase or Merger</u>	<u>Charged to Cost and Expense (A)</u>	<u>Accounts Written Off</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2010						
Allowance for Doubtful Accounts	\$ 41,832	113	(620)	(6,857)	(317)	\$34,151
Year Ended December 31, 2009						
Allowance for Doubtful Accounts	\$ 32,647	—	17,260	(10,198)	2,123	\$41,832
Year Ended December 31, 2008						
Allowance for Doubtful Accounts	\$ 32,211	40	12,040	(10,650)	(994)	\$32,647

(A) Net of recoveries on previously reserved or written-off balances.

<u>Deferred Tax Valuation Allowance</u>	<u>Balance at Beginning of Year</u>	<u>Acquired by Purchase or Merger</u>	<u>Additions</u>	<u>Reductions</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2010						
Deferred Tax Valuation Allowance	\$ 43,171	—	—	(5,035)	—	\$ 38,136
Year Ended December 31, 2009						
Deferred Tax Valuation Allowance	\$ 55,486	—	2,875	(15,190)	—	\$ 43,171
Year Ended December 31, 2008						
Deferred Tax Valuation Allowance	\$ 64,534	—	2,818	(7,554)	(4,312)	\$55,486

<u>Inventory Reserves</u>	<u>Balance at Beginning of Year</u>	<u>Acquired by Purchase or Merger</u>	<u>Charged to Cost and Expense</u>	<u>Reductions</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2010						
Inventory Reserves	\$101,295	531	20,476	(15,395)	(1,436)	\$ 105,471
Year Ended December 31, 2009						
Inventory Reserves	\$ 100,471	—	21,307	(21,869)	1,386	\$101,295
Year Ended December 31, 2008						
Inventory Reserves	\$ 100,081	1,033	24,113	(22,920)	(1,836)	\$ 100,471

<u>LIFO Reserve</u>	<u>Balance at Beginning of Year</u>	<u>Acquired by Purchase or Merger</u>	<u>Charged to Cost and Expense</u>	<u>Reductions</u>	<u>Other</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2010 LIFO						
Reserve	\$ 49,061	—	1,964	—	—	\$51,025
Year Ended December 31, 2009 LIFO						
Reserve	\$ 58,810	—	—	(9,749)	—	\$49,061
Year Ended December 31, 2008 LIFO						
Reserve	\$ 51,988	—	6,822	—	—	\$58,810

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

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act were effective as of December 31, 2010 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls

During the fourth quarter of 2010, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations Over Internal Controls

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

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

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

Item 9B. *Other Information*

Not applicable.

PART III

Item 10. Directors and Executive Officers and Corporate Governance

The information with respect to the directors and the board committees of the Company required to be included pursuant to this Item 10 is included in the 2011 Proxy Statement which will be filed with the Securities and Exchange Commission pursuant to Rule 14a-6 under the Exchange Act in accordance with applicable SEC deadlines, and is incorporated in this Item 10 by reference. The information with respect to the executive officers of the Company required to be included pursuant to this Item 10 is included under the caption “Executive Officers of the Registrant” in Part I of this Form 10-K and is incorporated in this Item 10 by reference.

The information with respect to Section 16(a) reporting compliance required to be included in this Item 10 is included in the 2011 Proxy Statement and is incorporated in this Item 10 by reference.

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

Item 11. Executive Compensation

The information with respect to executive compensation required to be included pursuant to this Item 11 is included in the 2011 Proxy Statement and is incorporated in this Item 11 by reference.

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

The information regarding security ownership of certain beneficial owners and management that is required to be included pursuant to this Item 12 is included in the 2011 Proxy Statement and is incorporated in this Item 12 by reference.

EQUITY COMPENSATION PLANS

The Equity Compensation Plan Table below presents information regarding the Company’s equity compensation plans at December 31, 2010:

Plan Category	(a)	(b)	(c)
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	12,474,600	\$ 39.68	8,259,949
Equity compensation plans not approved by stockholders	—	—	—
Total	12,474,600	\$ 39.68	8,259,949

The Company has three compensation plans under which equity securities of the Company have been authorized for issuance and have been issued to employees and to non-employee directors. These are the 1995 Incentive Stock Option Plan and 1995 Cash Performance Program (the “1995 Plan”), the 2005 Equity and Cash Incentive Plan (the “2005 Plan”) and the 1996 Non-Employee Directors’ Stock Compensation Plan (the “Directors’ Plan”). The information regarding these plans that is required to be included pursuant to this Item 12 is included in the 2011 Proxy Statement and is incorporated in this Item 12 by reference. The table above does not reflect shares eligible for issuance under the 1996 Non-Employee Directors’ Stock Compensation Plan, which does not specify a maximum number of shares issuable under it.

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

The information with respect to any reportable transaction, business relationship or indebtedness between the Company and the beneficial owners of more than 5% of the Common Stock, the directors or nominees for director of the Company, the executive officers of the Company or the members of the immediate families of such individuals that are required to be included pursuant to this Item 13 is included in the 2011 Proxy Statement and is incorporated in this Item 13 by reference.

Item 14. *Principal Accountant Fees and Services*

The information with respect to the Company's relationship with its independent registered public accounting firm and fees paid thereto required to be included pursuant to this Item 14 is included in the 2011 Proxy Statement and is incorporated in this Item 14 by reference.

The information with respect to audit committee pre-approval policies and procedures required to be included pursuant to this Item 14 is included in the 2011 Proxy Statement and is incorporated in this Item 14 by reference.

PART IV

Item 15. *Exhibits, Financial Statement Schedules*

(a)(1) Financial Statements

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

- (A) Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008.
- (B) Consolidated Balance Sheets as of December 31, 2010 and 2009.
- (C) Consolidated Statements of Shareholders' Equity and Comprehensive Earnings for the years ended December 31, 2010, 2009 and 2008.
- (D) Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008.
- (E) Notes to consolidated financial statements.

(2) Financial Statement Schedule

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

- Schedule II — Valuation and Qualifying Accounts

All other schedules are not required and have been omitted.

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

Quarterly financial data (unaudited)

(4) See (b) below.

(b) Exhibits:

- (2.1) Sale and Purchase Agreement, dated as of December 22, 2010, between the Company, NXP B.V., Knowles Electronics, LLC, EFF Acht Beteiligungsverwaltung GmbH and NXP Semiconductors N.V.**
- (3)(i)(a) Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Period Ended June 30, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (3)(i)(b) Certificate of Correction to the Restated Certificate of Incorporation dated as of January 24, 2003, filed as Exhibit 3(i) to the Company's Current Report on Form 8-K filed February 28, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (3)(ii) By-Laws of the Company as amended and restated as of November 6, 2008, filed as Exhibit 3(ii) to the Company's Current Report on Form 8-K filed November 12, 2008 (SEC File No. 001-04018), are incorporated by reference.

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- (4.1) Indenture, dated as of June 8, 1998 between the Company and The First National Bank Chicago, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.2) Form of 6.65% Debentures due June 1, 2028 (\$200,000,000 aggregate principal amount), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.3) Form of 6.50% Notes due February 15, 2011 (\$400,000,000 aggregate principal amount), filed as Exhibit 4.3 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.4) Indenture, dated as of February 8, 2001 between the Company and BankOne Trust Company, N.A., as trustee, filed as Exhibit 4.1 to the Company's current report on Form 8-K filed February 12, 2001 (SEC File No. 001-04018), is incorporated by reference.
- (4.5) First Supplemental Indenture among the Company, J.P. Morgan Trust Company, National Association, as original trustee, and The Bank of New York, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.6) Form of 4.875% Notes due October 15, 2015 (\$300,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.7) Form of 5.375% Debentures due October 15, 2035 (\$300,000,000 aggregate principal amount), filed as exhibit 4.3 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.8) Second Supplemental Indenture between the Company and The Bank of New York, as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-040018) is incorporated by reference.
- (4.9) Form of Global Note representing the 5.45% Notes due March 15, 2018 (\$350,000,000 aggregate principal amount), filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.
- (4.10) Form of Global Note representing 6.60% Notes due March 15, 2038 (\$250,000,000 aggregate principal amount) filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed March 14, 2008 (SEC File No. 001-04018) is incorporated by reference.
The Company agrees to furnish to the Securities and Exchange Commission upon request, a copy of any instrument with respect to long-term debt under which the total amount of securities authorized does not exceed 10 percent of the total consolidated assets of the Company.
- (10.1) Employee Savings and Investment Plan, filed as Exhibit 99 to Registration Statement on Form S-8 (SEC File No. 33-01419), is incorporated by reference.*
- (10.2) Amended and Restated 1996 Non-Employee Directors' Stock Compensation Plan, filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.
- (10.3) Executive Officer Annual Incentive Plan, as amended and restated as of January 1, 2009, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 13, 2009 (SEC File No. 001-04018) is incorporated by reference.*
- (10.4) Executive Change in Control Agreement as amended and restated as of January 1, 2009, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (SEC File No. 001-04018) is incorporated by reference.*
- (10.5) 1995 Incentive Stock Option Plan and 1995 Cash Performance Program, as amended as of May 4, 2006 with respect to all awards then outstanding, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (SEC File No. 001-04018) is incorporated by reference.*
- (10.6) Deferred Compensation Plan, as amended and restated as of January 1, 2009, filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (SEC File No. 001-04018) is incorporated by reference.*
- (10.7) 2005 Equity and Cash Incentive Plan, as amended as of January 1, 2009, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 13, 2009 (SEC File No. 001-04018) is incorporated by reference.*
- (10.8) Form of award grant letter for SSAR grants made under 2005 Equity and Cash Incentive Plan.*

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- (10.9) Form of award grant letter for cash performance awards made under the 2005 Equity and Cash Incentive Plan.*
- (10.10) Form of award grant letter for performance share awards made under the 2005 Equity and Cash Incentive Plan.*
- (10.11) Pension Replacement Plan (formerly the Supplemental Executive Retirement Plan), as amended and restated as of January 1, 2010, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (SEC File No. 001-04018) is incorporated by reference.*
- (10.12) Letter Agreement between Ronald L. Hoffman and the Company, dated November 28, 2008, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 26, 2008 (SEC File No. 001-04018) is incorporated by reference.*
- (10.13) Letter Agreement between Robert G. Kuhbach and the Company, dated November 13, 2009, filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (SEC File No. 001-04018) is incorporated by reference.*
- (10.14) Five-year Credit Agreement dated as of November 9, 2007 by and among Dover Corporation, the Lenders listed therein, the Borrowing Subsidiaries party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent, Deutsche Bank Securities Inc. as Syndication Agent, and Bank of America, N.A., The Royal Bank of Scotland plc and Wachovia Bank, National Association as Documented Agents, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed November 14, 2007 (SEC File No. 001-04018), is incorporated by reference.
- (10.15) Form of award grant letter for restricted stock awards made under the 2005 Equity and Cash Incentive Plan.*
- (10.16) Amendment No. 1 to the Executive Employee Supplemental Retirement Agreement with Robert A. Livingston, Jr., filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed March 3, 2010 (SEC File No. 001-04018), is incorporated by reference.*
- (10.17) Executive Severance Plan.*
- (10.18) Senior Executive Change-in-Control Severance Plan.*
- (14) Dover Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers, filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (21) Subsidiaries of Dover.
- (23) Consent of Independent Registered Public Accounting Firm.
- (24) Power of Attorney (included in signature page).
- (31.1) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Brad M. Cerepak.
- (31.2) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert A. Livingston.
- (32) Certification pursuant to 18 U.S.C. Section 1350, signed and dated by Brad M. Cerepak and Robert A. Livingston.
- (101) The following materials from Dover Corporation's Annual Report on Form 10-K for the year ended December 31, 2010 formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the three years ended December 31, 2010, (ii) the Consolidated Balance Sheets at December 31, 2010 and 2009, (iii) the Consolidated Statements of Stockholders' Equity for the three years ended December 31, 2010, (iv) the Consolidated Statements of Cash Flows for the three years ended December 31, 2010, (v) Notes to the Consolidated Financial Statements, and (vi) Financial Statement Schedule of Valuation and Qualifying Accounts.***

* Executive compensation plan or arrangement.

** Confidential treatment requested.

*** In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

(d) Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

Dover Corporation

By: /s/ Robert A. Livingston
 Robert A. Livingston
 President and Chief Executive Officer

Date: February 11, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated. Each of the undersigned, being a director or officer of Dover Corporation (the "Company"), hereby constitutes and appoints Robert A. Livingston, Brad M. Cerepak and Joseph W. Schmidt, and each of them (with full power to each of them to act alone), his or her true and lawful attorney-in-fact and agent for him or her and in his or her name, place and stead in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 under the Securities Exchange Act of 1934, as amended, and any and all amendments thereto, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission and any other appropriate authority, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as he or she might or could do if personally present, hereby ratifying and confirming all that such attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Robert W. Cremin Robert W. Cremin	Chairman, Board of Directors	February 11, 2011
/s/ Robert A. Livingston Robert A. Livingston	Chief Executive Officer, President and Director (Principal Executive Officer)	February 11, 2011
/s/ Brad M. Cerepak Brad M. Cerepak	Vice President and Chief Financial Officer (Principal Financial Officer)	February 11, 2011
/s/ Raymond T. McKay, Jr. Raymond T. McKay, Jr.	Vice President, Controller (Principal Accounting Officer)	February 11, 2011
/s/ David H. Benson David H. Benson	Director	February 11, 2011
/s/ Jean-Pierre M. Ergas Jean-Pierre M. Ergas	Director	February 11, 2011

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ Peter T. Francis</i> Peter T. Francis	Director	February 11, 2011
<hr/> <i>/s/ Kristiane C. Graham</i> Kristiane C. Graham	Director	February 11, 2011
<hr/> <i>/s/ James L. Koley</i> James L. Koley	Director	February 11, 2011
<hr/> <i>/s/ Richard K. Lochridge</i> Richard K. Lochridge	Director	February 11, 2011
<hr/> <i>/s/ Bernard G. Rethore</i> Bernard G. Rethore	Director	February 11, 2011
<hr/> <i>/s/ Michael B. Stubbs</i> Michael B. Stubbs	Director	February 11, 2011
<hr/> <i>/s/ Stephen M. Todd</i> Stephen M. Todd	Director	February 11, 2011
<hr/> <i>/s/ Stephen K. Wagner</i> Stephen K. Wagner	Director	February 11, 2011
<hr/> <i>/s/ Mary A. Winston</i> Mary A. Winston	Director	February 11, 2011

EXHIBIT INDEX

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- (23) Consent of Independent Registered Public Accounting Firm.
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* Executive compensation plan or arrangement.

** Confidential treatment requested.

*** In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

(d) Not applicable.

Confidential Treatment Request — Pages where confidential treatment has been requested are stamped “Confidential Treatment Requested.” The redacted materials have been separately filed with the SEC; the appropriate section has been marked at the appropriate place with a “*.”

EXECUTION VERSION

**DE BRAUW
BLACKSTONE
WESTBROEK**

Sale and Purchase Agreement

relating to

the Sound Solutions business of NXP

between

NXP B.V.

and

KNOWLES ELECTRONICS, LLC

and

EFF ACHT BETEILIGUNGSVERWALTUNG GmbH

and

DOVER CORPORATION

and

NXP SEMICONDUCTORS N.V.

dated 22 December 2010

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In accordance with Regulation S-K, certain of the schedules listed above have been omitted; Dover Corporation agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

SALE AND PURCHASE AGREEMENT

THE UNDERSIGNED:

- (1) **NXP B.V.**, a private limited liability company incorporated under the laws of the Netherlands, with corporate seat in Eindhoven, the Netherlands, having its address at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, (the “**Seller**”),
- and
- (2) **Knowles Electronics, LLC**, a limited liability company organized under the laws of the state of Delaware, USA, and having its address at 1151 Maplewood Drive, Illinois, USA 60143 (the “**Purchaser**”),
- and
- (3) **Eff acht Beteiligungsverwaltung GmbH**, a limited liability company organized under the laws of Austria, and having its address at Porzellangasse 51, 1090 Vienna, registered under 354699t in the companies register of the Vienna Commercial Court (the “**Austrian Purchaser**” and, together with the Purchaser, the “**Purchasers**” as further defined in Schedule 1),
- and
- (4) **Dover Corporation**, a corporation incorporated under the laws of the State of Delaware, USA, and having its address at 3005 Highland Parkway, Suite 200, Downers Grove Illinois, USA 60515, (the “**Purchaser Parent**”),
- and
- (5) **NXP Semiconductors N.V.**, a public liability company incorporated under the laws of the Netherlands, with corporate seat in Eindhoven, the Netherlands, having its address at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, (the “**Seller Parent**”),

WHEREAS:

- (A) The Seller holds all of the issued shares in the capital of (i) NXP Semiconductors Austria GmbH (as further defined in Schedule 1, “**NXP Austria**”) and (i) NXP Semiconductors Beijing Ltd (as further defined in Schedule 1 “**NXP China**”);

- (B) The Sound Solutions business of the Seller consists of the research into and development of, and the production, marketing, sale and distribution of audio transducer and audio transducer modules specifically for (i) dynamic speakers/receiver and MEMS microphone applications, (ii) mobile phone headset devices and (iii) joystick sensor devices (subject to the exclusions in the next sentence, the “**Business**”). For the avoidance of doubt, (a) the semiconductor integrated circuits that are part of the components and devices mentioned in (i), (ii) and (iii) above and that are supplied to the Business either by external semiconductor suppliers or other NXP businesses, are not part of the Business, and (b) with regard to MEMS technology, intellectual property that is specific to MEMS microphone applications is included in the Business, while intellectual property which relates to both a MEMS microphone application and an application outside of MEMS microphones, is not included in the Business;
- (C) NXP China is fully dedicated to the Business. NXP Austria operates different NXP businesses, including the Business;
- (D) The Purchaser is a leading designer and manufacturer of advanced acoustic components and is a leading provider of MEMS surface mount microphones to major cell phone brands and consumer electronic devices the world over. The Purchaser Parent owns and operates a global portfolio of manufacturing companies providing innovative components and equipment, specialty systems and support services for a variety of applications in the industrial products, engineered systems, fluid management and electronic technologies markets;
- (E) On 3 November 2010, the Seller Parent and the Purchaser signed a confidential non-binding letter of intent (the “**LOI**”) regarding the potential acquisition by the Purchaser of the Business;
- (F) The Seller provided the Purchaser and its Representatives access to the Virtual Data Room containing information about the Business: The Purchaser and its Representatives were further given the opportunity to attend and participate in management presentations, conduct site visits and were allowed to ask questions;
- (G) The Seller wishes to sell to the Purchaser and the Purchaser wishes to purchase from the Seller the Business through (a) a sale and purchase of the Austrian Shares and the Chinese Shares on the terms and conditions set forth in this Agreement; and (b) through a sale and purchase and a transfer and acquisition of certain intellectual property rights and as well as through a license agreement in respect of certain other intellectual property rights to a member of the Purchaser Parent’s Group on the terms and conditions set forth in the Intellectual Property Transfer and License Agreement (the “**Relevant IP-Rights**”);
- (H) For these purposes, prior to the Closing the Seller is to (i) at its own cost, transfer to a Subsidiary of the Seller, being a new limited liability company incorporated under the

laws of Austria (*GmbH*), all of the activities of NXP Austria that do not relate to the Business (the “**Non-Sonar Business**”), such transfer to be effected by way of demerger (*Abspaltung zur Neugründung*) in accordance with the draft Demerger Deed attached as Schedule 3, (the “**Austrian Carveout**”);

- (I) The Seller and the Purchaser have obtained from their respective corporate bodies all approvals and consents required for the transactions contemplated by this Agreement;
- (J) The Purchaser Parent has agreed to guarantee to the Seller the performance by the Purchaser of its obligations under this Agreement (including agreements to be entered into hereunder) and the performance by [a member of the Purchaser Parent’s Group] of its obligations under the Intellectual Property Transfer and License Agreement. The Seller Parent has agreed to guarantee to the Purchaser the performance by the Seller of its obligations under this Agreement (including agreements to be entered into hereunder) and the Intellectual Property Transfer and License Agreement;
- (K) The Parties have been engaged in negotiations for ongoing commercial arrangements in respect of the sale by the Seller of semiconductor integrated circuits to the Purchaser to be entered into at Closing, the material terms of which are set out in the term sheet attached as Schedule 21; and
- (L) The Purchaser has had satisfactory discussions at a principal level with certain key customers of the Business.

IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

In this Agreement, unless the context otherwise requires, the provisions in this Clause 0 apply throughout.

1.1 Definitions

Capitalised words, including those used in the introduction and recitals to this Agreement, shall have the meaning as defined in Schedule 1.

1.2 References to persons

References to a person include any individual, company or partnership whether or not having separate legal personality and wherever incorporated or registered.

1.3 Headings and references to Clauses, Schedules and Paragraphs

1.3.1 Headings have been inserted for convenience of reference only and do not affect the interpretation of any of the provisions of this Agreement.

1.3.2 A reference in this Agreement to:

- (a) a Clause or Schedule is to the relevant Clause of or Schedule to this Agreement;
- (b) a Part is to the relevant Part of the relevant Schedule; and
- (c) a Paragraph is to the relevant Paragraph of (the relevant Part of) the relevant Schedule.

1.4 References to liabilities and obligations

1.4.1 Any reference in this Agreement to a liability or obligation of any member of the Seller's Group shall be deemed to incorporate a reference to an obligation on the part of the Seller to procure that the relevant liability is discharged or obligation is performed by the relevant member(s) of the Seller's Group, on and subject to the terms and conditions set out in this Agreement.

1.4.2 Any reference in this Agreement to a liability or obligation of any member of the Purchaser's Group shall be deemed to incorporate a reference to an obligation on the part of Purchaser to procure that the relevant liability is discharged or obligation is performed by the relevant member(s) of the Purchaser's Group, on and subject to the terms and conditions set out in this Agreement.

1.5 Information

References to books, records or other information include books, records or other information stored in any form including paper, magnetic media, films, microfilms, electronic storage devices and any other data carriers.

1.6 Legal terms

In respect of any jurisdiction other than the Netherlands, a reference to any Netherlands legal term shall be construed as a reference to the term or concept which most nearly corresponds to it in that jurisdiction.

1.7 Other references

1.7.1 Whenever used in this Agreement, the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

1.7.2 Whenever used in this Agreement, the words "as of" shall be deemed to include the day or moment in time specified thereafter.

1.7.3 Any reference in this Agreement to any gender shall include all genders, and words importing the singular shall include the plural and vice versa.

1.8 Drafting Party

No provision of this Agreement shall be interpreted against a Party solely as a result of the fact that such Party was responsible for the drafting of such provision.

2 SALE AND PURCHASE; TRANSFER

2.1 Shares

On and subject to the terms and conditions of this Agreement:

2.1.1 the Seller hereby agrees to sell, assign and transfer the Austrian Shares to the Austrian Purchaser, who hereby agrees to purchase and accept the transfer and assignment of the Austrian Shares; and

2.1.2 the Seller hereby agrees to sell and transfer the Chinese Shares to the Purchaser, who hereby agrees to purchase and accept the Chinese Shares,

such sale, assignment and transfer to take place in accordance with Clause 6.

2.2 Nomination of other purchasers

2.2.1 The Purchaser shall be entitled to nominate, to the extent permitted by Law, at its own cost, by notice to the Seller delivered no later than 1 February 2011, one other purchaser to purchase all of the Chinese Shares.

2.2.2 The Austrian Purchaser shall purchase and acquire the Austrian Shares and for that reason is a party to the Agreement.

2.3 Singular liability and right to claim

2.3.1 Subject to Clauses 14 and 15.1, no member of the Seller's Group, with the exception of the Seller, shall have any liability under this Agreement, it being agreed that the Seller shall be fully liable under this Agreement for any breach thereof by any member of the Seller's Group. Only the Purchaser may seek recourse against the Seller for breach by the Seller or a member of the Seller's Group of its obligations under this Agreement.

2.3.2 Subject to Clause 14, no member of the Purchaser's Group, with the exception of the Purchaser and, to the extent it relates to the Austrian Shares, the Austrian Purchaser shall have any liability under this Agreement, it being agreed that the Purchaser shall be

fully liable under this Agreement for any breach thereof by any member of the Purchaser's Group. Only the Seller may seek recourse against the Purchaser for breach by the Purchaser or a member of the Purchaser's Group of its obligations under this Agreement.

2.3.3 Notwithstanding the provisions of Clause 2.3.1 and 2.3.2, a third party stipulation (*derdenbeding*) expressly identified as such in this Agreement, shall be for the benefit of and enforceable by the relevant third parties, provided that the Parties exclude the applicability of the articles 6:254, 6:255 and 6:256 of the Netherlands Civil Code.

3 CONSIDERATION

3.1 Purchase Price

The purchase price for the Shares (the "**Purchase Price**") shall be an amount equal to the aggregate of the following:

3.1.1 the Initial Purchase Price; plus

3.1.2 the Net Cash of each Group Entity; plus

3.1.3 the Working Capital Adjustment of each Group Entity; minus

3.1.4 the Assumed Long-Term Benefits Liability amount.

3.2 Allocation

The Initial Purchase Price and the Purchase Price shall be allocated in accordance with Schedule 7 and the Seller's Group shall and the Purchaser's Group shall adopt such allocation for all purposes, including in respect of Tax.

3.3 Claims

If any payment is made by the Seller to the Purchaser or by the Purchaser to the Seller in respect of any claim (i) for any breach of this Agreement (including, for the avoidance of doubt, a breach of a Seller's Warranty or a Purchaser's Warranty) or any agreement entered into pursuant thereto or (ii) pursuant to an indemnity under this Agreement, then the amount of the payment shall be an adjustment of the Purchase Price.

4 CLOSING CONDITIONS

4.1 Conditions

The respective obligations of the Parties to perform the Closing Actions set out in Schedule 4 are subject to the fulfillment of the following conditions (the "**Closing Conditions**"):

- 4.1.1 The Anti-Trust Approval shall have been obtained (such approval being, subject to Clause 4.2.2(c), unconditional and unqualified) or, alternatively, any waiting periods shall have expired or been terminated, provided such expiration or termination is considered under Chinese Law to be a grant of all requisite clearances under the relevant anti-trust Laws.
- 4.1.2 No Government Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered into any Law that prohibits the consummation of the Transaction in all material respects, it being understood, for the avoidance of doubt, that the China Transfer Registration shall take place in accordance with Clause 9.1.
- 4.1.3 No legal action or legal proceeding shall be pending by a bona fide third party (including any Governmental Authority) seeking to enjoin or restrain completion of the Transaction, it being understood, for the avoidance of doubt, that the China Transfer Registration shall take place in accordance with Clause 9.1.
- 4.1.4 No Group Material Adverse Effect occurs between Signing and Closing (the “**MAE Condition**”).
- 4.1.5 The Austrian Carveout has been registered in the competent companies register.
- 4.1.6 There is no breach of the Seller’s Warranties that individually or in the aggregate constitutes a Group Material Adverse Effect (provided that this Closing Condition does not prejudice the Purchaser’s claims arising from any breach of Sellers’ Warranties).
- 4.1.7 The Seller has satisfied or performed all of its covenants and obligations to be performed prior to the Closing Date to the extent that no Group Material Adverse Effect has occurred (provided that this Closing Condition does not prejudice the Purchaser’s claims arising from any breach by Seller under this Agreement).
- 4.1.8 The China Transfer Approval has been obtained at such a date that it will be valid during a period of at least three (3) Business Days after the Closing Date.

4.2 Responsibility for satisfaction

- 4.2.1 Save as otherwise provided in the remaining provisions of this Clause 4.2 and Clause 5.2, each of the Parties shall use reasonable efforts to ensure satisfaction of and compliance with all of the Closing Conditions.
- 4.2.2 Without prejudice to the generality of Clause 4.2.1, the Purchaser shall:
- (a) as soon as practicable, and in any event no later than five (5) Business days after the Signing Date, prepare and file with the Competition Authority the notices and applications necessary to satisfy the Closing Condition set out in Clause 4.1.1 (the “**Competition Condition**”), provided that, with respect to written

submission, information or documentary materials requested from the Seller, the Seller has provided the same to the Purchaser in advance;

- (b) supply as promptly as practicable any additional information and documentary material that may be requested by the Competition Authority in connection with the Competition Condition, provided that, with respect to any written submission, information or documentary materials, the Seller has the right to approve the same; and
- (c) use reasonable efforts to cause the expiration or termination of any applicable waiting period under any applicable law and the fulfillment (whether explicit or implicit) of the Competition Condition as soon as practicable, including by agreeing to:
 - (i) take any reasonable action that may be required in order to obtain an unconditional clearance (including by agreeing to perform any disposition of assets or businesses that may be required by the Competition Authority); or
 - (ii) duly and promptly comply with any condition that any relevant Competition Authority may impose to clear this Agreement and the Transaction,

provided that the foregoing Clause 4.2.2 shall not require Purchaser to make any material divestiture.

4.2.3 The Purchaser and the Seller shall each bear their own costs incurred in relation to filing the merger clearance filing in China in connection with the Purchaser acquisition of the Group. Notwithstanding the foregoing sentence of this Clause 4.2.3, the Purchaser shall bear all filing fees incurred in relation to the same. The Purchaser shall also bear all costs, penalties and fines resulting from not filing in any jurisdiction where it is determined that filing should have taken place, provided that if the failure to file resulted from incorrect revenues or market share data from Seller, Seller shall bear all costs, penalties and fines.

4.2.4 Without prejudice to Clause 4.2.2, the Seller and the Purchaser shall:

- (a) promptly cooperate with and provide all necessary information and assistance reasonably required by the Competition Authority in connection with the Competition Condition upon being requested to do so by the other Party; and
- (b) promptly inform the other Party of any communication received from, or given by it to, the Competition Authority with respect to the Competition Condition;

provided that any and all communications by either Party with the Competition Authority in connection with the Competition Condition shall require the prior written approval of the other Party, which approval shall not be unreasonably withheld or delayed.

4.2.5 Without prejudice to Clauses 4.2.2 (c) and 4.2.4, in the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by the Governmental Authority or any other person challenging (any part of) the Transaction, each Party shall co-operate in all respects with the other Party and use its reasonable efforts to defend, contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts the consummation of the Transaction.

4.3 (Non-)Satisfaction/Waiver

4.3.1 Within two (2) Business Days of becoming aware of the same:

- (a) the Purchaser shall give notice to the Seller of the satisfaction of the Closing Conditions;
- (b) the Seller shall give notice to the Purchaser of the satisfaction of the Closing Conditions; and
- (c) the Purchaser shall give notice to the Seller, or vice versa, of non-satisfaction of any of the Closing Conditions.

4.3.2 The Closing Conditions in Clauses 4.1.1 to 4.1.3 may only be waived by written agreement between the Seller and the Purchaser. The Closing Conditions in Clauses 4.1.4 to 4.1.8 (inclusive) can only be waived by the Purchaser by written declaration to be addressed to the Seller.

4.4 Long stop date

Unless otherwise agreed by the Parties hereto, if the Closing Conditions are not satisfied or waived on or prior to 30 September 2011, the Purchaser or the Seller may, in its sole discretion, terminate this Agreement by notice to the other, and no Party shall have any claim against the other save for any claim arising from breach of any obligation contained in Clause 4.2, provided that no such termination notice may be given by a Party which is in default of its obligations under this Agreement.

5 PRE-CLOSING COVENANTS

5.1 Conduct of the Business

5.1.1 During the period from the date hereof up to the Closing, except as otherwise contemplated by this Agreement or as the Purchaser otherwise agrees in writing in

advance (which consent shall not be unreasonably withheld or delayed), the Seller shall, and to the extent applicable shall cause the other members of the Seller's Group to, conduct the Business in the Ordinary Course of Business and use its commercially reasonable efforts to preserve intact and protect the Business and its relationship with customers, suppliers, creditors and others having dealings with it and use its commercially reasonable efforts to keep available to the Purchaser the services of the Employees involved in the business.

5.1.2 During the period from the date hereof up to the Closing, except as otherwise contemplated by this Agreement or as the Purchaser shall otherwise consent in writing in advance (which consent shall not be unreasonably withheld or delayed), the Seller shall not take any of the following actions with respect to the Business and, to the extent applicable, shall cause the other members of the Seller's Group not to:

- (a) amend or otherwise change any articles of association, by-laws, certificates of incorporation or similar corporate governing documents of the Group Entities;
- (b) reclassify, split (*splitsing van aandelen, samenvoeging van verschillende klassen van aandelen*), repay, recapitalize (*omzetting reserves in aandelenkapitaal*), redeem, adjust the par value of, pay out stock dividend or repurchase, or allow to be reclassified, split, repaid, redeemed or repurchased any shares or other ownership interests of the Group Entities;
- (c) create, allot, issue, dispose of, pledge or otherwise encumber, or allow to be created, allotted, issued, disposed of, pledged or otherwise encumbered any shares, ownership interests or voting securities, or any warrants, convertible securities, other rights of any kind to acquire or receive any shares, any other ownership interests or any voting securities of the Group Entities, or issue any instruments that give rise to the right of the holder to obtain shares, ownership interests or voting securities in the Group Entities, except as required by the NXP Financing Arrangements;
- (d) declare, set aside, make or pay any dividend in kind or otherwise or make any equity distribution in kind or otherwise to shareholders of the Group Entities;
- (e) incur any additional indebtedness, or issue any debt securities or assume, guarantee or endorse any material obligations of any other Person, except in the Ordinary Course of Business and except as required by the NXP Financing Arrangements;
- (f) make any (i) capital expenditures which exceed, on a quarterly basis, USD 500,000 (five hundred thousand United States dollars), or (ii) material loans or capital contributions to, or investments in, any other Person (other than the Group Entities), in each case except in the Ordinary Course of Business;

- (g) acquire (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or any equity interest therein;
- (h) sell, assign, lease, transfer, license, or otherwise dispose of, or extend or exercise any option to sell, assign, lease, transfer, license, or otherwise dispose of, any assets of the Group Entities, except in the Ordinary Course of Business, provided that no Relevant IP-Rights are affected;
- (i) mortgage or pledge any assets of the Group Entities except as required by the NXP Financing Arrangements;
- (j) terminate or materially extend or materially modify any Material Contract;
- (k) enter into any contract, arrangement or commitment or amend any contract, arrangement or commitment, other than in the Ordinary Course of Business;
- (l) materially increase, amend or grant any employee benefits in any manner, except in the Ordinary Course of Business, including (i) adopting, entering into or amending any bonus, profit sharing, compensation, stock option, warrant pension, retirement, deferred compensation, employment, severance, termination or other employee benefit plan, agreement or arrangement for the benefit or welfare of any officer, director or employee or (ii) agree to any increase in the compensation payable or to become payable to any officer, director of employee;
- (m) settle any legal proceedings or other disputes (i) that would result in the Seller, or to the extent applicable the Group, being enjoined in any respect material to the Transaction or the Business or (ii) for an amount, in the aggregate, exceeding USD 250,000 (two hundred and fifty thousand United States dollars);
- (n) accelerate the delivery or sale of products or the incurrence of capital expenditures, or offer discounts on sale of products or premiums on purchase of raw materials, except in the Ordinary Course of Business;
- (o) increase the headcount of any of the Group Entities other than in the Ordinary Course of Business;
- (p) take any action that would cause any Seller's Warranty not to be true and accurate as at Closing;
- (q) save for a change as per 1 January 2011 in respect of the depreciation period for new high volume automation assets, make any change in the Accounting Principles Consistently Applied;

- (r) change any Tax accounting method of, or make any Tax election (except as permitted by this Agreement) for, or settle or compromise any Tax liability of, any Group Entity; or
- (s) authorize or enter into any agreement or commitment with respect to any of the foregoing.

5.2 Austrian Carveout

- 5.2.1 The Seller shall (i) use reasonable efforts to procure that the audited accounts for the financial year ending 31 December 2010 of NXP Austria are produced and ready for inclusion in the De-merger Deed by 15 February 2011; (ii) procure that the managing directors of NXP Austria, as soon as practicable, draw up, publish in the official gazette and file with the competent Companies Register the De-Merger Deed; (iii) procure the adoption of a shareholders' resolution of NXP Austria approving the De-Merger Deed and resolving on the Austrian Carveout; and (iv) procure the instruction to the managing directors of NXP Austria to file without undue delay after the adoption of the respective shareholders' resolution a respective registry application. The Seller shall regularly inform the Purchaser of the progress being made with respect to the Austrian Carveout and provide the Purchaser with such information as it may reasonably request with respect thereto.
- 5.2.2 The Purchaser undertakes to give all reasonable information and other assistance to the Seller to complete the Austrian Carveout as soon as reasonably practicable after the date hereof.

5.3 Intra-group balances; Termination of intra-group agreements

- 5.3.1 The Seller shall procure that (i) each of the relevant members of the Seller's Group pays in full prior to Closing all Intra-Group Receivables, and (ii) each of the Group Entities pays in full prior to Closing all Intra-Group Payables.
- 5.3.2 The Seller shall procure that, except as expressly set out in this Agreement or otherwise agreed between the Parties in writing, all existing agreements and arrangements (excluding the Retained Intra-Group Agreements) between one or more members of the Seller's Group (excluding the Group Entities) on the one hand and one or more Group Entities on the other hand shall be, prior to Closing, terminated or amended to remove any such Group Entity as a party thereto.

5.4 Access to information

- 5.4.1 Between Signing and Closing, the Seller shall procure that each of the Group Entities (a) provides the Purchaser in a timely fashion with monthly statements (in a form consistent with the form used by the Seller's Group, however in any event comprising a balance sheet and a profit and loss account) in respect of each month ending after the Signing

but before Closing and (b) affords the Purchaser and its Representatives upon reasonable notice, reasonable access during normal business hours to the books and records of or relating in whole or in part to the Group. The Purchaser acknowledges and agrees that any information provided to it or any of its Representatives is subject to the terms of the Confidentiality Agreement, the terms of which are incorporated herein by reference.

5.4.2 The obligation of the Seller under this Clause 5.4 shall be subject to the right of the Seller or the relevant Group Entity to refuse access to information on the grounds that access:

- (a) would be contrary to any Law provided that the Seller or the relevant Group Entity received written advice to such effect from outside counsel;
- (b) would cause material undue disruption to the business activities of the relevant Group Entity or its management; or
- (c) would, in the reasonable opinion of the Seller or the management of the relevant Group Entity, involve issues of commercial sensitivity and confidentiality such that access could materially damage the value or competitiveness of the relevant Group Entity or lead to a material breach of any obligations of the relevant Group Entity.

5.5 NXP China pre-registration name change

As soon as practicable, but in any event no later than two (2) Business Days after the satisfaction of the Competition Condition, the Seller shall cause NXP China, with the assistance of the Purchaser, to prepare and file all documentation, notices or applications necessary to register a proposed new name of NXP China with the Beijing Administration of Industry and Commerce (the registration authority of NXP China).

5.6 China Equity Transfer Agreement

As soon as practicable, but in any event no later than five (5) Business Days after the satisfaction of the Competition Condition, the Parties shall enter into the China Equity Transfer Agreement. Neither Party shall enforce, or seek to enforce, the China Equity Transfer Agreement until after the China Transfer Registration Certificate, signed by the Parties, has been received by De Brauw. In the event that this Agreement is terminated in accordance with Clauses 4.4 or 6.4, the Parties agree to terminate the China Equity Transfer Agreement in accordance with clause 7 of the China Equity Transfer Agreement, in which case parties may enforce clause 7 of the China Equity Transfer Agreement.

5.7 Filing with Approval Authority China

As soon as reasonably practicable following entry into the China Equity Transfer Agreement, but in any event no earlier than thirty-five (35) calendar days before the estimated Closing Date, the

Seller and the Purchaser shall prepare and Seller shall cause NXP China to file with the Administrative Committee of Beijing Economic-Technological Development Area (the approval authority of NXP China) all notices and applications necessary to obtain (i) approval for the transfer of the Chinese Shares, and (ii) a revised certificate of approval of NXP China (together the “**China Transfer Approval**”). The Purchaser shall cooperate with and timely provide to the Seller all documents, information and other materials as required by the Seller for the purposes of obtaining the China Transfer Approval.

6 CLOSING

6.1 Date and place

Subject to the satisfaction, or waiver under Clause 4.3.2, of each of the Closing Conditions, the Closing shall take place:

6.1.1 in Amsterdam, the Netherlands, at the offices of De Brauw Blackstone Westbroek and (in parallel) in Vienna, Austria, at the offices of Purchaser’s Austrian counsel, commencing at 11.00 a.m. CET on the first Business Day of the Seller’s Group’s monthly reporting period immediately following satisfaction or waiver of the Closing Conditions, or

6.1.2 at any such other date, time or location as may be agreed between the Seller and the Purchaser in writing.

6.2 Payment of Initial Purchase Price

6.2.1 The Purchaser shall pay the Chinese Initial Purchase Price and the Austrian Purchaser shall pay the Austrian Initial Purchase Price, in each case on the Business Day immediately before and with value on the Closing Date, into the DBBW Account under the reference “Purchase Price Sonar; 777/20493509” and under the instruction to De Brauw (for the attention of Arne Grimme) that such amount shall be held by De Brauw in the DBBW Account on behalf of the Purchaser until signature by the Parties of the Closing Certificate, after which De Brauw in the DBBW Account shall:

- (a) hold the Austrian Initial Purchase Price on behalf of the Seller and pay said amount in accordance with the Seller’s instructions; and
- (b) subject to Clause 6.2.2, continue to hold the Chinese Initial Purchase Price on behalf of the Purchaser until receipt of the China Transfer Registration Certificate signed by the Parties, after which De Brauw in the DBBW Account shall hold the Chinese Initial Purchase Price on behalf of the Seller and pay said amount in accordance with the Seller’s instructions.

For the avoidance of doubt, the title to the China Shares will transfer from Seller to Purchaser at the moment the China Transfer Registration Certificate, signed by the Parties, has been received by De Brauw.

6.2.2 In the event that the China Transfer Registration does not take place within 12 months of the Closing Date, the Seller's obligations under this Agreement to transfer the Chinese Shares to the Purchaser shall terminate and De Brauw in the DBBW Account shall pay the Chinese Initial Purchase Price in accordance with the Purchaser's instructions. In such event Parties also agree to terminate the China Equity Transfer Agreement in accordance with clause 7 of the China Equity Transfer Agreement.

6.3 Closing Actions

At the Closing, the Parties shall perform the Closing Actions as set out in Schedule 4. Upon completion of the Closing Actions, or waiver in respect thereof, the Parties shall sign the Closing Certificate.

6.4 Breach of Closing obligations

6.4.1 If any Party fails to comply with any of its material obligations in this Clause 6 or its obligations under Schedule 4, the Purchaser, in the case of non-compliance by the Seller, or the Seller, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to the right to claim damages) by written notice to the Seller or the Purchaser, as the case may be, served on the date set for Closing, (a) to waive the fulfillment of the obligations of the other Party, or (b) to fix a new date for the Closing (being the first Business Day of the next monthly reporting period of the Seller's Group) in which case the provisions of Clauses 6.2 and 6.3 and Schedule 4 shall apply to the Closing as so deferred.

6.4.2 If the non-complying Party fails to comply with any material obligation in this Clause 6 or its obligations under Schedule 4 on the new date for the Closing pursuant to Clause 6.4.1, the other Party shall be entitled (in addition to and without prejudice to its right to claim damages) by written notice served on such new date for the Closing:

- (a) to terminate this Agreement without liability on its part or on the part of those on whose behalf notice is served; or
- (b) to effect the Closing so far as practicable having regard to the defaults which have occurred; or
- (c) subject to Clause 4.4, to set a new date for the Closing (being the first Business Day of the next monthly reporting period of the Seller's Group) in which case the provisions of Clauses 6.2 and 6.3 and Schedule 4 shall apply to the Closing as so deferred.

7 CLOSING STATEMENTS

7.1 Preparation of the Statements

As soon as practicable, and in any event within sixty (60) Business Days after the Closing Date, the Seller shall prepare and deliver to the Purchaser:

- 7.1.1 an unaudited statement prepared in the form of Schedule 9, setting forth the Working Capital as per the Effective Time (the “**Working Capital Statement**”); and
- 7.1.2 an unaudited statement prepared in the form of Schedule 10, setting forth the Net Cash as per the Effective Time (the “**Net Cash Statement**”, together with the Working Capital Statement, the “**Statements**”).

7.2 Agree or disagree

- 7.2.1 The draft Working Capital Statement and draft Net Cash Statement shall be delivered to the Purchaser at the same time, it being further agreed that:
 - (a) if the Purchaser disagrees with the draft Working Capital Statement or draft Net Cash Statement, then the Purchaser shall within sixty (60) Business Days after receipt thereof, but no sooner than ninety (90) Business Days after Closing deliver notice of such disagreement to the Seller, such notice (the “**Notice of Disagreement**”) to specify (i) each line item in the relevant draft statement(s) with which the Purchaser disagrees, (ii) the amount of adjustment proposed by the Purchaser, and (iii) in reasonable detail, the reason for the Purchaser’s disagreement in respect of each such line item;
 - (b) if the Purchaser does not deliver a Notice of Disagreement in terms of Clause 7.2.1(a), then the draft Working Capital Statement and draft Net Cash Statement shall be final and binding on the Seller (and each relevant other member of the Seller’s Group) and the Purchaser (and each relevant other member of the Purchaser’s Group) for purposes of the determination of the Purchase Price, provided that such determination shall not prejudice recovery of the Losses incurred due to a breach of the Seller’s Warranties, to the extent this would not result in the Seller compensating the Purchaser twice in relation to substantially the same facts and circumstances.
 - (c) if the Purchaser delivers a Notice of Disagreement in terms of Clause 7.2.1(a), then:
 - (i) at the election of the Seller, each line item in the draft Working Capital Statement and draft Net Cash Statement in respect of which the Purchaser does not deliver a Notice of Disagreement in accordance with Clause 7.2.1(a), shall be final and binding

on the Seller (and each other member of the Seller's Group) and the Purchaser (and each other member of the Purchaser's Group) in the meaning of Clause (b); and

- (ii) the Seller and the Purchaser shall attempt in good faith to reach agreement in respect of those line items in the relevant draft Working Capital Statement and/or draft Net Cash Statement in respect of which the Purchaser has thus given Notice of Disagreement, provided that if the Seller and the Purchaser are unable to reach such agreement within twenty (20) Business Days of delivery of the Notice of Disagreement, the Seller or the Purchaser may by notice to the other require that those line items in the relevant draft Working Capital Statement and/or draft Net Cash Statement that have been properly specified in the Purchaser's Notice of Disagreement in accordance with Clause 7.2.1(a) and subsequently have not been agreed upon between the Seller and the Purchaser within the aforesaid twenty (20) Business Days, be referred to the Reporting Accountants in the terms of Schedule 11.

7.3 No indemnified liabilities

The Statements will not take into account liabilities for which the Seller is liable under this Agreement, which liabilities will include the Tax indemnity as set out in Schedule 20, provided that these liabilities are also not taken into account when determining the Reference Working Capital.

7.4 No forward looking valuations

It is understood between the Parties that no corrections to the Statements may be proposed by or on behalf of the Purchaser to the extent these are based on a judgment about the future earnings potential, prospects or feasibility of (part of) the Business.

7.5 Post-Closing market or business developments

The Statements include certain estimates and judgments which may change over time. The Seller and the Purchaser agree that any market or business developments after the preparation by the Seller of the Statements shall not be taken into consideration and that the status of the affairs of the Group and market circumstances at the time of the Closing and during the preparation of the Statements by the Seller shall prevail. Any facts or events arising after the date, upon which the Seller has prepared the draft Statements and presented them in accordance with Clause 7.1 to the Purchaser, shall not be taken into consideration in the final determination of the Statements.

7.6 Cooperation in connection with the Statements

In order to enable the preparation and determination of the Statements, the Purchaser shall, and shall cause the Group Entities to (i) keep up-to-date all books and records relating to the Business, and (ii) co-operate with the Seller and its Representatives with regard to the preparation and determination of the Statements. The Purchaser agrees to make available the services of the Employees to provide reasonable assistance to the Seller in the performance of the Seller's duties under this Clause 7.

8 ADJUSTMENT OF THE INITIAL PURCHASE PRICE

8.1 Working Capital adjustment

8.1.1 If the aggregate Working Capital is greater than 105 percent (105%) of the Reference Working Capital or more, the excess (only the amount over 105 percent (105%)), shall on a dollar-for-dollar basis be paid to the Seller by the Purchaser.

8.1.2 If the aggregate Working Capital is less than 95 percent (95%) of the Reference Working Capital or less, the difference (only the amount less than 95 percent (95%)) shall on a dollar-for-dollar basis be paid to the Purchaser by the Seller.

8.2 Net Cash adjustment

8.2.1 If the aggregate Net Cash is greater than nil (0), the excess shall on a dollar-for-dollar basis be paid to the Seller by the Purchaser.

8.2.2 If the aggregate Net Cash is less than nil (0), the difference shall on a dollar-for-dollar basis be paid to the Purchaser by the Seller.

8.3 Payment and interest

8.3.1 Any payment to be made pursuant to Clauses 8.1 or 8.2 shall:

- (a) to the extent possible, be aggregated and discharged by way of set-off between these payments;
- (b) be made by wire transfer of immediately available funds to such bank account as the recipient Party may designate on or before the fifth (5th) Business Day after the Statements become final and binding upon the Seller and the Purchaser pursuant to Clause 7 and Schedule 11; and
- (c) include interest thereon calculated from the day after the Effective Time to the date of payment, both days inclusive, at the Interest Rate.

8.3.2 All payments (including interest payments) made under this Clause 8 shall be made on account of the Purchase Price.

9 POST-CLOSING OBLIGATIONS

9.1 Filing with Registration Authority China

- 9.1.1 On the Closing Date, however in any event no later than three (3) Business Days after the Closing Date, the Purchaser shall prepare and Seller shall cause NXP China to file with the Beijing Administration of Industry and Commerce (the registration authority of NXP China) all application documents necessary to obtain (i) approval for amendment of the registration information of NXP China and (ii) a revised business license for NXP China reflecting the transfer of the Chinese Shares from the Seller to the Purchaser and the change of name so as to exclude “NXP” and/or “恩智浦” from the name of NXP China (together the “**China Transfer Registration**”). The Seller shall promptly cooperate with and provide all necessary information and assistance reasonably required by the Purchaser in connection with the obtainment of the China Transfer Registration.
- 9.1.2 As soon as practicable following the completion of the China Transfer Registration, the Purchaser shall prepare and file all application documents necessary to register the change of name and shareholder of NXP China with all other relevant Governmental Authorities in the People’s Republic of China, including, without limitation, any applicable tax authorities, foreign exchange authorities, customs offices and finance authorities (the “**China Residual Registrations**”). Seller shall promptly cooperate with and provide all necessary information and assistance reasonably required by the Purchaser in connection with the obtainment of the China Residual Registrations.
- 9.1.3 All filing fees and other costs incurred in relation to the China Transfer Approval, China Transfer Registration and China Residual Registrations shall be borne by the Parties in equal parts.
- 9.1.4 Immediately following completion of the China Transfer Registration, and in any event no later than two (2) Business Days after the revised business license has been issued to NXP China, the Parties shall sign and deliver to De Brauw (for the attention of Arne Grimme) the China Transfer Registration Certificate.

9.2 Trade receivables/payables; Post-Closing receipts

- 9.2.1 Subject to Closing, if at any time after the Effective Time, any member of the Seller’s Group receives any amount in respect of any receivable of a Group Entity, then the Seller shall procure that the relevant member of the Seller’s Group pays the amount received, less reasonable administrative expenses, to the relevant Group Entity, as soon as reasonably practicable.
- 9.2.2 Subject to Closing, if at any time after the Effective Time, any member of the Purchaser’s Group receives any amount in respect of any receivable of any member of the Seller’s Group then the Purchaser shall procure that the relevant member of the Purchaser’s

Group pays the amount received, less reasonable administrative expenses, to the relevant member of the Seller's Group, as soon as reasonably practicable.

9.3 Use of names

- 9.3.1 The Purchaser shall procure that, as soon as practicable after the Closing, but in any event (a) in the case of NXP Austria, within twenty (20) Business Days after the Closing Date, and (b) in the case of NXP China, as part of the completion of the China Transfer Registration, the shareholders of the relevant Group Entity adopt the shareholders' resolutions and the managing directors of the relevant Group Entity file the register applications required to change the relevant Group Entity's name so that it does not contain the name "NXP", or any abbreviation thereof or any name or lettering which is likely to be confused with the same, and (ii) the Seller is furnished with appropriate written evidence of such actions.
- 9.3.2 After registration of the new name following the application pursuant to Clause 9.3.1 the Purchaser shall not, and shall procure that no member of the Purchaser's Group shall, use in any way whatsoever, by means of trading names, domain names, registered or unregistered trade marks, logos or otherwise, the name "NXP", or any abbreviation thereof or any name or lettering which is confusingly similar to the same. Notwithstanding the foregoing provisions of this Clause 9.3.2, the Purchaser shall, as soon as practicable after the Closing, but in any event within nine (9) months after the Closing Date, procure that the name "NXP", or any abbreviation thereof, is removed from all future products, business stationery and other assets held by the Group, and from all premises occupied by the Purchaser's Group.

9.4 Retention of records

- 9.4.1 The Purchaser shall retain for a period of five (5) years from Closing, or such longer period as may be prescribed by applicable law, all books, records and other written information relating to the Business which are held at premises occupied by the Group at Closing and, to the extent reasonably required by the Seller, shall allow the Seller, upon reasonable notice, access during normal office hours to such books, records and other information, including the right to inspect and take copies at the Seller's expense, provided that this does not cause any material undue interference in the operation of the Business.
- 9.4.2 The Seller shall retain for a period of five (5) years from Closing, or such longer period as may be prescribed by law, any books, records or other written information relating to the Business and/or the Group Entities which are not held at the premises occupied by the Group at Closing and, to the extent reasonably required by the Purchaser, shall allow the Purchaser, upon reasonable notice, access during normal office hours to such books, records and information, including the right to inspect and take copies at the Purchaser's expense, provided that this does not cause any material undue interference in the operation of the Seller's business.

9.5 Insurance

- 9.5.1 The Purchaser acknowledges and agrees that as from the Closing Date all insurance cover provided in relation to the Group pursuant to policies maintained by (any member of) the Seller's Group, whether such policies are maintained with third party insurers or within the Seller's Group, shall be terminated or shall no longer provide coverage for any events, occurrences or accidents occurring, on or after the Closing Date, and no third party or member of the Seller's Group shall have any liability or responsibility for any such events, occurrences or accidents under such policies occurring on or after the Closing Date.
- 9.5.2 In respect of any events, occurrences or accidents occurring prior to the Closing Date, the Purchaser shall procure that, as from thirty (30) calendar days after the Closing Date, no members of the Purchaser's Group (including the Group) shall make any claim under any insurance policy of any member of the Seller's Group (excluding the Group).
- 9.5.3 In accordance with the provisions of the Seller's respective D&O policies, the Seller shall provide notice to all its appropriate insurers of any pending claim or act, incident or omission of which the Seller is aware that may give rise to a claim after Closing as a result of an alleged act, incident or omission that occurred prior to Closing.

9.6 Employees and Long-Term Benefit Arrangements

- 9.6.1 The provisions of Schedule 14 shall apply in respect of the Employees.
- 9.6.2 The provisions of Schedule 15 shall apply in respect of Long-Term Benefit Arrangements.

9.7 Trapped Cash

- 9.7.1 For the purpose of this provision:

"Trapped Cash" means cash available to NXP China at Closing that cannot be transferred out of China in a reasonably short period after Closing;

"Closing Trapped Cash" shall mean the amount of Trapped Cash at Closing.

"Maximum Trapped Cash Amount" means USD 13,000,000 (thirteen million United States dollars) of Closing Trapped Cash, decreased by (i) any dividends paid by NXP China to the Seller between Signing and Closing (ii) any payment made by NXP China for services rendered under the GSA China or under similar agreements entered into by NXP China or under a recapitalization of NXP China or under an IP license agreement entered into by NXP China with any Member of the Seller's Group, in each case between Signing and Closing;

"Excess Trapped Cash" means the amount of Closing Trapped Cash in excess of the Maximum Trapped Cash Amount;

- 9.7.2 Between Signing and Closing, the Seller shall use reasonable efforts to minimize the availability of Trapped Cash by, among others and to the extent permissible, paying dividends or making payments for services rendered by the Seller.
- 9.7.3 Closing Trapped Cash shall be included as freely available cash in the Net Cash Statement up to the Maximum Trapped Cash Amount.
- 9.7.4 After Closing, the Purchaser shall cause NXP China to pay to the Seller such amounts due to the Seller for services rendered prior to Closing up to the amount of Closing Trapped Cash. Within five (5) Business Days from receipt of such payments, the Seller shall pay to the Purchaser the amount that was taken into account in the Net Cash determination as for Trapped Cash.
- 9.7.5 After Closing, Purchaser shall pay to the Seller promptly any cash that it receives from NXP China up to the amount of Excess Trapped Cash to the extent these amounts can legally be paid by NXP China to the Purchaser or any of its affiliates by way of dividend and/or by way of payment for services rendered (similar to the GSA Agreement) and/or by way of recapitalization and/or by way of payment of IP royalties under licenses granted by members of the Purchaser's Group to NXP China, provided that such obligation shall be limited to USD 5,000,000 (five million United States dollars) per financial year. The Purchaser shall use its reasonable efforts to pay to the Seller any amounts of Excess Trapped Cash in an amount as high as possible but in no event more than USD 5,000,000 (five million United States dollars) per financial year.
- 9.7.6 Any costs, including Tax, reasonably incurred by NXP China and/or the Purchaser in connection with the Purchaser's obligations under Clauses 9.7.4 and 9.7.5 as well as costs, including Tax, reasonably incurred by NXP China and/or the Purchaser in connection with any dividend paid after Closing (to the extent the payments which Purchaser has received have not exceeded the Maximum Trapped Cash Amount) shall be borne by the Seller.

9.8 Information for Seller's Group's financial reporting

The Purchaser shall provide the Seller, in a timely manner as reasonably requested by the Seller and at the Seller's cost, with all such information as the Seller's Group may require in order to comply with its financial reporting obligations.

10 WARRANTIES

10.1 Seller's Warranties

10.1.1 Subject to the remaining provisions of this Clause 10 and Clauses 12 and 13, the Seller represents and warrants to the Purchaser that the Seller's Warranties:

- (a) are true and accurate as at Signing; and

(b) shall, save as otherwise expressly provided in the Seller's Warranties, also be true and accurate as at Closing.

10.1.2 The Purchaser acknowledges and agrees that the Seller makes no representation or warranty as to the accuracy of any forecasts, estimates, projections, statements of intent or statements of opinion howsoever provided to the Purchaser on or prior to the date hereof (including any information of that nature contained in the Disclosure Letter or in the Due Diligence Information). The Purchaser acknowledges that no representations or warranties, express or implied, have been given or are given other than the Seller's Warranties.

10.1.3 Any Seller's Warranty qualified by the expression "so far as the Seller is aware" or "to the Seller's knowledge" or any similar expression shall, unless otherwise stated, be deemed to refer to the actual knowledge of any individual whose name is set out in Part 1 of Schedule 19, and such knowledge such individual should have had after having made reasonable enquiry taking into account the individual's position and the individual's responsibility.

10.1.4 Notwithstanding anything else to the contrary in this Agreement, the Purchaser's sole and exclusive remedy against the Seller for a breach of Seller's Warranties shall be a claim for Losses made pursuant to this Clause 10.

10.1.5 The applicability of Sections 7:17 and 7:23 of the Netherlands Civil Code is hereby excluded.

10.2 Seller's disclosures

The Seller's Warranties are subject to, and the Seller shall not be liable for breach of any of the Seller's Warranties in relation to, any matter which is fairly disclosed in this Agreement (including, for the avoidance of doubt, the Disclosure Letter) or fairly disclosed in the Due Diligence Information except for any disclosures against the Seller's Warranties in paragraphs 3 (Accounts) and 11 (Tax) of Schedule 16 in respect of which valid disclosures can only be made in the Disclosure Letter. Fair disclosure in the meaning of the preceding sentence shall mean that the respective breach of the relevant Seller's Warranty would have been appreciated and understood by a reasonable business person upon due consideration and without recourse to, and independent review of, any other source of information.

10.3 Liability of Seller for breach

After the Closing and subject to this Clause 10 and Clauses 12 and 13, the Seller shall be liable to the Purchaser for any Losses incurred by the Purchaser or a member of the Purchaser's Group including the Group Entities in connection with or as a result of any breach of the Seller's Warranties, which breach of Seller's Warranties shall occur where same is untrue or inaccurate as at the date on which the same is given or such breach is attributable to the fraud, dishonesty or willful concealment on the part of the Seller.

10.4 Purchaser's Warranties

The Purchaser represents and warrants to the Seller that:

10.4.1 the Purchaser's Warranties are true and accurate as at the date hereof and shall also be true and accurate as at Closing; and

10.4.2 neither the Purchaser, nor any other member of the Purchaser's Group is aware of any breach of the Seller's Warranties other than those items included in Schedule 25, which shall not prejudice the Purchaser's right to claim for Losses under this Clause 10.

10.4.3 Any reference to the expression "**so far as the Purchaser is aware**" or "**to the Purchaser's knowledge**" or any similar expression shall, unless otherwise stated, be deemed to refer to the actual knowledge of any individual whose name is set out in Schedule 24.

10.4.4 Notwithstanding anything else to the contrary in this Agreement, the Seller's sole and exclusive remedy against the Purchaser for a breach of Purchaser's Warranties shall be a claim for Losses made pursuant to this Clause 10.

10.5 Liability of Purchaser for breach

After the Closing, the Purchaser shall be liable to the Seller for any Losses incurred by the Seller in connection with or as a result of any breach of the Purchaser's Warranties, which breach of Purchaser's Warranties shall occur where same is untrue or inaccurate in any material respect as at the date on which the same is given.

11 TAX INDEMNITY

11.1 Tax indemnity

The provisions of Schedule 20 shall apply in respect of Taxes.

12 LIMITATION OF THE SELLER'S LIABILITY

12.1 Time limitation for claims

The Seller shall not be liable under this Agreement in respect of any Losses resulting from a breach under the Seller's Warranties unless the Purchaser gives a notice of the Losses to the Seller specifying the matters set out in Clause 13.2:

12.1.1 within the applicable statutory limitation period following Closing in respect of the Seller's Warranties given in respect of the Shares and the Group Entities as contained in Paragraphs 1 and 2 of Schedule 16;

12.1.2 within sixty (60) days after expiry of the statutory limitation period applicable in the relevant jurisdiction for the Tax matter giving rise to such claims and any applicable term during which additional assessments can be levied under the relevant Law;

12.1.3 within three (3) years following Closing in respect of the Seller's Warranties given in respect intellectual property matters as contained in Paragraph 13 of Schedule 16; and

12.1.4 within eighteen (18) months following Closing in respect of any other Seller's Warranties.

12.2 Minimum claims

Subject to any other limitations set out in this Agreement, the Seller shall only be liable under this Agreement

12.2.1 If the liability agreed or determined in respect of any individual claim, or a series of claims arising from identical facts exceeds USD 250,000 (two hundred fifty thousand United States dollars) ("**Minimum Claim**"), and

12.2.2 If the Aggregate of the Minimum Claims exceeds USD 4,000,000 (four million United States Dollars) ("**Deductible**"), provided if such Deductible is exceeded, the Seller shall be liable only for the amount exceeding the Deductible provided that this Clause 12.2 shall not apply to any claim (a) under Paragraphs 1, 2.1 or 2.2 of Schedule 16, (b) under Clause 11, (c) under Paragraph 11 of Schedule 16 (Tax), (d) under Paragraph 7.4 of Schedule 16 (Employee Bonuses for time period prior to December 31, 2010) and (e) arising out of or in connection with circumstances set out in Schedule 25 to the extent the circumstances set out in Schedule 25 are not listed in the Disclosure Letter.

12.3 Maximum liability

12.3.1 Excluding (a) claims under Paragraphs 1, 2.1 or 2.2 of Schedule 16 and (b) claims under the Tax indemnity set out in Schedule 20, the aggregate liability of the Seller in respect of all claims under this Agreement shall not exceed 5% (five percent) of the Purchase Price, provided that, together with any of the other claims under this Agreement, the aggregate liability of the Seller in respect of (a) Paragraph 6.3.1 of Schedule 16 (GSA Agreement), (b) Paragraph 3 of Schedule 16 (Accounts), (c) Paragraph 11 of Schedule 16 (Tax), and (d) Paragraph 16 of Schedule 16 (Intellectual Property) shall not exceed 10% (ten percent) of the Purchase Price.

12.3.2 Without detracting from Clause 12.3.1, the aggregate liability of the Seller in respect of all claims under this Agreement including in case of (a) claims under Paragraphs 1, 2.1 or 2.2 of Schedule 16 and (b) claims under the Tax indemnity set out in Schedule 20, shall not exceed the Purchase Price.

12.4 Provisions

Seller shall not be liable under this Agreement in respect of any claim if and to the extent that any allowance, provision or reserve is made in a Working Capital Statement, a Net Cash Statement, or in the Accounts (and not released prior to the Effective Time) for the matter giving rise to the claim provided that allowances, provisions or reserves for Taxes, except for payroll related Taxes and VAT related Taxes in the Ordinary Course of Business, shall not reduce the Seller's liabilities for such amounts.

12.5 Matters arising subsequent to this Agreement

The Seller shall not be liable in respect of any matter, act, omission or circumstance (or any combination thereof), including the aggravation of a matter or circumstance, to the extent that the same would not have occurred but for:

- 12.5.1 any matter or thing done or omitted to be done pursuant to and in compliance with this Agreement or otherwise at the request in writing or with the approval in writing of the Purchaser;
- 12.5.2 any act, omission or transaction of the Purchaser or any other member of the Purchaser's Group, or their respective directors, officers, employees or agents or successors in title, after the Closing;
- 12.5.3 the passing of, or any change in, after the date of this Agreement, any law or administrative practice of any Governmental Authority, including any increase in the rates of Taxation or any imposition of Taxation or any withdrawal of relief from Taxation not actually (or prospectively) in effect at the date of this Agreement;
- 12.5.4 any change after the date of this Agreement of any generally accepted interpretation or application of any law; or
- 12.5.5 any change in accounting or Taxation policy, bases or practice of the Purchaser or any other member of the Purchaser's Group introduced or having effect after the Closing Date.

12.6 Insurance

The Seller shall not be liable under this Agreement in respect of any claim to the extent that the Losses in respect of which such claim is made are covered by a policy of insurance, in which event Clauses 12.9.2 and 12.9.3 shall apply.

12.7 Net financial benefit

Any Losses which the Purchaser may be entitled to claim hereunder shall be calculated on an after-Tax basis provided that the Tax benefit has been realized, meaning that such Losses shall be reduced by (i) any Tax refund actually received by the relevant Group Entity; (ii) any reduction

of Tax actually owing by the relevant Group Entity; or (iii) in case of additional depreciations or amortisations for Tax purposes, the net present value of future Tax refunds or reductions of Tax as a result of such additional depreciations or amortisations and calculated at the Interest Rate; to the extent that the Tax refund or reduction of Tax is directly connected with the facts as a result of which the Losses have been incurred.

12.8 Mitigation of Losses

The Purchaser shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any Losses which in the absence of mitigation might give rise to a liability in respect of any claim under this Agreement.

12.9 Purchaser's right to recover

12.9.1 Recovery for direct and actual Losses. The Seller shall not be liable in respect of:

- (a) any loss of profit, loss of goodwill or any (other) indirect or consequential losses; and
- (b) any Losses relating to any actual liability unless and until such actual liability is due and payable, or any Losses relating to any liability which is contingent unless and until such contingent liability becomes an actual liability and is due and payable, provided that this Clause 12.9.1(b) shall not operate to exclude liability in relation to a claim made in respect of an actual or contingent liability within the relevant time limit specified in Clause 12.1 and specifying the matters set out in Clause 13.1.

12.9.2 Prior to recovery from the Seller. If, before the Seller pays an amount in discharge of any claim under this Agreement, the Purchaser, a Group Entity or any other member of the Purchaser's Group recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates the Purchaser, the Group Entities or any other member of the Purchaser's Group (in whole or in part) in respect of the Loss which is the subject matter of the claim, the Purchaser shall either:

- (a) before steps are taken to enforce a claim against the Seller (but, for the avoidance of doubt, following the required notification of the Seller under Clause 13.2), procure that all reasonable steps are taken to enforce recovery against the third party and any actual recovery (less any reasonable costs incurred in obtaining such recovery) shall reduce or satisfy, as the case may be, such claim to the extent of such recovery; or

- (b) procure that the Seller be subrogated to all rights that the Purchaser has or would otherwise have in respect of the claim against the third party, upon the Purchaser receiving payment of the Loss by the Seller.

12.9.3 Following recovery from the Seller. If the Seller has paid an amount in discharge of any claim under this Agreement and the Purchaser, a Group Entity or any other member of the Purchaser's Group subsequently is entitled to recover or does recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates the Purchaser, the Group Entity or any other member of the Purchaser's Group (in whole or in part) in respect of the Loss which is the subject matter of the claim, the Purchaser shall either:

- (a) procure that all steps are taken to enforce such recovery or shall procure that the relevant Group Entity or other member of the Purchaser's Group shall pay to the Seller as soon as practicable after receipt an amount equal to (a) any sum recovered from the third party less any costs and expenses reasonably incurred in obtaining such recovery or, if less, (b) the amount previously paid by the Seller to the Purchaser; or
- (b) procure that the Seller be subrogated to all rights that the Purchaser has or would otherwise have in respect of the claim against the third party.

12.10 Further limitations

12.10.1 In no event shall the Seller be liable more than once for the same matter under different Seller's Warranties or under Seller's Warranties and an indemnity.

12.10.2 The Seller shall not be liable for an amount higher than the actual damages and any liability shall not take into consideration any valuation principle (including any multiplier) applied by the Purchaser in calculating the Initial Purchase Price.

13 CLAIMS

13.1 Notification of potential claims

If key managers, officers or directors of the Purchaser or of a Group Entity become aware of any matter or circumstance that may give rise to a claim against the Seller under this Agreement, the Purchaser shall, as soon as reasonably practicable, and in any event within thirty (30) Business Days, give a notice in writing to the Seller setting out such information as is available to the Purchaser or the Group as is reasonably necessary to enable the Seller to assess the merits of the claim, to act to preserve evidence and to make such provision as the Seller may consider necessary, provided that failure to give such notification within the aforesaid thirty (30) Business

Days shall not affect the Purchaser's right to make the claim except to the extent the Seller shall have been or will be actually prejudiced as a result of such failure.

13.2 Notification of claims under this Agreement

Notices of claims under this Agreement shall be given by the Purchaser to the Seller within the time limit specified in Clause 12.1, specifying full information of the legal and factual basis of the claim and the evidence on which the Purchaser relies and, if practicable, an estimate of the amount of Losses which are, or are to be, the subject of the claim (including any Losses which are contingent on the occurrence of any future event).

13.3 Commencement of proceedings

Any claim notified pursuant to Clause 13.2 shall (if it has not been previously satisfied, settled or withdrawn) be deemed to be withdrawn six (6) months after the notice is given pursuant to Clause 13.2, and any claim notified pursuant to Clause 13.2 (contingent liability) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to be withdrawn six (6) months after such contingent liability becomes an actual liability and is due and payable, unless legal proceeding which may include arbitration as set forth in Clause 18.2, in respect of it (i) have been commenced by being both issued and served and (ii) are being and continue to be pursued with reasonable diligence.

13.4 Investigation by the Seller

In connection with any matter or circumstance notified by the Purchaser pursuant to Clause 13.1 or 13.2:

13.4.1 the Purchaser shall allow, and shall procure that each Group Entity and the other relevant members of the Purchaser's Group allow, the Seller and its Representatives to investigate the matter or circumstance alleged to give rise to such claim and whether and to what extent any amount is payable in respect of such claim; and

13.4.2 the Purchaser shall disclose to the Seller all information of which the Purchaser or any other member of the Purchaser's Group is aware which relates to the claim, and shall procure that all relevant members of the Purchaser's Group give, subject to their being paid reasonable costs and expenses, all such information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, in each case as the Seller or its Representatives may reasonably request.

13.5 Procedure for third party claims

If the claim notified pursuant to Clause 13.1 and 13.2 is a result of or connected with a claim by or liability to a third party, then:

- 13.5.1 no admissions in relation to such third party claim shall be made by or on behalf of the Purchaser or any other member of the Purchaser's Group and the claim shall not be compromised, disposed of or settled without the express prior written consent of the Seller;
- 13.5.2 the Seller shall be entitled at its own expense and in its absolute discretion, upon approval by the Purchaser which shall not be unreasonably withheld to take such action as it shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest such claim or liability (including making counterclaims or other claims against third parties) in the name of and on behalf of the Purchaser or other member of the Purchaser's Group concerned and to have the conduct of any related proceedings, negotiations or appeals; and
- 13.5.3 where the Seller has received approval pursuant to Clause 13.5.2:
- (a) the Purchaser shall, and shall procure that the other members of the Purchaser's Group shall give, subject to their being paid all reasonable costs and expenses, all such information and assistance including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Seller may reasonably request for the purpose referred to in Clause 13.5.2, including instructing such professional or legal advisers as the Seller may nominate to act on behalf of the Purchaser or other member of the Purchaser's Group concerned but in accordance with the Seller's instructions; and
 - (b) the Seller shall keep the Purchaser informed of all relevant matters relating to the claim and shall promptly forward or procure to be forwarded to the Purchaser copies of all correspondence and other written communications relating to the claim.

14 PARENT GUARANTEE

14.1 Guarantee

Each of the Purchaser Parent and the Seller Parent hereby:

- 14.1.1 as a separate and independent obligation, unconditionally and irrevocably guarantees to the Seller respectively the Purchaser and the Austrian Purchaser, and shall be jointly and severally liable, as an absolute guarantor (*Abstrakte Garantie*) to the Seller respectively the Purchaser and the Austrian Purchaser for the due and punctual performance and observance by the Purchaser and the Austrian Purchaser and the Purchasers' assigns respectively the Seller and the Seller's assigns of all their obligations, commitments, undertakings, warranties and indemnities under or pursuant to this Agreement and under or pursuant to the Austrian Demerger Deed, (whereby it is hereby explicitly recorded that

in respect of the indemnities contained in the Austrian Demerger Deed the limitations provided under Clause 12 shall not apply) (the “**Guaranteed Obligations**”); and

14.1.2 agrees to indemnify, defend and hold harmless the Seller respectively the Purchaser and, as an irrevocable third party stipulation (*derdenbeding*), all other members of the Seller’s Group respectively the Purchaser’s Group against all Losses which any of same may suffer through or arising from any breach by the Purchaser and/or the Purchaser’s assigns respectively the Seller and the Seller’s assigns, of the Guaranteed Obligations.

14.2 Default; enforcement; non-waiver

14.2.1 If and whenever a default occurs for any reason whatsoever in the performance of any of the Guaranteed Obligations, the Purchaser Parent or the Seller Parent, as the case may be, shall forthwith upon demand unconditionally perform (or procure performance of) and satisfy (or procure the satisfaction of) the Guaranteed Obligations in regard to which such default has been made in the manner prescribed by this Agreement and so that the same benefits shall be conferred on the Seller respectively the Purchaser as it would have received if the Guaranteed Obligations had been duly performed and satisfied by the Purchaser respectively the Seller.

14.2.2 As a separate and independent obligation each of the Purchaser Parent and the Seller Parent agrees that any of the Guaranteed Obligations (including any moneys payable) which may not be enforceable against or recoverable from the Purchaser respectively the Seller by reason of any legal limitation, disability or incapacity on or of any of the same or any other fact or circumstances (other than any limitation imposed by this Agreement) shall nevertheless be enforceable against and recoverable from the Purchaser Parent respectively the Seller Parent as though the same had been incurred by the Purchaser Parent respectively the Seller Parent and the Purchaser Parent respectively the Seller Parent were the sole or principal obligor in respect thereof and shall be performed or paid by the Purchaser Parent respectively the Seller Parent on demand.

14.2.3 The liability of each of the Purchaser Parent and the Seller Parent under this Clause 14 shall not be released or diminished by any variation of the Guaranteed Obligations or any forbearance, neglect or delay in seeking performance of the Guaranteed Obligations or any granting of time for such performance.

15 RESTRICTIONS

15.1 Restrictions on Seller

15.1.1 The Seller and the Seller Parent undertake with the Purchaser to procure that no member of the Seller’s Group shall, during the Restricted Period:

(a) undertake any Restricted Activity; or

- (b) without the prior written consent of the Purchaser, induce or seek to induce any Employee to become employed whether as employee, consultant or otherwise by any member of the Seller's Group, whether or not such Employee would thereby commit a breach of his or her contract of service, provided that the placing of an advertisement of a post available to a member of the public generally and the recruitment of a person through an employment agency shall not constitute a breach of this Clause 15.1.1(b), provided that no member of the Seller's Group instructs or encourages such agency to approach any Employee.

15.1.2 The restrictions in Clause 15.1.1 shall not operate to prohibit any member of the Seller's Group from:

- (a) undertaking a Restricted Activity after such time as the Purchaser's Group ceases to directly carry on a Restricted Activity;
- (b) fulfilling any obligation pursuant to this Agreement and any agreement entered into pursuant to this Agreement;
- (c) acquiring the whole or part of any business if the turnover attributed to Restricted Activities of such business does not (i) represent more than twenty percent (20%) of the aggregate annual turnover thereof and (ii) does not exceed USD 50 million; and
- (d) without detracting from Clause 15.1.2(c), holding an interest in a business which is engaged in a Restricted Activity in respect of which the Seller's Group does not have a majority shareholding or other controlling interest, or the right to nominate the majority of directors or representatives of similar standing to the board of directors or a governing body of similar standing, provided that if such business is listed on any recognised stock exchange, a controlling interest shall be deemed to exist if the interest held amounts to fifteen percent (15%) or more of the outstanding issued share capital of a company.

15.2 Restriction on Purchaser

The Purchaser undertakes with the Seller to procure that no member of the Purchaser's Group shall, during the Restricted Period, without the prior written consent of the Seller actively induce or directly seek to induce any person employed in the Seller's Group other than the Employees to become employed by any member of the Purchaser's Group, provided that the placing of an advertisement of a post available to a member of the public generally and the recruitment of a person through an employment agency shall not constitute a breach of this Clause 15.2, provided further that no member of the Purchaser's Group instructs or encourages such agency to approach any such person.

16 ANNOUNCEMENTS AND CONFIDENTIALITY

16.1 Announcements

No announcement or circular in connection with the existence or the subject matter of this Agreement shall be made or issued by or on behalf of any member of the Seller's Group or the Purchaser's Group without the prior written approval of the Seller and the Purchaser. This shall not affect any announcement or circular required by Law or, if applicable, the rules of any recognised stock exchange on which the shares of any member of either the Seller's Group or the Purchaser Parent's Group are listed, provided that the Party or the Purchaser Parent that has, or whose group member has, an obligation to make an announcement or issue a circular, shall consult with the other Party or the Purchaser Parent insofar as is reasonably practicable before compliance with such an obligation.

16.2 Confidentiality

16.2.1 The Parties acknowledge that the Confidentiality Agreement shall cease to have any force or effect from the Closing Date.

16.2.2 Subject to Clause 16.1 and Clause 16.2.3, each of the Parties shall treat as strictly confidential and not disclose or use any information contained in or received or obtained as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) which relates to:

- (a) the provisions of this Agreement or any agreement entered into pursuant to this Agreement;
- (b) the negotiations relating to this Agreement (or any such other agreement); or
- (c) a Party to this Agreement or the business activities carried on by it or any member of its group.

16.2.3 Clause 16.2.2 shall not prohibit disclosure or use of any information if and to the extent:

- (a) the disclosure or use is required by Law or, if applicable, the rules of any recognised stock exchange on which the shares of any Party (or a member of the Seller's Group or the Purchaser's Group or the Purchaser Parent) are listed;
- (b) the disclosure or use is required to vest the full benefit of this Agreement in any Party;
- (c) the disclosure or use is required for the purpose of any legal proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made to a Tax Authority in connection with the Tax affairs of the disclosing Party;

- (d) the disclosure is made to professional advisors of any Party on terms that such professional advisors undertake to comply with the provisions of Clause 16.2.2 in respect of such information as if they were a party to this Agreement;
- (e) the information is or becomes publicly available other than by breach of the Confidentiality Agreement or of this Agreement;
- (f) the other Party has given prior written approval to the disclosure or use; or
- (g) the information is independently developed after Closing,

provided that prior to disclosure or use of any information pursuant to Clause 16.2.3(a), the Party concerned promptly notifies the other Party of such requirement with a view to providing the other Party with the opportunity to contest such disclosure or use or otherwise to agree the timing and content of such disclosure or use.

17 OTHER PROVISIONS

17.1 Further assurances

Each of the Parties shall from time to time execute such documents and perform such acts and things as any Party may reasonably require to transfer the Shares to the Purchaser and to give any Party the full benefit of this Agreement.

17.2 Entire agreement

17.2.1 This Agreement and its ancillary agreements contain the entire agreement between the parties to this Agreement relating to the subject matter of this Agreement, to the exclusion of any terms implied by Law which may be excluded by contract, and supersedes any previous written or oral agreement between the parties to this Agreement in relation to the matters dealt with in this Agreement (including, for the avoidance of doubt, the LOI which is hereby terminated).

17.2.2 The Purchaser acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly set out in this Agreement.

17.3 No assignment

Except as otherwise expressly provided in this Agreement, no party to this Agreement may, unless with the prior written consent of the Parties, assign, grant any security interest over or otherwise transfer, in whole or in part, any of its rights and obligations under this Agreement.

17.4 Waiver

No waiver of any provision of this Agreement shall be effective unless such waiver is in writing and signed by or on behalf of the party entitled to make such waiver.

17.5 Amendment

No amendment of this Agreement shall be effective unless such amendment is in writing and signed by or on behalf of each of the Parties.

17.6 Third-party rights

Save as expressly otherwise stated, this Agreement does not contain any stipulation in favour of a third party (*derdenbeding*).

17.7 Rescission

Without prejudice to Clauses 4.3.1 and 6.4.2(a), the Parties waive their respective rights to rescind or cancel this Agreement on the basis of Sections 6:265 or 6:228 of the Netherlands Civil Code.

17.8 Method of payment

17.8.1 Any payments shall be effected by crediting for same day value the account specified by the Seller or the Purchaser, as the case may be, on behalf of the Party entitled to the payment (reasonably in advance and in sufficient detail to enable payment by telegraphic or other electronic means to be effected) on or before the due date for payment.

17.8.2 Payment of any amount in accordance with this Agreement shall be a good discharge to the payor (and those on whose behalf such payment is made) of its obligation to make such payment and the payor (and those on whose behalf such payment is made) shall not be obliged to see to the application of the payment as between those on whose behalf the payment is received.

17.9 No withholding

17.9.1 All sums payable under this Agreement shall be paid free and clear of all deductions or withholdings for or on account of Tax whatsoever save only as may be required by law. If any such deductions or withholdings are required to be made by the Party making the payment pursuant to applicable law, such Party shall be obliged to pay to the other Party such sum as will after such deduction or withholding has been made leave the other Party with the same amount as it would have been entitled to receive in the absence of any such requirement to make such deduction or withholding.

17.9.2 Notwithstanding the foregoing, this Clause 17.9 shall not apply to any Taxes imposed by China on the transfer of the Chinese Shares (including with respect to any adjustment of the Purchase Price allocable to the Chinese Shares under Clause 8). In the case of the transfer of the Chinese Shares under this Agreement, Seller shall timely pay all of the Taxes due with respect to such

transfer in accordance with applicable Law and shall provide proper evidence of payment of such Taxes to Purchaser in a timely manner.

17.10 Invalidity

If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any Law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected. To the extent permitted by Law, such provision shall be deemed substituted by provisions (i) that are valid, legal and enforceable and (ii) the operation and effect of which are as similar as possible to the provisions they substitute for.

17.11 Costs

Unless this Agreement provides otherwise, all costs which a party has incurred or must incur in preparing, concluding or performing this Agreement are for its own account. All stamp, transfer, registration, sales and other similar Taxes, duties, fees, imposts, levies and charges and all notarial fees payable in connection with the sale, assignment, transfer or purchase of the Shares under this Agreement shall be paid by the Purchaser, except for stamp duty arising in respect of the transfer of the Chinese Shares, which shall be shared equally between the Parties and except for stamp duty arising out of or triggered in respect of agreements to which the Purchaser is not a party.

17.12 Interest

If any Party defaults in the payment when due of any amount payable under this Agreement, then the liability of that Party shall be increased to include interest on such amount from the date when such payment is due under this Agreement until the date of actual payment (both days inclusive) at the Interest Rate.

17.13 Notices

17.13.1 Notices and other statements in connection with this Agreement and any other agreement that is connected with this Agreement (unless the parties expressly agree otherwise) shall be (i) written in the English language, (ii) delivered by hand, email, facsimile or courier to the recipient's address as set forth below or to such other address as a Party may notify to the other Parties from time to time and (iii) shall be given:

if to the Seller, to:

Name: NXP B.V.

Address: High Tech Campus 60

5656 AG Eindhoven

Country: The Netherlands

Fax: +31 40 272 9658

Attention: General Counsel

if to the Seller Parent, to:

Name: NXP Semiconductors N.V.

Address: High Tech Campus 60

5656 AG Eindhoven

Country: The Netherlands

Fax: +31 40 272 9658

Attention: General Counsel

with a copy to:

Name: De Brauw Blackstone Westbroek

Address: Claude Debussylaan 80

1082 MD Amsterdam

Country: The Netherlands

Fax: +32 20 577 1775

Email: arne.grimme@debrauw.com

Attention: Arne Grimme

and

if to the Purchaser to:

Name: Knowles Electronics, LLC
Address: 1151 Maplewood Drive, Illinois, USA 60143
Country: USA
Fax: 630-250-0575
Email: jeff.niew@knowles.com
Attention: Jeffrey Niew

if to the Purchaser Parent to:

Name: Dover Corporation
Address: 3005 Highland Parkway, Suite 200, Downers Grove Illinois, USA 60515
Country: USA
Fax: 630-743-26575
Email: IMC@dovercorp.com
Attention: Ivonne Cabrera and Peter Marshall

17.13.2 The Purchaser and the Purchaser Parent for service of process in connection with this Agreement choose domicile at the following address, or such other person or address in the Netherlands as the Purchaser and the Purchaser Parent, acting jointly, may notify to the Seller from time to time:

Name: Baker & McKenzie
Address: Claude Debussylaan 54, 1082 MD Amsterdam
Country: The Netherlands
Fax: + 31 20 626 7949
Email: mike.jansen@bakermckenzie.com[.]

Attention: Mike Jansen

17.13.3 A notice shall be effective upon receipt and shall be deemed to have been received:

- (a) at the time of delivery, if delivered by hand, or courier;
- (b) at the time of transmission in legible form, if delivered by fax or email.

18 GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

This Agreement and the documents to be entered into pursuant to it, save as expressly otherwise provided therein, shall be governed by and construed in accordance with the Laws of the Netherlands.

18.2 Forum

Except for any dispute relating to the determination of the Statements, which shall be resolved in accordance with the dispute resolution method as set forth in Clause 7.2 and Schedule 11, the Seller, the Seller Parent, the Purchaser and the Purchaser Parent irrevocably agree that all disputes which may arise out of or in connection with this Agreement and the documents to be entered into pursuant to it, including disputes concerning the existence and validity thereof, shall be finally and exclusively settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (“**ICC**”). The tribunal shall be composed of three arbitrators. The place of arbitration shall be Paris. The proceedings shall be conducted in the English language in accordance with the rules of law (regelen des rechts). The right, if any, to discovery is excluded. The ICC shall not be permitted to have the award published. The parties undertake to keep confidential all awards in their arbitration, together with all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial authority.

AGREED AND SIGNED ON 22 DECEMBER BY:

NXP B.V., as the Seller

/s/ Edward R. Arnstein

By: Edward R. Arnstein
Title: Senior Vice President
Date: 22/12/10

/s/ Mark A. Hamersma

By: Mark A. Hamersma
Title: Proxy holder
Date: December 22, 2010

NXP Semiconductors N.V., as the Seller Parent

/s/ Edward R. Arnstein

By: Edward R. Arnstein
Title: Senior Vice President
Date: 22/12/10

/s/ Mark A. Hamersma

By: Mark A. Hamersma
Title: Proxy holder
Date: December 22, 2010

Knowles Electronics, LLC, as the Purchaser

/s/ Peter Marshall

By: Peter Marshall
Title: Proxy Holder
Date: 12/22/10

Eff Acht Beteiligungsverwaltung GmbH, as the Austrian Purchaser

/s/ Peter Marshall

By: Peter Marshall

Title: Proxy Holder

Date: 12/22/10

Dover Corporation, as the Purchaser Parent

/s/ Peter Marshall

By: Peter Marshall

Title: Proxy Holder

Date: 12/22/10

Schedule 1 DEFINITIONS

“**A-Patents**” has the meaning set forth in paragraph 13.1 of Schedule 16.

“**Accounting Principles**” means the NXP accounting principles in accordance with US Generally Accepted Accounting Principles or US GAAP.

“**Accounts**” means the agreed form for the unaudited balance sheet and profit and loss accounts in respect of the Business as of December 31, 2009 and per the Accounts Date and for the year and for the nine months then ended, respectively, with amounts derived from the general ledgers, using the Accounting Principles, and as provided to the Seller in the format of FS-items for the purpose of incorporating these in the Seller’s consolidated balance sheet, but adjusted, in respect of NXP Austria, to reflect solely the assets and liabilities related to the Business. A copy of these Accounts is attached as Schedule 27.

“**Accounts Date**” means the last Sunday of the NXP financial book month of the period of the reported Accounts, being 3 October 2010.

“**Agreement**” means this agreement between the Seller, the Purchaser, the Austrian Purchaser, the Seller Parent and the Purchaser Parent, including the schedules hereto (which, for the avoidance of doubt, includes the Ancillary Agreements).

“**Ancillary Agreements**” means the Intellectual Property Transfer and License Agreement and the Transitional Services Agreement, and “**Ancillary Agreement**” means any one of them.

“**Assumed Long Term Benefits Liability**” has the meaning set forth in Schedule 15.

“**Anti-Trust Approval**” means the anti-trust, merger control or similar approvals, consents and clearances required under Chinese Law for completion of the Transaction.

“**Audit**” has the meaning set forth in Paragraph 8.2.1 of Schedule 20.

“**Austrian Carveout**” has the meaning set forth in recital (H).

“**Austrian Demerger Deed**” means the demerger deed in respect of the Austrian Carveout in substantially the same form as attached in Part 1 of Schedule 3.

“**Austrian Initial Purchase Price**” means the portion of the Initial Purchase Price attributable to the Austrian Shares in accordance with Schedule 7.

“**Austrian Local Sale and Purchase Agreement**” means the agreement (in the form of a notarial deed) in substantially the same form as attached to Schedule 5 and entered into between the Parties on or around the date of this Agreement.

“**Austrian Purchaser**” has the meaning set forth in the introduction of this Agreement.

“**Austrian Shares**” means the entire issued share capital of NXP Austria.

“**B-Patents**” has the meaning set forth in paragraph 13.1 of Schedule 16.

“**Business**” has the meaning set forth in recital (B).

“**Business Day**” means a calendar day, other than a Saturday or a Sunday, on which commercial banks in Amsterdam, the Netherlands, and Chicago, Illinois USA are generally open for business.

“**Business Plan**” the business plan in relation to the Business contained in the Virtual Data Room.

“**China Equity Transfer Agreement**” means the agreement in substantially the same form as attached to Schedule 6 and entered into between the Parties on the date specified in Clause 5.6 of this Agreement.

“**China Transfer Approval**” has the meaning set forth in Clause 5.7.

“**China Transfer Registration**” has the meaning set forth in Clause 9.1.1.

“**China Transfer Registration Certificate**” means the certificate to be signed by both Parties in accordance with Clause 9.1.4 substantially in the form set forth in Q (Part 2).

“**Chinese Initial Purchase Price**” means the portion of the Initial Purchase Price attributable to the Chinese Shares in accordance with Schedule 7.

“**Chinese Residual Registrations**” has the meaning set forth in Clause 9.1.2.

“**Chinese Shares**” means 100% of the issued shares of NXP China.

“**Closing**” means the performance of the actions set forth in Clause 6.3.

“**Closing Actions**” means the closing actions set forth in Schedule 4.

“**Closing Certificate**” means the certificate to be signed by both Parties in accordance with Clause 6.3 substantially in the form set forth in Schedule 26 (Part 1).

“**Closing Conditions**” has the meaning set forth in Clause 4.1 and “**Closing Condition**” means any one of them.

“**Closing Date**” means the date on which the Closing takes place, which in no event shall be more than 5 calendar days after the Effective Time.

“Commercial Agreement” means the commercial agreement agreed and to be entered into between the Purchaser, the Group and the Seller between Signing and Closing on the basis of the binding term sheet, attached hereto as Schedule 21 (Part 3), in relation to the MMDS for group MEMS microphone components.

“Competition Authority” means the Anti Monopoly Bureau of the Ministry of Commerce of the People’s Republic of China.

“Competition Condition” has the meaning set forth in Clause 4.2.2(a).

“Confidentiality Agreement” means the confidentiality agreement dated 1 October 2008 between the Seller and the Purchaser in relation to information concerning the Business.

“Consistently Applied” means the consistent application of the Accounting Principles, to be measured on the basis of the application of the Accounting Principles by the Seller’s Group in its financial statements for the period ended on the Accounts Date.

“DBBW Account” means the third party bank account (“*advocatuurlijke derdengeldrekening*”) of De Brauw Blackstone Westbroek N.V., account no. 24.34.76.795 from ABN AMRO Bank (Blaak 555, 3011 GB ROTTERDAM), BIC Code FTSBNL2RXXX, IBAN Code NL41 FTSB 0243 4767 95 in the name of “Stg Beheer Derdengelden De Brauw Blackstone Westbroek”.

“De Brauw” means De Brauw Blackstone Westbroek N.V.

“Disclosure Letter” means the document (together with its attachments) disclosing information constituting exceptions to the Seller’s Warranties, annexed to this Agreement as Schedule 17.

“Domain Names” has the meaning set forth in Paragraph 13.1 of Schedule 16.

“Due Diligence Information” means the information contained in the Virtual Data Room as at 23:59 CET on 9 December 2010 (excluding, for the avoidance of doubt, the IPO-prospectus) which information is electronically stored on the DVDs delivered by the Seller to the Purchaser on the Signing Date.

“Effective Time” means the end of the day CET on the last day of the monthly reporting period of the Seller’s Group immediately preceding the Closing Date.

“Employees” means all those persons who are at the Effective Time employed by:

- (a) NXP China or who are, immediately after the Registration Date, employed by NXP Austria; or

(b) a member of the Seller's Group (other than the Group Entities) and working primarily or exclusively in the Business and whose details (formal employer, name and country of location) are set forth in Part 2 of Schedule 14.

and "**Employee**" means any one of them.

"**Encumbrance**" means any charge, mortgage, lien, option, equity, power of sale, pledge, usufruct, retention of title, right of pre-emption, right of first refusal or other similar third party rights or security interest of any kind or an agreement to create any of the foregoing.

"**Environment**", "**Environmental Authority**", "**Environmental Law**", "**Environmental Permit**" and "**Event**" have the meanings set forth in Paragraph 9.1.

"**Global Release Letter**" means the global release letter issued by the global collateral agent under the NXP Financing Arrangements, pursuant to which the lenders or secured parties under the NXP Financing Arrangements release the assets of the Group from liens and shall cease to have any rights under any security established over the assets of the Group pursuant to the NXP Financing Arrangements.

"**Governmental Authority**" means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether supranational, federal, state or local, domestic or foreign.

"**Group**" means NXP China and NXP Austria, taken as a whole.

"**Group Entities**" means NXP China and NXP Austria, and "**Group Entity**" means anyone of them or the relevant one of them, as the context requires.

"**Group Material Adverse Effect**" means any fact, circumstance or change that has or is reasonably likely to have a material adverse effect on the Business taken as a whole; provided, however, that facts, circumstances or changes or effects resulting from, relating to or arising out of the following shall not be taken into account when determining whether a Group Material Adverse Effect has occurred or is reasonably likely to occur: (i) general market or economic conditions; (ii) general market or economic conditions in the industries in which the Group conducts the Business; (iii) currency exchange rate fluctuations; (iv) political conditions (including changes arising out of acts of terrorism, sabotage, armed hostilities or war), weather conditions or other force majeure events; (v) changes in Law or changes in the accounting principles pursuant to which the Group is required to change its prior accounting policies or practices; and (vi) any loss of, or adverse change in the relationship with, Employees, customers or suppliers of the Business proximately caused by the pendency or

announcement of the Transaction or any other transactions or actions contemplated by this Agreement.

“GSA Agreements” means (a) the General Services Agreement dated 29 September 2006 between the Seller as service provider and NXP China as service recipient and (b) the General Services Agreement dated 29 September 2006 between the Seller as service provider and NXP Austria as service recipient.

“Guarantee” means any guarantee, indemnity, surety, letter of comfort, letter of credit or other assurance, security or right of set-off given or undertaken by a Person to secure or support the obligations (actual or contingent) of any other Person, whether given directly or by way of counter-indemnity, excluding Guarantees provided under the NXP Financing Arrangements.

“Guaranteed Obligations” has the meaning set forth in Clause 14.1.1.

“Hazardous Substances” has the meaning set forth in Paragraph 9.1.

“ICC” has the meaning set forth in Clause 18.2.

“Initial Purchase Price” means USD 855,000,000 (eight hundred and fifty five million United States dollars).

“Intellectual Property Transfer and License Agreement” means the intellectual property transfer and license agreement to be entered into by the Seller and the Group Entities in agreed form attached hereto as Schedule 12.

“Interest Rate” means 3 month EURIBOR plus 300 basis points.

“Intra-Group Payables” means, in relation to each Group Entity, all amounts owed at any time prior to the Effective Time by that Group Entity to a member of the Seller’s Group (other than the Group Entities) in respect of (a) loans and other indebtedness, in each case including accrued interest calculated consistent with past practice, and (b) trading payables.

“Intra-Group Receivables” means, in relation to each Group Entity, all amounts owed at any time prior to the Effective Time by a member of the Seller’s Group (other than the Group Entities) to that Group Entity in respect of (a) loans and other indebtedness, in each case including accrued interest calculated consistent with past practice, and (b) trading receivables.

“Know-How” has the meaning set forth in paragraph 13.1 of Schedule 16.

“Law” means any applicable statute, law, ordinance, decree, judgment, order, rule or regulation of any Governmental Authority.

“Liabilities” means all liabilities, duties and obligations of every description, whether deriving from contract, common law, statute, court order or stipulation, or otherwise, whether present or future, actual or contingent, known or unknown, ascertained or unascertained or disputed and whether owed or incurred severally or jointly or as principal or surety, and “Liability” means any one of them or the relevant one of them, as the context requires.

“LOI” has the meaning set forth in recital (E).

“Losses” means all damage, losses, liabilities, costs, charges, expenses, claims and demands.

“Net Cash” means, in relation to each Group Entity, the net cash position (cash plus cash equivalents, cash in transit and current investments available within three (3) months minus outstanding cheques in transit minus third party indebtedness items), of the Group Entity as at the Effective Time in accordance with the Accounting Principles Consistently Applied and included in the line items set forth in Schedule 10, as finally agreed between the Parties or determined in accordance with Clause 7.2 and Schedule 11, excluding any item to be included in calculating the Working Capital.

“Net Cash Statement” has the meaning set forth in Clause 7.1.2.

“Non-Sonar Business” has the meaning set forth in Recital (H).

“Notice of Disagreement” has the meaning set forth in Clause 7.2.1(a).

“NXP Austria” means the private limited company, NXP Semiconductors Austria GmbH, incorporated under the laws of Austria, further details of which are set forth in Schedule 2.

“NXP China” has the meaning set forth in recital (A), further details of which are set forth in Schedule 2.

“NXP Financing Arrangements” means financing arrangements entered into by NXP Semiconductors N.V., NXP B.V. and NXP Funding LLC as borrowers, namely the so-called Secured Revolving Credit Facility, Forward Start Revolving Credit Facility, Super Priority Notes, Secured Notes, Unsecured Notes and the Collateral Agency Agreement.

“Ordinary Course of Business” means the conduct of the Sound Solutions business in accordance with normal day-to-day customs, practices and procedures and consistent with past practice, including, but not limited to, the Business Plan.

“Overprovision” has the meaning set forth in Paragraph 4 of Schedule 20.

“Parties” means the Seller and the Purchaser collectively, and **“Party”** means any one of them, as the case may be.

“Patents” has the meaning set forth in paragraph 13.1 of Schedule 16.

“Permitted Encumbrances” means:

- (a) security interests arising under sales contracts with title retention provisions and equipment leases with third parties involving expenditure of less than USD 100,000 (one hundred thousand United States dollars) per year and entered into in the Ordinary Course of Business;
- (b) security interests for Taxes and other governmental charges which are not due and payable or which may be paid without penalty; and
- (c) any other security interests arising by operation of Law.

“Person” means an individual, a company or corporation, a partnership, a limited liability company, a trust or other entity, organization or unincorporated association, including a Governmental Authority.

“Properties” has the meaning set forth in Paragraph 4.1 of Schedule 16, and **“Property”** means any one of them or the relevant one of them, as the context requires.

“Purchase Price” has the meaning set forth in Clause 3.1.

“Purchasers” means the Purchaser and Austrian Purchaser, whereas in case the Purchaser and the Austrian Purchaser enter into any obligation jointly, they shall be jointly liable, and to the extent only the Austrian Purchaser enters into an obligation under this Agreement, the Purchaser shall guarantee the fulfillment of the Austrian Purchaser’s obligation in the meaning, that such guarantee shall be a separate undertaking independent from the Purchaser’s obligation (abstrakte Garantie).

“Purchaser Parent” has the meaning set forth in the introduction of this Agreement.

“Purchaser Parent’s Group” means Dover Corporation and its respective Subsidiaries from time to time, including, as of the Closing Date, the Group Entities.

“Purchaser’s Group” means Knowles Electronics, LLC and its respective Subsidiaries from time to time, including, as of the Closing Date, the Group Entities.

“Purchaser’s Warranties” means the representations and warranties set forth in Schedule 18.

“Reference Working Capital” means USD 45,711,000 (forty five million seven hundred and eleven thousand United States Dollars)

“Registration Date” means the date on which the Austrian Carveout is registered.

“Relevant Employees” has the meaning set forth in Schedule 14.

“Relevant IP-Rights” has the meaning set forth in Recital (G).

“Relevant Period” has the meaning set forth in Paragraph 9.1.

“Relief” has the meaning set forth in Paragraph 1 of Schedule 20.

“Reporting Accountant” means Deloitte or, if that firm is unable or unwilling to act in any matter referred to them under this Agreement, a firm of accountants to be agreed by the Seller and the Purchaser within five (5) Business Days of a notice by the Seller to the Purchaser, or vice versa, requiring such agreement or, failing such agreement, to be nominated on the application of the Seller or the Purchaser by or on behalf of the chairman of the Royal Netherlands Institute of Chartered Accountants.

“Representative” means any officer, employee, legal advisor, financial advisor, accountant or other agent, of the Party concerned.

“Restricted Activity” means the Business as carried on at Signing by the Group Entities.

“Restricted Period” means three (3) years commencing on the Closing Date, or such shorter period of time recognised by Law as being binding on the Seller, and the other members of the Seller’s Group.

“Retained Intra-Group Agreements” means those agreements listed in Schedule 8.

“Retirement Benefit Arrangements” has the meaning set forth in Schedule 15.

“Seller” has the meaning set forth in the introduction of this Agreement.

“Seller Parent” has the meaning set forth in the introduction of this Agreement.

“Seller’s Group” means the Seller Parent and its Subsidiaries from time to time (excluding, as of the Closing Date, the Group Entities).

“Seller’s Warranties” means the representations and warranties set forth in Schedule 16.

“Shares” means the Austrian Shares and the Chinese Shares.

“Signing” means the signing of this Agreement by the Parties.

“Signing Date” means the date on which the last Party to sign this Agreement does so.

“Software” has the meaning set forth in paragraph 13.1 of Schedule 16.

“Statements” has the meaning set forth in Clause 7.1.2.

“Subsidiary” means:

- (a) in respect of the Purchaser, any and all Persons with respect to which, now or hereafter, Knowles Electronics, LLC; or
- (b) in respect of the Seller, any and all Persons with respect to which, now or hereafter, Seller Parent, directly or indirectly, holds more than fifty percent (50%) of the nominal value of, or more than fifty percent (50%) of the voting power at general meetings, or has the power to appoint and to dismiss a majority of the directors or otherwise to direct the activities of such Person, or any other Person qualifying as a ‘subsidiary’ as referred to in Section 2:24a Netherlands Civil Code, excluding in the case of Subsidiaries of the Seller or the Seller Parent, Trident Microsystems, Inc.

“Taxation” or **“Tax”** means all forms of taxation whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, excise, import, asset values, turnover, added value or other reference and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, rates and levies (including without limitation social security contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction or otherwise) and in respect of any person as well as all penalties, fines, charges and interest relating thereto.

“Tax Authority” means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation.

“Tax Liability” means any liability of any of the Group Entities to make an actual payment of (or in respect of) Tax.

“Tax Refund” has the meaning set forth in Paragraph 3 of Schedule 20.

“Tax Return” means any return, declaration, report or information return relating to Taxes, including any schedule or attachments thereto, and including any amendment thereof.

“Tax Warranties” means Seller’s Warranties in Paragraph 11 of Schedule 16.

“Transaction” means the sale, purchase, assignment and transfer of the Shares pursuant to this Agreement.

“Transitional Services Agreement” means the transitional services agreement to be entered into by the Seller and the Purchaser attached hereto in agreed form as Schedule 13.

“Virtual Data Room” means the electronic data room created for purposes of the Transaction and maintained by Imprima Group.

“Working Capital” means, in relation to each Group Entity, the working capital of the Group Entity as at the Effective Time in accordance with the Accounting Principles Consistently Applied and consisting of the line items set forth in Schedule 9, as finally agreed between the Parties or determined in accordance with Clause 7.2 and Schedule 11, excluding any item to be included in calculating the Net Cash.

“Working Capital Adjustment” means, in relation to each Group Entity, the amount by which its Working Capital is greater than its Reference Working Capital (in which case such amount shall be expressed as a positive figure) or by which its Working Capital is less than its Reference Working Capital (in which case such amount shall be expressed as a negative figure) as set out in Clause 8.1.

“Working Capital Statement” has the meaning set forth in Clause 7.1.1.

Schedule 2 THE GROUP ENTITIES

1 NXP Semiconductors Austria GmbH

Registration Number:	FN 282889 p
Registered Office:	Gutheil-Schoder-Gasse 8-12, 1100 Wien
Date and place of incorporation:	23.09.2006, Vienna
Authorised share capital:	EUR 7,500,000
Paid in share capital:	EUR 7,500,000
Shareholders:	NXP B.V. (100%)
Shares held:	1 share in a nominal value of EUR 7.500.000
Directors:	Ernst Müllner, born 10.06.1954 Dr. Volker Graeger, born 29.08.1950 Arno Campostrini, born 07.07.1964

2 NXP Semiconductors Beijing Ltd

Registration Number:	110000410153239
Registered Office:	No.20 Tongji South Road, Beijing Economic-Technological Development Area, Beijing, People's Republic of China
Date and place of incorporation:	22 November, 2000, Beijing
Registered capital:	USD 54,452,400
Shareholders and shares held:	NXP B.V. (100%)
Directors:	Mike Yeh Ernst Muellner David Siu Kee Kiang Carlo van den Akker.

Schedule 4 CLOSING ACTIONS

1 Evidence of authority

1.1 Seller's obligations

At Closing, the Seller shall deliver or make available to the Purchaser:

- (a) evidence of the due satisfaction of the Closing Conditions;
- (b) evidence that each of the Seller Parent and the Seller is authorised to sign this Agreement;
- (c) the Global Release Letter;
- (d) a certificate that, to the best of the Seller's knowledge, all intra-group balances have been settled in accordance with Clause 5.3.1; and
- (e) a certificate that, to the best of the Seller's knowledge, all intra-group agreements have been terminated or amended in accordance with Clause 5.3.2.

1.2 Purchaser's obligations

At Closing, the Purchaser shall deliver or make available to the Seller:

- (a) evidence of the due satisfaction of the Closing Conditions;
- (b) evidence that each of the Purchaser Parent and the Purchaser is authorised to sign this Agreement.

2 Transfer of the Shares

2.1 General transfer obligations

At Closing, the Seller and the Purchaser shall take such steps as are required to transfer the Shares.

2.2 Specific transfer obligations

For the purposes of compliance with Paragraph 2.1, the Seller and the Purchaser shall do the following, in relation to the Group Entities incorporated in the jurisdictions listed below:

- (a) Austria: The Seller shall sell, assign and transfer the Austrian Shares to the Austrian Purchaser, the foregoing to be effected in accordance with terms of the Austrian Local Sale and Purchase Agreement.

- (b) China: The Seller shall sell and transfer the Chinese Shares to the Purchaser, the foregoing to be effected in accordance with terms of the China Equity Transfer Agreement.

3 Further obligations in addition to transfer

At Closing, the Seller shall deliver or make available to the Purchaser the following:

- (a) in each case where the said information is not in the possession or under the control of the Group Entities, the corporate books and records, including the shareholders' register and share certificates in respect of the Group Entities, and all other books and records required to be kept by Law by any Group Entity, all to the extent they are in the possession or under the control of any member of the Seller's Group (excluding the Group Entities); and
- (b) in each case where the information is not otherwise already in the possession or under the control of the Group Entities at Closing, such other books and records in the possession or under the control of the Seller or relevant other member of the Seller's Group (excluding the Group Entities) relating exclusively to the Group Entities save for books, records and other information which such member of the Seller's Group is required by Law to retain.

4 Ancillary Agreements

At Closing, each of the Parties shall, and shall procure that the relevant members of the Seller's Group and the Purchaser's Group, as the case may, and/or the relevant Group Entities, shall, enter into the following Ancillary Agreements:

- (a) the Intellectual Property Transfer and License Agreement, the agreed form of which is attached as Schedule 12;
- (b) the Transitional Services Agreement, the agreed form of which is attached as Schedule 13;
- (c) the binding term sheet for product category 1: smart speaker drivers, substantially in the form attached hereto as Schedule 21 (Part 1);
- (d) the binding term sheet for product category 2B: AGC- based MMDs for K&S, substantially in the form attached hereto as Schedule 21(Part 2);

- (e) the Commercial Agreement for product category 2A: MMDs for group MEMS microphone components; and
- (f) the binding term sheet for produce category 3: optical joystick for KFS substantially in the form attached here to as Schedule 21 (Part 3).

Schedule 7 ALLOCATION OF (INITIAL) PURCHASE PRICE

1. Initial Purchase Price

The allocation of the Initial Purchase Price shall be agreed between the Parties prior to Closing. The shares in NXP Austria shall have a value of at least USD 693,000,000 (six hundred and ninety three million United States Dollars):

2. Allocation of (Initial) Purchase Price

- (f) The (Initial) Purchase Price shall be allocated as follows in respect of each Group Entity:
 - (a) its Initial Purchase Price as agreed pursuant to Paragraph 1 of this Schedule; plus
 - (b) the Net Cash of the relevant Group Entity; plus
 - (c) the Working Capital Adjustment of the relevant Group Entity.

Schedule 8 RETAINED INTRA-GROUP AGREEMENTS

1. To the extent necessary, the GSA Agreement between the Seller and NXP China, only insofar as it relates to the determination and payment to the Seller by NXP China of the relevant amounts owed thereunder in respect of services rendered prior to Closing.

Schedule 11 REPORTING ACCOUNTANTS

1 Reporting Accountants

- 1.1** The Reporting Accountants shall be engaged jointly by the Seller and the Purchaser on the terms set out in Paragraph 1 of this Schedule 11 and otherwise on such terms as shall be agreed; provided that neither the Seller nor the Purchaser shall unreasonably refuse their agreement to terms proposed by the Reporting Accountants or by the Purchaser or the Seller, as the case may be. If the terms of engagement of the Reporting Accountants have not been settled within thirty (30) Business Days of their identity having been determined (or such longer period as the Seller and the Purchaser may agree) then, unless the Seller or the Purchaser unreasonably refuses agreement to those terms, those accountants shall be deemed never to have become the Reporting Accountants and new Reporting Accountants shall be selected in accordance with the provisions of this Agreement.
- 1.2** Except to the extent that the Seller and the Purchaser mutually agree otherwise, the Reporting Accountants shall determine their own procedure; provided that the Reporting Accountants:
- (a) apart from procedural matters and as otherwise set out in the Agreement, shall determine only whether any of the arguments for an alteration to the draft Statements put forward in the notice referred to in Clause 7.2 is correct with respect to the application of the Accounting Principles Consistently Applied in whole or in part; and if so, what alterations should be made to the Statements in order to correct the relevant inaccuracy in it;
 - (b) shall apply the principles set out in Clause 7;
 - (c) shall make their determination as soon as is reasonably practicable.
- 1.3** The procedures of the Reporting Accountants shall:
- (a) give the Seller and the Purchaser a reasonable opportunity to make written representations to them;
 - (b) require that each of the Seller and the Purchaser supply the other with a copy of any written representations at the same time as they are made to the Reporting Accountants; and
 - (c) permit each Party to be present while oral submissions are being made to the Reporting Accountants.

- 1.4** For the avoidance of doubt, the Reporting Accountants shall not be entitled to determine the scope of their own jurisdiction.
- 1.5** The determination of the Reporting Accountants shall:
- (a) be made in writing and made available for collection by the Seller and the Purchaser at the offices of the Reporting Accountants or by mail at such time as they shall determine; and
 - (b) unless otherwise agreed by the Sellers and the Purchaser, include reasons for each relevant determination.
- 1.6** The Reporting Accountants shall act as experts and not as arbitrators and their determination of any matter falling within their competence shall be final and binding (*bindend advies*) on the Seller and the Purchaser, save in the event of manifest error (when the relevant part of their determination shall be void and the matter shall be remitted to the Reporting Accountants for correction). In particular, without limitation, their determination shall be deemed to be incorporated into the draft Statements.
- 1.7** The expenses (including VAT) of the Reporting Accountants shall be borne as they shall direct at the time they make any determination or, failing such direction equally between the Purchaser, on the one hand, and the Seller, on the other hand.
- 1.8** The Seller and the Purchaser shall co-operate with the Reporting Accountants and comply with their reasonable requests made in connection with the carrying out of their duties under this Agreement. In particular, without limitation, the Purchaser shall keep up-to-date all books and records relating to the Group, subject to reasonable notice and confidentiality arrangements, and shall make available to one another's representatives and accountants and the Reporting Accountants all books and records relating to the Group during normal office hours during the period from the appointment of the Reporting Accountants to the making of the relevant determination.
- 1.9** Each Party shall, and shall procure that its accountants and the other advisers and the Reporting Accountants shall, keep all information and documents provided to them pursuant to this Schedule 11 confidential and shall not use the same for any purpose, except for disclosure or use in connection with the preparation of the draft Net Cash Statement, Working Capital Statement, proceedings of the Reporting Accountants.

Confidential Treatment Request — Pages where confidential treatment has been requested are stamped “Confidential Treatment Requested.” The redacted materials have been separately filed with the SEC; the appropriate section has been marked at the appropriate place with a “*.”

Intellectual Property Transfer and License Agreement

Relating to

THE SOUND SOLUTIONS BUSINESS OF NXP

between

NXP B.V.

NXP SEMICONDUCTORS BEIJING LIMITED

NXP SEMICONDUCTORS AUSTRIA GMBH

and

DOVER CORPORATION

Dated 22 December 2010

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INTELLECTUAL PROPERTY TRANSFER AND LICENSE AGREEMENT

THE UNDERSIGNED:

(1) **NXP B.V.**, a limited liability company incorporated in the Netherlands, with corporate seat in Eindhoven, the Netherlands, and address at High Tech Campus 60, 5656AG Eindhoven, the Netherlands (“**Seller**”),

and

(2) **NXP SEMICONDUCTORS BEIJING LIMITED**, a limited liability company incorporated in the People’s Republic of China, and having its address at No 20 Tongji South Road, Beijing Economic-Technological Development Area, Beijing, People’s Republic of China, (“**NXP China**”),

(3) **NXP SEMICONDUCTORS AUSTRIA GMBH**, a private limited company, incorporated under the laws of Austria, and having its address at Gutheil-Schoder-Gasse 8-12, 1100 Vienna, Austria, (“**NXP Austria**”),

(4) **DOVER CORPORATION**, a corporation incorporated under the laws of the State of Delaware, USA, and having its address at 3005 Highland Parkway, Suite 200, Downers Grove Illinois, USA 60515, (“**Dover**”),

together also be referred to as “**Parties**” and each party individually as a “**Party**”, as the case may be,

WHEREAS:

(A) The Seller holds all of the issued shares in the capital of NXP China (the “**Chinese Shares**”) and in the capital of NXP Austria (the “**Austrian Shares**”) (the Chinese Shares and the Austrian Shares together the “**Shares**”).

(B) NXP China and NXP Austria (each a “**Company**” and jointly referred to as the “**Group**” or the “**Companies**”) together own and conduct the Business.

- (C) The Seller and Knowles Electronics, LLC, together with their respective parents and Eff acht Beteiligungsverwaltung GmbH, entered into a sale and purchase agreement on 22 December 2010 for the sale and transfer of the Shares by the Seller to the Purchaser (the “ SPA”).
- (D) By this Intellectual Property Transfer and License Agreement the Seller and the Group wish to set out the terms and conditions applicable to the assignment and licensing to the Group and its Affiliates of intellectual property relating to the Business at the Closing Date, relevant to the aforementioned sale of shares, in order to achieve that (each relevant Company of) the Group and its Affiliates shall acquire, by way of assignment or license, the benefit of rights used in the Business at the Closing Date, to the extent the Seller is able to grant such rights. Furthermore, the Parties wish to ensure that Seller’s remaining business activities do not infringe on the assigned intellectual property rights through a license-back of such rights.

IT IS AGREED AS FOLLOWS

1 DEFINITIONS

When used in this Agreement, the following capitalised terms shall have the meanings set forth below:

Agreement	This Intellectual Property Transfer and License Agreement (including all Annexes attached hereto), as the same may be amended or supplemented from time to time in accordance with the provisions hereof.
A-Patents	The Patents that are listed in Annex A to this Agreement.
A2-Patents	The Patents that are listed in Annex B to this Agreement.
Affiliates	(a) In respect of the Group, any and all Persons with respect to which, now or hereafter, Dover; or (b) in respect of the Seller, any and all Persons with respect to which, now or hereafter, Seller Parent,

directly or indirectly, holds more than fifty percent (50%) of the nominal value of, or more than fifty percent (50%) of the voting power at general meetings, or has the power to appoint and to dismiss a majority of the directors or otherwise to direct the activities of such Person, or any other Person qualifying as a 'subsidiary' as referred to in Section 2:24a Netherlands Civil Code, excluding in the case of Affiliates of the Seller or the Seller Parent: (i) Trident Microsystems, Inc., and (ii) as of the Closing Date, the Group.

B-Patents	The Patents that are listed in Annex C to this Agreement.
B2-Patents	The Patents that are listed in Annex D to this Agreement.
Business	The meaning as ascribed thereto in the SPA.
Business Know-How	All Know-How owned by the Seller and/or its Affiliates, which is exclusively used within the Business immediately prior to the Closing Date.
Business Software	All software owned by the Seller and/or its Affiliates, which is exclusively used within the Business immediately prior to the Closing Date.
Closing Date	The meaning as ascribed thereto in the SPA.
Confidential Information	The meaning as ascribed thereto in Clause 12.
*****	*****
*****	*****
Domain Names	The Internet domain names and applications therefor listed in Annex E to this Agreement, including the registrations of such domain names.
Know-How	All technical and commercial information, data and documents of whatever nature, including drawings, specifications, photographs, samples, trade secrets, models, processes, procedures, libraries, manuals, reports and correspondence, including any copyright and/or database rights and other rights for the protection of know how as they may exist, but excluding any (right in) Software, Patents, trademarks, the Domain Names and any other intellectual property rights therein.

NXP Know-How	All Know-How other than Business Know-How owned by the Seller and/or its Affiliates and which is used within the Business immediately prior to the Closing Date.
Patents	Patents, petty patents, design patents, provisionals, utility models and any applications therefor, including any divisionals, continuations (in part), re-examinations, renewals and re-issues thereof, in any country in the world, as well as any inventions described in invention disclosures.
Software	A code in any programming language contained in any format, including human and machine-readable format.
SPA	As defined in Recital (C).

Any capitalised term used in this Agreement but not defined shall have the same meaning as ascribed thereto in the SPA.

2 INTERPRETATION

2.1 References to persons

References to a person include any individual, company or partnership whether or not having separate legal personality and wherever incorporated or registered.

2.2 References to obligations

- 2.2.1 Any reference in this Agreement to an obligation of the Seller and/or its Affiliates shall be deemed to incorporate a reference to an obligation on the part of the Seller to procure that the relevant obligation is performed by the relevant Affiliates of the Seller, on and subject to the terms and conditions set out in this Agreement.
- 2.2.2 Any reference in this Agreement to an obligation of any member of the Group and/or its Affiliates, shall be deemed to incorporate a reference to an obligation on the part of the Group to procure that the relevant obligation is performed by the relevant member(s) of the Group and its Affiliates, subject to the terms and conditions set out in this Agreement.

- 2.2.3 Any reference in this Agreement to an obligation of any member of the Group and/or its Affiliates, shall be deemed to incorporate a reference to an obligation on the part of the Group to impart such obligation on any of its or its Affiliates' successors in interest.
- 2.2.4 Any reference in this Agreement to an obligation of any member of the Seller and/or its Affiliates, shall be deemed to incorporate a reference to an obligation on the part of the Seller to impart such obligation on any of its or its Affiliates' successors in interest.

2.3 Legal Terms

In respect of any jurisdiction other than the Netherlands, a reference to any Netherlands legal term shall be construed as a reference to the term or concept which most nearly corresponds to it in that jurisdiction.

2.4 Other References

- 2.4.1 Whenever used in this Agreement, the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- 2.4.2 Whenever used in this Agreement, the words "as of" shall be deemed to include the day or moment in time specified thereafter.
- 2.4.3 Any reference in this Agreement to any gender shall include all genders, and words importing the singular shall include the plural and vice versa.

2.5 Drafting Party

No provision of this Agreement shall be interpreted against a Party solely as a result of the fact that such Party was responsible for the drafting of such provision.

2.6 Headings and References

The clause and paragraph headings and table of contents contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

A reference in this Agreement to a Recital, Clause or Annex is to the relevant Recital to, Clause of or Annex to this Agreement.

2.7 Effective date

The rights and obligations of the Parties under this Agreement will not become effective until the Closing Date.

3 ASSIGNMENT OF A-PATENTS

3.1 Assignment and License Back

- 3.1.1 Subject to the terms and conditions of this Agreement, the Seller assigns and will procure its Affiliates to assign to the relevant member of the Purchaser's Parent Group (the "**Recipients**"), effective as of the Closing Date, all of the Seller's and — as applicable — the Affiliate's rights, title and interest in and to the A-Patents.
- 3.1.2 Dover on behalf of the Purchaser's Parent Group accepts, as of the Closing Date, the assignment of the A-Patents and hereby grants (and agrees to grant) and on behalf of the Recipients grants (and agrees to grant) to the Seller and its Affiliates, with effect from the transfer of the A-Patents to the Group, a non-exclusive, perpetual, non-transferable (except as set forth in Clause 16), irrevocable, world-wide, royalty-free, fully paid-up license, *****, under the A-Patents, to make, have made, use (in the broadest sense), sell and offer to sell, import and export, promote or commercialise in any other way products and services *****, which license is hereby accepted by the Seller.
- 3.1.3 *****
- 3.1.4 *****

3.2 Effectuation

The Seller shall, and shall cause its relevant Affiliates to, execute and deliver all files, assignments, and titles, evidence or authorisations as may be required to effect or to formalise the transfer of the A-Patents, and to assist the Group or Purchaser Parent's Group entity in recording the A-Patents at the relevant patent registers in the name of the relevant Company of the Group or its designated Affiliate. For the purpose of the registration of the transfer of the legal title to the A-Patents as per Clause 3.1.1 hereof, the Seller and the relevant member of the Purchaser Parent's Group shall sign a deed of transfer attached substantially in the form of Annex F effective as of the Closing Date.

3.3 Cost of Assignment

The Group shall bear all costs related to the assignment and transfer of the A-Patents from the Seller to the Group pursuant to Clause 3.1.1 including registration thereof.

3.4 Other Costs

The Group shall bear all costs of prosecution and maintenance of the A-Patents arising after the Closing Date, including any remuneration payable to inventors in accordance with applicable national laws with respect to any of the A-Patents on and after the Closing Date, however, Seller shall be responsible for all costs and obligations under agreements existing as of the Closing Date between the inventors and Seller.

3.5 *****

3.6 No Pre-Closing Rights

It is confirmed that the Group does not acquire any rights accruing from ownership of the A-Patents prior to the Closing Date. Accordingly, the Group shall not have the right to (i) collect royalties with respect to the period up to the Closing Date, or to (ii) sue and to collect damages in respect of any act of infringement committed prior to the Closing Date. The Seller and its Affiliates shall not be obliged to take any action in relation to any third party for any act of infringement prior to the Closing Date.

4 LICENSE UNDER B-PATENTS

4.1 Subject to the terms and conditions of this Agreement, the Seller hereby grants, and shall cause its relevant Affiliates to grant, to the Group and its Affiliates, effective as of the Closing Date, a non-exclusive, perpetual, non-transferable (except as set forth in Clause 16 below), irrevocable, world-wide, royalty-free, fully paid-up license, under the B-Patents, to make, have made, use (in the broadest sense), sell and offer to sell, import and export, promote or commercialise in any other way products and product components ***** , which license the Group hereby accepts.

4.2 As to the “have made” rights listed in Clause 4.1 and ****, these rights are restricted to have products made by a third party solely for the use, sale or other disposal by the Group, subject to the condition that all relevant designs and specifications, including working drawings, for the manufacture of such products are owned and furnished by the Group, and said designs, specifications and working drawings are in sufficient detail, such that no modification by the manufacturer is required other than small adaptations to the production processes and standards normally used by the manufacturer, which changes the characteristics of the products only to a negligible extent.

4.3 *****

4.4 *****

5 OTHER LICENSES

Reference is made to the commercial agreements included as a Schedule to the SPA for other licenses (referred to therein as the C-Patent, D-Patent and E-Patent lists as attached to the commercial agreements) which under certain circumstances may be granted by the Seller to the Group and/or its Affiliates in the future.

6 *****

6.1 *****

6.2 *****

6.3 *****

6.4 *****

6.5 *****

7 KNOW-HOW

7.1 License Back Business Know-How

Subject to the terms and conditions of this Agreement, the Group hereby grants (and agrees to grant) to the Seller and its Affiliates, effective as of the Closing Date, a non-exclusive, perpetual, non-transferable (except as set forth in Clause 16), irrevocable, world-wide, royalty-free, fully paid-up license, *****, under the Business Know-How, to make, have made, use (in the broadest sense), sell and offer to sell, import and export, promote or commercialise in any other way products and services, to the extent such Business Know-How is available to the Seller and/or its Affiliates outside the Business immediately prior to the Closing Date, *****, which license is hereby accepted by the Seller.

7.2 License NXP Know-How

Subject to the terms and conditions of this Agreement, the Seller hereby grants to the Group and its Affiliates, effective as of the Closing Date, a non-exclusive, perpetual, non-transferable (except as set forth in Clause 16 below), irrevocable, world-wide, royalty-free, fully paid-up license, *****, under the NXP Know-How, to make, have made, use (in the broadest sense), sell and offer to sell, import and export, promote or commercialise in any other way products within the field of the Business.

8 SOFTWARE

8.1 License Back Business Software

Subject to the terms and conditions of this Agreement, the Group hereby grants (and agrees to grant) to the Seller and its Affiliates, effective as of the Closing Date, a non-exclusive, perpetual, non-transferable (except as set forth in Clause 16), irrevocable, world-wide, royalty-free, fully paid-up license, *****, under the Business Software, to distribute, display, reproduce, copy, perform, modify, use (in the broadest sense), prepare derivative works of and otherwise exploit such Business Software within the business of the Seller and its Affiliates, including the right to make, have made, use (in the broadest sense), sell and offer to sell, import and export, promote or commercialise in any other way products and services based thereon, to the extent such Business Software is available to the Seller and/or its Affiliates outside the Business immediately prior to the Closing Date, *****, which license is hereby accepted by the Seller.

9 DOMAIN NAMES

9.1 Assignment

Subject to the terms and conditions of this Agreement, the Seller hereby assigns to the relevant member of the Purchaser Parent's Group and shall cause its Affiliates to assign all Domain Names, effective as of the Closing Date.

9.2 Effectuation

The Seller shall, and shall cause its relevant Affiliates to, execute and deliver all files, assignments, and titles, evidence or authorisations as may be required to effect or to formalise the transfer of the Domain Names, and to assist the Group in recording the Domain Names at the relevant registers in the name of the relevant member of the Purchaser Parent’s Group or its designated Affiliate. For the purpose of the registration of the transfer of the legal title to the Domain Names as per Clause 9.1 hereof, the Seller and the Group shall sign a deed of transfer substantially in the form of Annex G effective as of the Closing Date.

9.3 Costs

The Group shall bear all costs related to the assignment and transfer of the Domain Names from the Seller to the Group pursuant to Clause 9.1 including registration thereof. The Group shall bear all costs of registration and maintenance of the Domain Names arising on and after the Closing Date.

10 PRIOR COMMITMENTS

10.1 In addition to the conditions expressly set forth elsewhere in this Agreement, all rights in or to any Patents, Know-How, Software or Domain Names granted to the Group and/or its Affiliates by assignment, license or otherwise under this Agreement, are subject to any and all prior commitments entered into prior to the Closing Date *****.

10.2 In addition to the conditions expressly set forth elsewhere in this Agreement, *****.

11 *****

12 CONFIDENTIAL INFORMATION

In connection with the disentanglement and assignments to be performed and licenses to be granted by the Seller to the Group under this Agreement, the Seller and/or its Affiliates and the Purchaser Parent Group may disclose certain Confidential Information to each other. The Seller and the Purchaser Parent’s Group shall, and shall cause their Affiliates to, each maintain the confidentiality of such Confidential Information and shall not, and shall cause its Affiliates not to, use, disclose, or otherwise exploit any Confidential Information for any purpose not expressly authorised by this Agreement. For the purpose of this Agreement, the term “**Confidential Information**” as used herein shall mean all intellectual property licensed under this Agreement or any other data or information that is designated as confidential by the Seller or the Purchaser Parent’s Group. Notwithstanding the foregoing, Confidential Information shall not include information that (i) is publicly available or in the public domain at the time disclosed, or (ii) is or becomes publicly available or enters the public domain through no fault of the Purchaser Parent’s Group.

13 DISCLAIMER

Other than as represented and warranted in the SPA or otherwise agreed elsewhere in the SPA or this Agreement, the assignments made and licenses granted by the Seller and/or its Affiliates hereunder are on an “as is” basis and that the Seller does not make and hereby expressly disclaims any express, statutory or implied representation or warranty (including any warranties of merchantability, fitness for a particular purpose, title, enforceability or non-infringement). The Parties acknowledge and agree that neither the Seller nor its Affiliates shall have any obligation under this Agreement to maintain, prosecute or file for any Patents, Know-How, Software or any other intellectual property rights, or to provide any upgrades or enhancements thereto to the Group and/or its Affiliates.

14 SPA

Any claim for a breach of any covenants or undertakings of the Seller and/or its Affiliates hereunder or of any of the representations and warranties contained in this Agreement (if any) shall only be enforceable against the Seller and/or its Affiliates in accordance with Clause 13 of the SPA, and liability, and limitations on such liability, in respect of any breach of such covenants, undertakings, representations and warranties shall be determined solely in accordance with the terms of the SPA.

15 TERMINATION

This Agreement may not be terminated by any Party after the Closing Date.

16 ASSIGNMENT AND *****

16.1 Save as explicitly provided otherwise in this Agreement, neither this Agreement nor any right or obligation hereunder is assignable in whole or in part, by operation of Law or otherwise, by any Party without the prior written consent of all other Parties, which consent shall not be unreasonably withheld or delayed, except that each Party may transfer or assign its rights under this Agreement without the consent of the other Parties: (a) to one or more of its current Affiliates or an Affiliate created due to an internal reorganisation; or (b) to a third party merger partner or the purchaser in connection with a merger, consolidation or sale of all or substantially all of its stock directly or indirectly or assets or of any portions of its business to which this Agreement relates.

16.2 Any license granted to a Party's Affiliate hereunder will terminate on the date that Person ceases to be an Affiliate of such Party.

16.3 *****

16.4 *****

17 MISCELLANEOUS

17.1 No licenses are granted except those expressly granted under this Agreement. To the extent an expressly granted license under this Agreement includes the right to practice under one or more Patents that are part of the A-Patents or B-Patents, each such license includes not only Patents in existence as of the Closing Date that are part of the A-Patents and B-Patents, as the case may be, but also: (i) all subsequent divisions, continuations, continuations-in-part (but these only to the extent based on inventions existing as of the Closing Date), re-examinations, re-issues, provisionals, extensions and counterparts relating thereto; (ii) all Patents issuing after the Closing Date that arise from inventions first made, conceived or reduced to practice prior to the Closing Date that are part of the Business Know-How, Business Software, or NXP Know-How, as the case may be; and (iii) all Patent claims entitled to the benefit of a priority date from any of the foregoing Patents.

17.2 This Agreement contains the entire agreement between the Parties to this Agreement relating to the subject matter of this Agreement, to the exclusion of any terms implied by Law which may be excluded by contract, and supersedes any previous written or oral agreement between the parties to this Agreement in relation to the matters dealt with in this Agreement.

17.3 Nothing contained in this Agreement shall be deemed or construed to constitute or create a partnership, association, joint venture or other agency between the Parties.

17.4 No variation of this Agreement shall be binding upon any Party unless made by a written instrument, signed by an authorised signatory of each of the Parties.

- 17.5** Save as expressly otherwise stated, this Agreement does not contain any stipulation in favour of a third party (*derdenbeding*).
- 17.6** No waiver of any provision of this Agreement shall be effective unless such waiver is in writing and signed by or on behalf of the party entitled to make such waiver.
- 17.7** All notices or other communications hereunder shall be given in accordance with Clause 17.13 of the SPA.
- 17.8** The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.
- 17.9** The provisions of this Agreement that by their nature are intended to survive termination or expiration of this Agreement shall so survive.
- 17.10** Except as otherwise set forth herein or in the SPA, each Party shall pay its own legal, accounting and other expenses incidental to this Agreement and the consummation of the transactions contemplated thereby.
- 17.11** This Agreement and the documents to be entered into pursuant to it, save as expressly otherwise provided therein, shall be governed by and in accordance with the laws of the Netherlands, without regard to the conflict of laws principles thereof. Any action or proceeding in respect of any claim arising out of or related to this Agreement shall be solely conducted by the Seller and the Purchaser Parent's Group in accordance with the procedure provided in Clause 18.2 of the SPA.

AGREED AND SIGNED ON 22 DECEMBER 2010
BY:

NXP B.V.

By: /s/ Ted Arnstein
Ted Arnstein
Title: Senior Vice President

/s/ Mark Hamersma
Mark Hamersma

NXP SEMICONDUCTORS BEIJING LIMITED

By: _____
Title:

NXP SEMICONDUCTORS AUSTRIA GMBH

By: _____
Title:

DOVER CORPORATION

By: /s/ Peter Marshall
Peter Marshall
Title: Proxy Holder

Schedule 14 EMPLOYEES

Part 1

1 Definitions

In this Schedule 14:

“**Relevant Employees**” has the meaning set out in Paragraph 3.1.

2 Employees employed by the Group Entities

2.1 The Employees employed by the Group Entities will remain employed by the Group Entities following the transfer of the Shares as contemplated by this Agreement.

3 Employees employed by a member of the Seller’s Group other than a Group Entity

3.1 The Employees falling within item (b) of the definition of Employees (“**Relevant Employees**”) will not transfer to the Purchaser or the Group as employees of NXP Austria or NXP China. The following shall apply in respect of the Relevant Employees that do not otherwise transfer by operation of relevant national laws:

- (a) The Purchaser shall, in sufficient time to allow proper contractual or statutory notice of termination of employment to be given to Relevant Employees or at such time as the Parties may agree but in any event not less than ten (10) Business Days prior to the date set in Clause 6.1 for Closing, make an offer to each Relevant Employee listed in Part 2 of this Schedule 14 (other than those under notice of termination of employment for whatever reason) to employ him or her under a new contract of employment commencing immediately after the Effective Time.
- (b) The offer of employment to be made by the Purchaser under Paragraph 3.1(a) shall be such that:
 - (i) the provisions of the new employment contract shall be, as to the capacity and place in which the Relevant Employee concerned will be employed, and as to the other terms and conditions of his or her employment, as far as is practically achievable, unchanged and, when considered overall, no less favourable than the corresponding provisions of his or her contract of employment as existing immediately prior to the Effective Time; and

(ii) the offer of employment provides that the Relevant Employee's period of continuous service with the Seller's Group shall be counted as continuous service with the Purchaser's Group. Excepting where the Seller has, in accordance with normal national practice, made severance payments in respect of such period of continuous service.

(c) The Seller's Group shall terminate the employment of each Relevant Employee with effect from the moment after the Effective Time.

3.2 The Purchaser shall, in sufficient time to allow proper contractual or statutory notice of termination of employment to be given or at such time as the Parties may agree but in any event not less than ten (10) Business Days prior to the date set in Clause 6.1 for Closing, procure that a Subsidiary of the Purchaser incorporated in Germany makes the Employee currently employed by a Subsidiary of the Seller's Group incorporated in Germany and involved in sales for the Business (the "**German Employee**"), an offer of employment on the same terms and in accordance with paragraph 3.1 as if the German Employee were a Relevant Employee that does not otherwise transfer by operation of relevant national laws.

4 Further provisions regarding Employees

4.1 The Seller and the Purchaser shall, where and to the extent required by the relevant local Law or custom, inform and consult with employees, trade unions, works councils or other employee representatives regarding the Transaction and/or regarding the offers of employment to be made pursuant to this Schedule 14 and shall fulfil any obligations to notify any statutory or other authority whatsoever about the Transaction.

4.2 Subject to Closing, the Purchaser shall be responsible for and shall indemnify and keep indemnified the Seller and, as an irrevocable third-party stipulation (*onherroepelijk derdenbeding*), each member of the Seller's Group (excluding the Group), and the Seller shall in turn indemnify the Purchaser against any Losses which the indemnified Party incurs as a result of the indemnifying Party's failure to consult and/or inform and/or notify in accordance with Paragraph 4.1.

Schedule 15 LONG-TERM BENEFIT ARRANGEMENTS

This Schedule describes how relevant material company pension and jubilee plans will transfer from the Seller to the Purchaser. In addition it explains why in some countries where a defined benefit pension plan exists no pension liabilities from the Seller will transfer. When a material pension liability will be assumed by the Purchaser's Group, the Seller will provide a calculation of the liability including the assumptions that have been used for this.

Part 1

1 Introduction

- 1.3** The Seller will make all reasonable effort to procure that the disentanglement for Retirement Benefit Arrangements will be completed within forty (40) Business Days after the Closing Date (with the Effective Time as calculation date), unless specified otherwise or otherwise agreed between the Seller and the Purchaser .
- 1.4** In any country where the transfer/disentanglement process triggers an immediate cash payment to Employees in respect of accrued benefits in Retirement Benefit Arrangements and/or Jubilee Benefit Arrangements, this payment will be made by the Seller. After such payments the Purchaser will not be required to recognise service before Closing for benefit purposes, except if required by Law.
- 1.5** Except if required by law, Purchaser shall not be required to provide benefits with respect to service prior to Closing, where such benefits are funded and no transfer of liabilities and plan assets is made by the Seller or the Seller's plans to Purchaser or Purchaser's plans.
- 1.6** Where applicable, the provisions of Paragraphs 1.2 and 1.3 will prevail above the provisions in Paragraph 2.3.
- 1.7** In this Schedule 15 and as elsewhere used in this Agreement:

"Assumed Long-Term Benefits Liability" means the value as defined below in this paragraph 1.7 of Schedule 15 for the following benefit plans: a) the Defined Benefit pension plans of Austria and Korea listed in Schedule 15 Part 2 Section 2 and b) the Jubilee Plan of Austria listed in Schedule 15 Part 2 Section 3. The value of the Assumed Long-Term Benefits Liability for each plan for which a calculation is required equals the value of the Projected Benefit Obligation (PBO) and, in case of the Korean pension plan, the value of the Projected Benefit Obligation (PBO) less the fair value of assets of the Korean pension plan. The PBO and fair value of assets will be calculated at the Closing Date in accordance with US GAAP accounting standard topic 715 as consistently applied in Seller's financial statement accounting policy.

“**Jubilee Benefit Arrangements**” means the arrangements and plans relating to jubilee benefits forming part of the Due Diligence Information, those material arrangements and plans being listed in Part 2 of this Schedule.

“**Long-Term Benefit Arrangements**” means Retirement Benefit Arrangements, and Jubilee Benefit Arrangements described in Part 2 respectively Section 2 and 3 of this Schedule.

“**Retirement Benefit Arrangements**” means the arrangements and plans relating to retirement benefits forming part of the Due Diligence Information, those material arrangements and plans being listed in Part 2 of this Schedule.

2 Separation of Long-Term Benefits Arrangements in individual countries

2.1 Material Long-Term Benefit Arrangements relating to the Business in relevant jurisdictions are set forth in Part 2 (Pension and Jubilee Plans) to this Schedule.

2.2 Disentanglement of Retirement Benefit Arrangements will be realised as follows:

2.2.1 Austria

(a) In Austria all the Seller's liabilities with respect to the Long-Term Benefit Arrangements are assumed by a member of the Purchaser's Group. The structure of all Long-Term Benefit Arrangements will remain unchanged.

(b) It will be the Purchaser's responsibility to give notice to the external providers of the Defined Contribution Retirement Plans (see Part 2 Section 1) of the transaction to ensure the continuation of those plans during three (3) months after the Closing Date. Costs in connection with this notification will be borne by the Purchaser.

2.2.2 China

In China, Seller has no Retirement Benefit Arrangement other than what is mandatory included in social security cost.

2.2.3 Korea

In Korea, unless the benefit obligations have been paid out by Seller at Closing, the defined benefit retirement scheme will continue with the current insurance company until three (3) months after the Closing Date and it will be Seller's responsibility to obtain commitment from the insurance provider for the continuation of the scheme during these three (3) months under the current terms and conditions to enable

Purchaser to establish a successor contract in its own name. As per the Closing Date, all costs will be borne by Purchaser. After Purchaser establishes a successor contract in its own name, Seller will obtain a commitment from the current insurance company to transfer the amounts contributed to the schemes into a new contract in a timely manner. If the benefit obligations have been paid out by Seller at Closing, employees will transfer to Purchaser without seniority.

2.2.4 Taiwan

In Taiwan, the Seller will make severance payments to transferring Employees. Thus Employees will transfer to Purchaser without seniority. Both book reserved provisions and the external CTC fund will not transfer to Purchaser. Accrued rights will not transfer to Purchaser.

2.3 For arrangements that are (a) not listed in Part 2 but have been (or subsequently) identified through the disentanglement process; and/or, (b) not covered under Paragraph 2.2, the Seller and the Purchaser will separately agree on the disentanglement approach.

3 Assumed Long-Term Benefits Liability

3.4 Ultimately three (3) months after Closing, Seller will calculate, on the basis of Part 3, the Assumed Long-Term Benefits Liability amount. The provisions of Clause 8 shall further apply *mutatis mutandis* to the agreement on or determination by an expert of the Assumed Long-Term Benefits Liability amount.

Schedule 16 SELLER'S WARRANTIES

1 Incorporation, authority, corporate action

- 1.1** The Seller validly exists and is a company duly incorporated and registered under the laws of the Netherlands.
- 1.2** The Seller has the full power and authority to enter into and perform this Agreement and any other documents to be executed by the Seller under this Agreement, which, when executed, will constitute valid and binding obligations on the Seller, in accordance with their respective terms and conditions.
- 1.3** The Seller has taken or will have taken by the Closing Date all corporate action required by it to authorise it to perform its obligations pursuant to this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.
- 1.4** The execution and performance of this Agreement by Seller does not violate any legal obligations of the Seller and is not subject to challenge by any third party on the basis of creditor protection laws.
- 1.5** No insolvency or similar proceedings have been, or have been threatened to be, opened over the assets of the Seller and / or Seller Parent and there are no circumstances that would require or justify the opening of or application for such proceedings.
- 1.6** There is no action, suit, investigation or other proceeding pending or threatened against or affecting the Seller before any court, arbitrator, governmental body, agency or official that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the execution or performance of this Agreement, and there are no circumstances likely to give rise to any of the foregoing.

2 Corporate information

2.1 The Shares and the Group Entities

- 2.1.1** The Seller is the sole legal and beneficial owner of the Chinese Shares.
- 2.1.2** The Chinese Shares comprise the whole of the issued share capital of NXP China, and have been properly and validly issued and are each fully paid.
- 2.1.3** The Seller is the sole legal and beneficial owner of the entire issued share capital of NXP Austria GmbH which has been properly and validly issued and fully paid.
- 2.1.4** No person (other than the Purchaser under this Agreement) has the right, or has claimed to have the right, whether exercisable now or in the future and whether contingent or not, to call for the conversion, issue, registration, sale or transfer, amortisation or repayment of any share capital or any other security giving rise to a right over, or an interest in, the capital of any Group Entity under any option, agreement or other arrangement.
- 2.1.5** At Closing, there will be no Encumbrances on any of the Shares (other than the rights of the Purchaser under this Agreement in respect of the Shares) and the Shares will transfer free of any Encumbrances.
- 2.1.6** All subscriptions for share capital and contributions into the Group Entities have been made in compliance with applicable laws and have not been repaid or returned, in whole or in part, whether open or disguised, directly or indirectly. There are no obligations to make further contributions.
- 2.1.7** The Shares represent shareholder rights corresponding to their respective par value. At Closing, besides the Shares there will not exist any other equity interest or similar interest or debt interest granting a share in the profit/liquidation profit of any Group Entity or any influence in the shareholders meeting of any Group Entity.
- 2.1.8** There does not exist any shareholders' resolution in respect of any Group Entity regarding the distribution of profits, profits carried forward or other reserves which has not been fully implemented.
- 2.1.9** The de-merger plan signed by Philips Austria GmbH dated September 1, 2006 was duly executed and is valid. Any request for the provision of securities pursuant to Section 15 para 5 of the Austrian De-Merger Act (if any) have been satisfied.

2.2 Existence

- 2.2.1** Each Group Entity is duly organised and validly existing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on the Business as being conducted.
- 2.2.2** No Group Entity is insolvent under the laws of its jurisdiction of incorporation or unable to pay its debts as they fall due.
- 2.2.3** There are no proceedings in relation to any compromise or arrangement with creditors or any winding up, bankruptcy or other insolvency proceedings concerning any Group Entity and, no events have occurred which, under applicable laws, would justify such proceedings.
- 2.2.4** No steps have been taken to enforce any security over any assets of any Group Entity and no event has occurred to give the right to enforce such security.
- 2.2.5** None of the Group Entities holds any equity interest or similar interest or debt interest in any legal entity.
- 2.2.6** No Group Entity is a party to any agreement relating to the acquisition or sale of, or an economically equivalent transaction involving, any equity interest or debt interests in other legal entities or any business or parts thereof, other than agreements where the material obligations have already been fully performed by all parties thereto and all remedy periods have already expired.

2.3 Constitutional documents, corporate registers and minute books

- 2.3.1** The constitutional documents of the Group Entities are true, complete and accurate and, so far as the Seller is aware, there have not been and are not any breaches by the Group Entities of their constitutional documents which will have a material adverse effect on the Business.
- 2.3.2** No unimplemented resolutions to amend these constitutional documents have been made, and no filings with any companies register (or with an equivalent corporate authority) in respect of any Group Entity are pending.
- 2.3.3** All material filings, publications, registrations and other formalities required by Law to be delivered or made by the Group Entities to company registries in each relevant jurisdiction (including, but not limited to the registration of branches) have been delivered or made on a timely basis.

3 Accounts

- 3.1** The Accounts (i) give in all material respects a true and fair view of the financial position of the Business as at the Accounts Date, and (ii) were prepared in accordance with the Accounting Principles Consistently Applied.
- 3.2** Except as disclosed in the Accounts, as per the Accounts Date no Group Entity has any material undisclosed liabilities of the type that should have been included in the Accounts in accordance with the Accounts Principles.
- 3.3** Since the Accounts Date up to the Signing Date, the Seller and the relevant members of the Seller's Group have conducted the Business in the Ordinary Course of Business without any material interruption or material alteration in its nature, scope or manner.
- 3.4** The provisions in the Accounts in respect of existing product recall matters, including but not limited to the Samsung product recall matter, are sufficient to cover the costs relating to that matter. The term "costs" for the purposes of this Paragraph 3.5 shall mean those costs, relating to the product recall matters, which are required under the Accounting Principles to be provided for in the Accounts.
- 3.5** The books and accounting and other records of the Group Entities (i) are in all material respects up to date, accurate and complete with regard to details of the business activities of the Group Entities and of all matters to be recorded under applicable law and accounting rules, and (ii) have been maintained in accordance with applicable legal requirements on a proper and consistent basis. No notice or allegation that any books or accounting or other records are incorrect or should be rectified has been received by any Group Entity.
- 3.6** The Group Entities are not bound by any (joint and/or several) Guarantee in relation to any liability of the Seller or any other member of the Seller's Group.

4 Assets

4.1 Properties

- 4.1.1** Schedule 23 contains a list of all material real property (the “**Properties**”) leased by any Group Entity at the Signing Date.
- 4.1.2** The Group Entities do not own any Properties and, do not hold any building rights or similar rights in respect of real property or buildings constructed thereon other than, for the avoidance of doubt, the leased Properties.
- 4.1.3** So far as the Seller is aware, there is no outstanding written notice or dispute involving the relevant Group Entity and any bona fide third party as to the occupation or use of any Property.
- 4.1.4** There is no outstanding written notice or dispute as to any contravention of the relevant planning or zoning legislation or regulations in relation to each Property which, if implemented or enforced, will have a material adverse effect on the business activities carried out at the Properties.

4.2 Leases

In respect of any Property leased by the Group Entities:

- 4.2.1** There is no subsisting breach of any covenant, condition or agreement contained in the lease under which the relevant Group Entity holds its interest in the Property, on the part of the relevant lessor or the Group Entity, which will have a material adverse effect on the business activities carried out at the Property;
- 4.2.2** All payments due under the lease agreements have been timely paid. None of the lease agreements is currently subject to a termination notice or challenge notice. In respect of none of these agreements has the delivery of such a termination notice or challenge notice been threatened. The execution and/or the performance of this Agreement will not entitle any of the other parties to terminate or to challenge or to alter any of these agreements or to increase the payments owed by a Group Entity under these agreements.
- 4.2.3** None of the Properties (including any buildings constructed thereon) leased by the Group Entities has suffered any material damage by fire or other casualty which has not been or will not prior to the Closing have been repaired and restored in all material respects, except for damage that would not, individually or in the aggregate, materially impair the conduct of the Group.

4.2.4 The leased Properties are adequate to conduct the business of the respective Group Entity as conducted as at the Signing Date.

4.2.5 NXP China has complied with all its obligations under the lease agreement with Beijing Economic-Technological Investment & Development Cooperation dated September 15, 2009 and is entitled to continue to enjoy the rent concessions thereunder in accordance with its terms.

4.3 Ownership of assets

Each of those assets which are used by the Group Entities and are material to the Business of the Group, other than intellectual property rights, which shall be treated in accordance with the provisions of the Intellectual Property Transfer and Licence Agreement, the Properties and any assets disposed of or realised in the Ordinary Course of Business:

- (a) is legally and beneficially owned by the relevant Group Entity, except for assets which are subject to hire-purchase or lease arrangements where the hire-purchase or lease payments do not exceed USD 10,000 (ten thousand United States dollars) per year;
- (b) is, where capable of possession, in the possession or under the control of the relevant Group Entity; and
- (c) is free from Encumbrances, except for Permitted Encumbrances.

4.4 Plant and machinery and other fixed assets

The plant and machinery, vehicles and other equipment owned or used by the Group Entities material to the Business as at Signing are in satisfactory working order having regard to their age and use, have been adequately maintained where such maintenance is usually required, and are not obsolete.

4.5 Sufficiency of assets

The assets owned, leased or otherwise used by the Group Entities comprise all the assets used in the carrying on of the Business substantially in the manner in and to the extent to which they are conducted as at the Date of this Agreement.

5 Information technology

- 5.1** Each Group Entity owns or leases and/or holds valid licenses to all computer and network hardware and material software (“**Information Technology**”) (i) which is used by such Group Entity to conduct the Business and (ii) which has the capacity and performance necessary to adequately meet the requirements of the Group.
- 5.2** In the twelve (12) months prior to the Signing Date, there have been no material failures, material data losses or material breakdowns of any computer hardware or software, or other computer or communication systems, used or licensed in relation to the Business.
- 5.3** To the extent the Information Technology is subject to a lease or license agreement, such lease or license agreement is in full force and effect. The execution and/or the performance of this Agreement will not entitle any of the other parties to terminate or to challenge or to alter any of these agreements.

6 Contracts and agreements

6.1 Contracts

- 6.1.1** No Group Entity is a party to or subject to any contract or obligation which is material to the Business as conducted at Signing and which is not in the Ordinary Course of Business and/or not on an arm’s length basis.
- 6.1.2** All contracts which are material, and exclusively related, to the Business as conducted at Signing Date that have not been signed by a Group Entity but by a company affiliated with the Group Entities will, as at Closing, have been duly assigned to the benefit of a Group Entity.

6.2 Agreements with connected parties

- 6.2.1** There are no existing contracts between, on the one hand, a Group Entity and, on the other hand, any member of the Seller’s Group (excluding the Group Entities) other than on arm’s length terms in the Ordinary Course of Business.
- 6.2.2** No Group Entity is party to any contract material to the Business as conducted at Signing, with any current or former employee, director or officer of any such Group Entity or any person connected (as defined by Law in the relevant jurisdiction) with any of such persons, other than on arm’s length terms terms in the Ordinary Course of Business.

6.3 Compliance with agreements

6.3.1 All the contracts material to the Business as conducted at Signing to which any of the Group Entities is a party, including but not limited to the GSA Agreements, contain valid and binding obligations of the relevant Group Entity and the terms thereof are at arm's length and have been complied with in all material respects by the relevant Group Entity and, so far as the Seller is aware, by any other party to such contracts. No written notice of termination or of intention to terminate has been received by a member of the Seller's Group in respect of any such contracts.

6.4 Effect of Transaction

There are no express provisions in any contract to which any Group Entity is a party which shall give any third party the right to terminate or amend that contract as a result of the Transaction.

7 Employees and employee benefits

7.1 Employees and terms of employment

7.1.1 Schedule 21 contains an anonymous, correct and complete list of the Employees, including in respect of each Employee, their department and their function.

7.1.2 The Group Entities have complied in all material respects with its obligations under the relevant Laws and regulations concerning the performance of employment agreements, payment of salary and overtime salary to its employees.

7.1.3 There are no existing service or other agreements or contracts between NXP China and any of its non-PRC national employees which contain a change of control provision such that the agreements or contracts may be terminated upon completion of the transaction contemplated under the Agreement.

7.1.4 All collective agreements (including shop agreements —*Betriebsvereinbarungen*) that relate to employees in Austria have been provided to the Purchaser in the Data Room under the heading "Chapter 2.5".

7.2 Termination of employment

7.2.1 Neither the Seller nor any member of the Seller's Group has received any written notice of resignation from any member of the management team (executive employee) conducting the Business in the six (6) months prior to the date hereof or any employee material to the Business ("**Key Employees**").

7.2.2 No circumstances exist which give any key employee a special right to terminate or modify the respective employment agreement. The execution or performance of this Agreement or the transactions contemplated therein do not trigger any termination rights of any Key Employee

7.3 Industrial and Employment Disputes

7.3.1 No Group Entity has been during the last 3 years prior to the Signing Date involved in any strike or industrial or trade dispute or any dispute or negotiation regarding a claim of material importance with any trade union or other body representing employees or former Employee of any Group Entity or any proceedings alleging a material violation of labor law.

7.3.2 In the last three years prior to the Signing Date the Group Entities have not experienced any disputes with any authorities (in particular regarding employee health protection matters, disabled persons and repayment duties) or any strike or labour interruption.

7.4 Bonus and other profit-related schemes

The Data Room contains all details of the rules and other documentation relating to all share incentive, share options, profit-sharing, bonus and other incentive arrangements in respect of any Employees. None of the Group Entities are liable for any bonus payments and payments under other incentive arrangements for periods ending prior to or on December 31, 2010.

7.5 Retirement Benefit Arrangements

7.5.1 The Data Room contains details of all material [Retirement] Benefit Arrangements, except for arrangements to which any of the Group Entities contributes in compliance with any Law.

7.5.2 So far as the Seller is aware, the Retirement Benefit Arrangements are in compliance with their terms and with the Law and government Taxation or funding requirements in all material respects.

8 Legal compliance

8.1 Licenses and consents

All licences, permits, consents, authorisations, certificates and registrations material to the Business (the “**Permits**”) have been obtained, are in force and, are being complied with in all material respects. The Seller is not aware of any reason why any of them will be suspended or revoked.

8.2 Compliance with law

- 8.2.1** So far as the Seller is aware, the Group Entities are and within the last three (3) years prior to the Date of this Agreement have been in compliance in all material respects with (i) the Permits (including without limitation any ancillary provisions thereto); (ii) applicable laws governing these Permits; and (iii) orders, decrees or rulings of, or restrictions imposed by, any court or authority in connection with such Permits.
- 8.2.2** Neither the Seller nor any member of the Seller’s Group has received any written notice during the twenty four (24) months prior to the Signing Date from any Governmental Authority with respect to a material violation and/or failure to comply with any applicable law, or requiring it to take or omit any action which could have a material adverse effect on the Group or the Business.
- 8.3** So far as the Seller is aware, none of the Group Entities nor any Person acting for or on behalf of any Group Entity has directly or indirectly paid, offered, given, promised to pay, or authorized the payment of any money or anything of value to any Person acting for or on behalf of any Governmental Authority or any political party or official thereof. None of the Group Entities nor directors, officers, employees, consultants, agents or other representatives acting for or on behalf of any Group Entity (nor any Person acting on behalf of any of the foregoing) has violated or is in violation of the Foreign Corrupt Practices Act of 1977 (the “**FCPA**”), any other applicable Law of similar effect, including Laws implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or any applicable Laws prohibiting commercial bribery.
- 8.4** Since December 31, 2005, (i) none of the Group Entities has conducted or initiated any internal investigation or made a voluntary disclosure to any Governmental Authority with respect to any alleged act or omission arising under any applicable Laws and (ii) no Governmental Authority has send notice to the Seller that it initiated, or so far as the Seller is aware, threatened to initiate, a Proceeding against any Group Entity nor any of its respective directors, officers, consultants, employees, agents or other representatives

asserting that such Group Entity is not in compliance with any export or import Laws or the FCPA or any other applicable Law of similar effect.

- 8.5** Since December 31, 2005, all exports, re-exports, sales or transfers of products or services of each Group Entity have been effected in accordance with all applicable Laws, including customs, export control, trade sanctions, anti-terrorism and anti-boycott Laws of the United States, Austria, the PRC or any other relevant jurisdiction. All products shipped by a Group Entity have been accurately marked, labelled and transported in all material respects in accordance with applicable Laws.
- 8.6** So far as the Seller is aware, none of the Group Entities nor any of their respective directors and officers, nor employees, consultants, agents or other representatives acting for or on behalf of any Group Entity (nor any Person acting on behalf of any of the foregoing) has violated or is in violation of any Anti-Money Laundering Laws. As used in this clause, "Anti-Money Laundering Laws" means all applicable regulations regarding anti-money laundering.

9 Environment

9.1 For the purposes of this Paragraph 9:

"Environment" means any or all of the following media (alone or in combination): air; water (including water underground or in the soil); soil and land and any ecological systems and living organisms supported by these media;

"Environmental Authority" means any Governmental Authority having jurisdiction to determine any matter arising under Environmental Law and/or relating to the Environment;

"Environmental Law" means all Law of any relevant jurisdiction in force at Signing whose purpose is to protect or prevent pollution of the Environment or to regulate emissions, discharges, or releases of Hazardous Substances into the Environment, or to regulate the use, treatment, storage, burial, disposal, transport or handling of Hazardous Substances;

"Environmental Permit" means any licence, permit, consent, authorisation, certificate, registration and exemption which is issued, granted or required under Environmental Law which is material to the Business as at Signing;

"Hazardous Substances" means, to the extent regulated by the Environmental Authority, any wastes, pollutants, contaminants and any other natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) which is capable of causing harm or damage to the Environment or a nuisance to any person; and

“Relevant Period” means the period commencing four (4) years preceding the Signing Date.

- 9.2** So far as the Seller is aware, the Group Entities are conducting and, during the Relevant Period, have conducted, the business activities of the Group in full compliance with Environmental Law. In particular, there has not been and is no release of any Hazardous Substances at, on, under, in, to, or from any of the Properties, except in compliance with applicable environmental laws and the Group entities are not otherwise liable for any such releases.
- 9.3** There are no underground storage tanks presently located at the Properties.
- 9.4** There is no asbestos or asbestos-containing material located at, on, under or in the Properties.
- 9.5** All Environmental Permits have been obtained, are in force and, have been complied with in all material respects during the Relevant Period.
- 9.6** No Group Entity has received any written notice during the Relevant Period of any civil, criminal, regulatory or administrative action, claim, investigation or other proceeding or suit relating to a contravention of Environmental Law or Environmental Permits.
- 9.7** No Group Entity has received written notice during the Relevant Period that:
- (a) an environmental Authority is intending to revoke or suspend any Environmental Permits; or
 - (b) any amendment to any Environmental Permit is required to enable the continued operation of the business activities of the Group. or
 - (c) a person is alleging any actual or threatened injury or damage to any person, property, natural resource or the environment arising from or relating to the presence, release or threatened release of any hazardous substances at, on, under, in, to or from the Properties or from any other property or from or attributable to any Property.

10 Litigation

- 10.1** The Group is not involved, whether as claimant or defendant or other party, in any claim, proceeding, litigation, prosecution, investigation, criminal proceeding, enquiry or arbitration, either before court or an arbitration tribunal (other than as claimant in the collection of debts arising in the ordinary course of its business) which is material to the Business as at Signing.
- 10.2** So far as the Seller is aware, no such claim, proceedings, litigation, prosecution, investigation, enquiry or arbitration of material importance to the Business is threatened against the Business as at the date hereof.

11 Tax

- 11.1** Each Group Entity has completely and timely filed in accordance with applicable Law all Tax Returns with the competent Tax Authorities and these Tax Returns are correct in all material respects and are not misleading. Each Group Entity has given or delivered within the requisite periods to the competent Tax Authorities all documents and information required in relation to Taxes. All these documents and information are up-to-date, correct and not misleading and have been prepared in accordance with applicable Laws.
- 11.2** All Taxes to be paid or withheld and remitted by any Group Entity have been duly paid or withheld and remitted to the appropriate Tax Authority.
- 11.3** No Group Entity is involved in any current dispute with any Tax Authority. No Group Entity is currently subject to any audit by any Tax Authority. To the best of Seller's knowledge, no legal proceeding has been threatened, formally or informally, against or with respect to any Group Entity regarding Taxes.
- 11.4** Each Group Entity is and has at all times been resident for Tax purposes in the country stated in Schedule 2 and is not and has not at any time been treated as resident in any other jurisdiction for any Tax purpose (including any double taxation arrangement).
- 11.5** No adjustment for any amount of Tax has been asserted or assessed, formally or informally, by a Tax Authority against any Group Entity, the amount of which is still outstanding, no Group Entity reasonably expects that any such adjustment, assertion or assessment of Tax liability will be made, and no basis for any such adjustment, assertion or assessment exists.
- 11.6** There are no requests for rulings or determinations in respect of any Tax pending between any Group Entity and any Tax Authority.
- 11.7** No Group Entity has any outstanding claims for any Tax refunds.

- 11.8 No Group Entity or any Person on behalf of an Group Entity, other than by operation of Law, has consented to extend the time in which any Tax may be assessed or collected by any Tax Authority.
- 11.9 No Group Entity has been a member of a group filing a Tax Return on an affiliated basis.
- 11.10 No Group Entity is a member of any partnership or joint venture or is the holder of any beneficial interest in a trust.
- 11.11 No claim, notice or inquiry has ever been made against any Group Entity by a Tax Authority in a jurisdiction where such Group Entity does not file Tax Returns that it or any other Group Entity is or may be subject to Taxes assessed by such jurisdiction or obligated to file a Tax Return in such jurisdiction.
- 11.12 No Group Entity has made a Tax election or entered into a contract with respect to Taxes with any Tax Authority (including a gain recognition agreement).
- 11.13 There are no liens for Taxes on any of the assets of any Group Entity.
- 11.14 All transactions before the Closing Date between Group Entities and between Group Entities and the Seller's Group have been conducted on an arm's length basis.
- 11.15 Each Group Entity has complied with all transfer pricing rules that are relevant and all documentation required by relevant transfer pricing laws have been timely prepared.
- 11.16 No Group Entity has entered into, or been a party to, a transaction or arrangement which contravenes (or would have contravened had a Tax Authority known about the transaction or arrangement) an anti-avoidance provision, general or otherwise, of any Tax Law.
- 11.17 None of the Group Companies have made any disguised distributions. The Seller has not made disguised contributions in kind.

12 Insurance

- 12.1 All material policies of insurance maintained as of the date of this Agreement with respect to the Business are listed in the Virtual Data Room.
- 12.2 In respect of the insurance policies referred to in Paragraph 12.1, all premiums have been duly paid to date and, so far as the Seller is aware, no member of the Seller's Group has received any notification that any such insurance policy is not valid or enforceable.

12.3 Details of all paid and outstanding insurance claims in excess of the applicable policy deductibles made during the two (2) years prior to the date of this Agreement in relation to the Business are contained in the Virtual Data Room.

13 Intellectual Property

13.1 For the purposes of this paragraph 13:

“A-Patents” means the Patents that are listed in Annex A to the Intellectual Property Transfer and License Agreement;

“B-Patents” means the Patents that are listed in Annex C to the Intellectual Property Transfer and License Agreement;

“Domain Names” means the Internet domain names and applications therefor listed in Annex E to the Intellectual Property Transfer and License Agreement, including the registrations of such domain names;

“Know-How” means all technical and commercial information, data and documents of whatever nature, including drawings, specifications, photographs, samples, trade secrets, models, processes, procedures, libraries, manuals, reports and correspondence, including any copyright and/or database rights and other rights for the protection of know how as they may exist, but excluding any (right in) Software, Patents, trademarks, the Domain Names and any other intellectual property rights therein;

“Office Action” means actions of the relevant jurisdiction’s patent office or other governmental intellectual property office received in the ordinary course of prosecution of Patents.

“Patents” means patents, petty patents, design patents, provisionals, utility models and any applications therefor, including any divisionals, continuations (in part), re-examinations, renewals and re-issues thereof, in any country in the world, as well as any inventions described in invention disclosures.

“Software” means a code in any programming language contained in any format, including human and machine-readable format.

“Licensed-In Third Party IP” means the Patents, Know-How or other intellectual property licensed to the Seller and/or its Subsidiaries from third parties, the contracts for which are identified in Schedule 28.

“Licensed-Out NXP Patents” means the Patents licensed from the Seller and/or its Subsidiaries to third parties, the contracts for which are identified in Schedule 29.

13.2 The Seller represents and warrants that it has full title to assign and grant the licences under the Patents (except as indicated in Annex A, B, C or D of the Intellectual Property Transfer and License Agreement, as applicable) and Know-How as assigned and licensed to the Group under the Intellectual Property Transfer and License Agreement.

13.3 The Seller represents and warrants that the A-Patents and B-Patents (i) (with the exception of applications and invention disclosures) are in full force and effect, (ii) (with the exception of invention disclosures) have been properly maintained, and (iii) (with the exception of applications and invention disclosures) to the best of Seller’s knowledge, are valid and enforceable.

13.4 The Seller represents and warrants that, except for any Office Action, no administrative action, lawsuit, arbitration proceeding or similar action has been brought or threatened in writing against the Seller and no unresolved claim received from any third party in writing exists, concerning the ownership, validity or enforceability of any of the A-Patents or B-Patents.

13.5 The Seller represents and warrants that it has not granted licenses with regard to the A-Patents or B-Patents that would prohibit or limit the Group from exercising the rights granted to it with respect thereto under the Intellectual Property Transfer and License Agreement.

13.6 *****

13.7 The Seller represents and warrants that the A-Patents, A2-Patents, B-Patents and B2-Patents together include all of the Patents owned by the Seller and/or its Subsidiaries that (i) are used in the ordinary conduct of the Business (excluding, for the avoidance of doubt, semiconductor integrated circuits) as presently conducted by the Seller and/or its Subsidiaries, including without limitation the making, using, offering to sell and selling of products and *****

- 13.8** The Seller represents and warrants that other than (x) the Licensed-In Third Party IP, (y) any Patents, Know-How or other intellectual property licensed in pursuant to any contract to which a Group Entity is a party, and (z) purchased off-the-shelf items or items licensed by shrink-wrap or click-wrap licences: (i) there are no Patents, Know-How or other intellectual property licensed by the Seller and/or its Subsidiaries from third parties and used in the ordinary conduct of the Business (excluding, for the avoidance of doubt, semiconductor integrated circuits) as presently conducted by the Seller and/or its Subsidiaries, including without limitation the making, using, offering to sell and selling of products, and *****
- 13.9** The Seller represents and warrants that no payment is due and owing under any licences granted to the Group or the Seller within the field of the Business, pursuant to the Licensed-In Third Party IP.
- 13.10** The Seller represents and warrants that (i) during the three (3) years preceding the date hereof, it has not received a written notification from any third party claiming or asserting that the ordinary conduct of the Business (excluding, for the avoidance of doubt, semiconductor integrated circuits) as presently conducted by the Seller and/or its Subsidiaries, including without limitation the making, using, offering to sell and selling of products, infringes upon any Patent or Know-How rights of any third party, and (ii) to its knowledge, the ordinary conduct of the Business (excluding, for the avoidance of doubt, semiconductor integrated circuits) as presently conducted by the Seller and/or its Subsidiaries, including without limitation the making, using, offering to sell and selling of products, does not infringe upon any Patent or Know-How rights of any third party, and *****

14 Product quality

14.1 So far as the Seller is aware, no Group Entity has any Liability (and no event has occurred or circumstance exists that could reasonably be expected to give rise to any Proceeding, claim or demand against any of them giving rise to any Liability) arising out of any injury to individuals or property as a result of the ownership, possession or use of any product designed, manufactured, sold, leased, delivered or distributed by any Group Entity. So far as the Seller is aware, the products designed, manufactured, sold, leased, delivered or distributed and the services rendered by the Group Entities prior to the Closing Date do not suffer from any defects which give or could give rise to any material product liability or warranty claims and no such claims against any Group Entities have been threatened or raised or are outstanding or were settled in the past. So far as the Seller is aware, all these products and services comply with the regulations applicable to these products and services in the territories where such products and/or services are designed, manufactured, sold, leased, delivered or otherwise distributed or provided.

Schedule 18 PURCHASER'S WARRANTIES

1 Incorporation, authority, corporate action

- 1.2** The Purchaser validly exists and is a company duly organized under the law of its jurisdiction of incorporation. The Austrian Purchaser validly exists and is a company duly organized under the law of its jurisdiction of incorporation.
- 1.3** The Purchaser and the Austrian Purchaser have the full power and authority to enter into and perform this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement, which, when executed, and assuming due execution by the other parties hereto, will constitute valid and binding obligations of the Purchaser and the Austrian Purchaser in accordance with their respective terms, subject to mandatory provisions of applicable law.
- 1.4** The Purchaser and the Austrian Purchaser have taken all corporate actions required by each of them to authorise it to enter into and to perform this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.

2 Financing

- 2.5** The Purchaser and the Austrian Purchaser have and will have at the Closing Date sufficient funds to effect the payments due by it at the Closing Date and to pay for all other transactions and fulfil all of its obligations as contemplated by this Agreement. The performance of any obligation by the Purchaser and the Austrian Purchaser under this Agreement is not subject to any third party financing commitments or arrangements.

3 Non-contravention

- 3.1** The execution and performance by the Purchaser and the Austrian Purchaser of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any provision of the charter, articles of association or other organizational documents of the Purchaser or of the Austrian Purchaser and (ii) violate or result in a breach of or constitute a default under any law, order, decree or other restriction of any Governmental Authority to which the Purchaser or the Austrian Purchaser is subject, other than in the cases of clause (ii) any violation, breach or default which would not impair or delay the Purchaser's or the Austrian Purchaser's ability to perform its obligations hereunder.

Schedule 20 TAX INDEMNITY

1 Definitions

In this Schedule:

“**Event**” means any transaction, event, act or omission;

“**Pre-Closing Tax Period**” means any Tax period ending on or before the Effective Time and the portion of any Straddle Tax Period through the end of the Effective Time.

“**Purchasers’ Tax Group**” means any of the Purchasers and any other company or companies which either are or become after the Closing Date treated as members of the same group as, or otherwise connected or associated in any way with, any of the Purchasers for any Tax purpose;

“**Relief**” means any relief, allowance, amortisation, depreciation, credit, deduction, exemption, set-off or other relief of a similar nature granted or available in relation to Tax and any repayment or right to repayment of Tax; and

“**Straddle Tax Period**” means any period of account for Tax purposes which commences prior to the Effective Time and ends after the Effective Time.

2 Tax indemnity

2.1 The Seller shall indemnify the Purchaser for an amount equal to:

- (i) any Tax Liability which arises for the Purchaser and/or any of the Group Entities in respect of any Event arising in or allocable to a Pre-Closing Tax Period; ;
- (ii) any Tax Liability which arises in respect of or with reference to any income, profits or gains which were earned, accrued, received or allocable to a Pre-Closing Tax Period ;
- (iii) the loss, non-availability or reduction of any Relief or refund that is reflected or included in the Statements or Accounts (“**Tax Asset**”), or the utilization or set-off of such Tax Asset where such utilization or set-off reduces any Taxes described in (i) and (ii); or
- (iv) any withholding Tax imposed on Purchaser with respect to the transfer of the Chinese Shares from Seller to Purchaser.

For purposes of determining Seller's indemnity under this Paragraph 2.1, any gain, income, deduction or loss relating to, arising from or attributable to the Austrian Carveout shall be allocated to the Pre-Closing Tax Period.

- 2.2** In the case of any Straddle Tax Period, the amount of any Taxes based on or measured by income or receipts of any Group Entity for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business at the Effective Time and the amount of other Taxes of any Group Entity for a Straddle Tax Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Effective Time and the denominator of which is the number of days in such Straddle Tax Period.
- 2.3** If the facts underlying a matter would constitute a breach of any Tax Warranty in this Agreement and in addition would be indemnified under Paragraph 2.1, any indemnification obligations for a claim arising from such breach shall be determined pursuant to Seller's indemnification obligations under Paragraph 2.1 without any duplication of recovery.
- 2.4** The covenant contained in Paragraph 2.1 shall not cover any Tax Liability to the extent that:
- (a) any allowance, provision or reserve is made in the Working Capital Statement, the Net Cash Statement, or in the Accounts (and not released prior to the Effective Time) provided that allowances, provisions or reserves for Taxes, except for payroll related Taxes and VAT related Taxes in the Ordinary Course of Business shall not reduce the Seller's liabilities for such amounts; or
 - (b) the Tax Liability arises or is increased as a result of any change, after the Effective Time, in Tax rates or the passing of or any change in Law or generally accepted accounting practice, regulation, directive or requirement or any withdrawal of any extra-statutory concession by a Tax Authority; or
 - (c) the Tax Liability would not have arisen but for, or is increased by, an Event (including a failure or omission to make any claim for Relief) carried out or effected by any member of the Purchasers' Tax Group, including directors, employees, advisors, agents or successors in title, at any time after the Effective Time, other than any such transaction, action or omission carried out or effected by the Group Entity or a member of the Purchasers' Tax Group:

- (i) under a legally binding commitment created on or before the Effective Time; or
 - (ii) at the specific written request or direction of the Seller; or
 - (iii) pursuant to an obligation imposed on any of the Group Entities by any Law, regulation or directive or the published practice of any Tax Authority; or
- (d) notice of a claim in respect of the Tax Liability is delivered by the Purchaser to the Seller after expiry of the statutory limitation period applicable in the relevant jurisdiction to make a timely objection or appeal to the Tax matter giving rise to such claim in accordance with Clause 13.1 of this Agreement, the foregoing without detracting from Purchaser's notification obligations under Clauses 13.1 and 13.2 of this Agreement; or
- (e) the Tax Liability arises as a result of any change after the Effective Time in any accounting policy (including the length of any accounting period for Tax purposes) or any Tax or accounting basis, method or practice of any of the Group Entities introduced or having effect after the Effective Time, other than a change which is necessary in order to comply with the law or generally accepted accounting principles applicable to the relevant Group Entity at the Effective Time; or
- (f) recovery has been made or can be made (including, for the avoidance of doubt, the right to recover Taxes from employees), recovery is available under an insurance policy or the Tax Liability is otherwise compensated for without cost to the Purchaser, any of the Group Entities or any other member of the Purchasers' Tax Group, including under the Tax Warranties.

2.5 Paragraph 2.4 shall *mutatis mutandis* apply to the Tax Warranties.

3 Tax Benefits

If Seller is to make or has made an indemnification payment pursuant to paragraph 2.1 and the facts on which the Purchaser's claim pursuant to paragraph 2.1 is based give rise to (i) any Tax refund actually received by the relevant Group Entity; or (ii) any reduction of Tax actually owing by the relevant Group Entity; then the amount of such refund or reduction shall be paid by Purchaser to Seller within 20 (twenty) Business Days following the date on which Purchaser realises the Tax benefit. For purposes of this paragraph, in case of additional depreciations or amortisations, the amount to be repaid shall be equal to the net present value of future Tax refunds or reductions of Tax

as a result of these additional depreciations or amortisations as calculated at the Interest Rate and such amount shall be immediately set-off against the amount of the indemnity claim pursuant to paragraph 2.1.

4 Tax Refund

If the Purchaser or any of the Group Entities have a right to, or receive, a rebate, refund or repayment in respect of Tax after the Effective Time in respect of Tax from any Tax Authority in respect of any period up to the Effective Time other than a Tax benefit referred to in paragraph 3 of this Schedule 20 and where such payment has not been included in the Accounts or the Statements and such payment does not arise from the use of a Purchaser's Relief (the amount of such rebate, refund or repayment being hereinafter referred to as a "**Tax Refund**"), then:

- (a) the Purchaser will promptly notify the Seller and will take such action as may reasonably be requested to obtain such Tax Refund; and
- (b) the amount of the Tax Refund shall be paid by the Purchaser to the Seller within ten (10) Business Days of the receipt of the Tax Refund.

5 Overprovision

If and to the extent that the amount of any provision, reserve or accrual in respect of an identified Tax Liability that is included in the Accounts or the Statements exceeds the amount which actually becomes due by the Purchaser or the Group Entities with respect to such Tax Liability (such amount being referred to as an "**Overprovision**") then the amount of the Overprovision shall be paid by the Purchaser to the Seller within ten (10) Business Days after the date on which the amount of the Overprovision has been finally and irrevocably determined by the Tax Authority.

6 Mitigation

Purchaser shall, at the reasonable direction of Seller, procure that the Group Entities take all such reasonable steps as Seller may require to:

- (a) use any Relief available to the Group Entities to reduce or eliminate any Tax Liability in respect of which the Purchaser would have been able to make a claim against the Seller under Paragraph 2.1, provided that the use of such Relief does not cause a material disadvantage for the respective Group Entity;
- (b) make all such claims and elections specified by the Seller in respect of any period commencing prior to the Effective Time having the effect of reducing or eliminating any Tax Liability referred to under Paragraph

2.1, provided that such claims and elections do not result in an increase of the Tax Liabilities of the Purchaser's Group;
and

- (c) allow the Seller to reduce or eliminate any Tax Liability by surrendering or transferring, or procuring the surrender or transfer, by any company other than the Group Entities of a Relief to the Group Entities to the extent permitted by Law but without any payment being made in consideration for such surrender or transfer.

7 Due date for payment

A payment to be made by Seller or Purchaser under this Schedule shall be made within twenty (20) Business Days after the earliest of:

- (a) the date on which a compromise or settlement has been reached between the Parties with respect to a claim on the basis of Paragraph 2;
- (b) the date on which a compromise or settlement has been reached with the Tax Authority in respect of a Tax Liability subject to a claim on the basis of Paragraph 2; and
- (c) the date on which a final decision is made on appeal with respect to a Tax Liability subject to a claim on the basis of Paragraph 2 against which no appeal is permitted (*uitspraak in kracht van gewijsde*).

8 Purchaser's indemnity

8.1 The Purchaser covenants with the Seller to pay to the Seller, so far as possible by way of an adjustment to the consideration for the sale of the Shares, an amount equal to any Tax Liability for which a member of the Seller's Group is liable as a result of any provision imposing liability for any Taxation primarily chargeable against the Purchaser or the Group Entities, save to the extent the Purchaser has the right to claim, but has not received, payment in respect of that Tax Liability under Paragraph 2.1 of this Schedule.

9 Tax Conduct

9.1 Preparation of Tax Returns

9.1.1 The Seller shall prepare and file (or procure the preparation and filing of) all Tax Returns in respect of the Group Entities in a manner and on a basis consistent with past practice, to the extent that these are required to be filed on or prior to the Closing Date.

9.1.2 The Purchaser shall prepare and file (or procure the preparation and filing of) all Tax Returns in respect of the Group Entities not covered by Paragraph 9.1.1. The Seller shall provide the Purchaser such information and render the Purchaser such assistance as is necessary and reasonable to ensure the proper and timely completion and filing of such Tax Returns. To the extent that any such Tax Return relates to a Straddle Tax Period, the Seller shall have the right to review such Tax Return at least twenty (20) Business Days prior to the due date for filing thereof and the Purchaser shall not file such Tax Return without the prior written consent of Seller, such consent not to be unreasonably delayed or denied.

9.1.3 The Seller shall cancel any existing authority held by any employee or agent of or adviser to the Seller or the Group Entities to sign Tax Returns on behalf of the Group Entities with effect from the Closing Date.

9.1.4 The Purchaser shall procure that the Group Entities nor any other member of the Purchasers' Tax Group shall take any position in the Tax Returns relating to the Group Entities that is contrary to the position that the Seller or the Group Entities have taken or will take in the Tax Returns relating to the period up to and including the Effective Time, except to the extent that Purchaser reasonably determines that such position is contrary to applicable Law. In such case Purchaser shall notify Seller and the Seller shall have the right to review such Tax Return at least twenty (20) Business Days prior to the due date for filing thereof and the Purchaser shall not file such Tax Return without the prior written consent of Seller, such consent not to be unreasonably delayed or denied.

9.2 Tax Audits

- 9.2.1** Upon becoming aware of any pending audit, investigation, assessment or other material proceedings (“Audit”) with respect to Tax matters of the Group Entities that may effect a Tax Liability for which the other Party may be liable under this Agreement, the Seller shall, or as the case may be, the Purchaser shall within ten (10) Business Days give written notice of such Audit to the other party. The notice shall set out such information as is available and as is reasonably necessary to enable the other party to assess the merits of the claim, to act to preserve evidence and to make such provision as such other party may consider necessary. Any failure to notify the other Party of an Audit shall not relieve the other Party of any liability with respect to the Audit except to the extent the Party was actually prejudiced as a result thereof.
- 9.2.2** The Seller shall control the conduct of any such Audit relating to any accounting period for Tax purposes ending at or prior to the Effective Time and shall be entitled to settle and compromise any such Audit. To the extent that any such Audit could have a material adverse effect on the Purchaser or the Group Entity with respect to the period after the Effective Time, the Seller shall advise the Purchaser periodically of developments in the Audit investigation and obtain the Purchaser’s prior written approval (such approval not to be unreasonably withheld or delayed) on critical Audit decisions and on material written communication to be forwarded to any Tax Authority or competent court in relation to the Audit.
- 9.2.3** The Purchaser shall control the conduct of any Audit relating to Tax matters of the Group Entities not covered by Paragraph 9.2.2 and shall be entitled to settle and compromise any such Audit. To the extent that any such Audit relates to a Straddle Tax Period, the Purchaser shall advise the Seller periodically of developments in the Audit investigation and obtain the Seller’s prior written approval (such approval not to be unreasonably withheld or delayed) on critical Audit decisions and on material written communication to be forwarded to any Tax Authority or competent court in relation to the Audit if and to the extent it regards Taxes attributable to the period ending on or prior to the Effective Time.
- 9.2.4** The Seller and the Purchaser shall provide each other such information and render such assistance as may reasonably be requested in order to ensure the proper and adequate defence of any Audit as mentioned in Paragraph 9.2.
- 9.2.5** The Seller and the Purchaser agree to retain all records that may be required for the conduct of any Audit until the expiration of applicable statutory limitation period and, upon reasonable notice, to provide each other access to all books and records relating to the Group Entities as may be reasonably required to exercise their rights under this Paragraph.

10 Limitations

Notwithstanding the foregoing, the limitations set forth in Clause 12 of this Agreement with respect to any claim by the Purchaser under this Agreement shall *mutatis mutandis* apply with respect to the indemnification provided in Paragraph 2.1. This Schedule governs the procedure for all Tax Liability claims and, in case of a conflict between this Schedule and the remainder of the Agreement, this Schedule will take precedence.

11 Adjustment to Purchase Price

The amount of any payment made under this Schedule shall, to the extent allowed under applicable Law, be an adjustment of the Purchase Price.



SSAR Award

DATE: «Date»

TO: «First_Name» «Last_Name»
«Company_Name»

Here are the details for your SSAR grant:

Number of shares of Dover Common Stock ___	«M_of_shares_DCS»
SSAR Base Price Per Share	«Price_per_share»
Date of Grant	«Date_of_Grant»
Expiration Date	«Exp_Date»

Your Stock Settled stock Appreciation Right (SSAR) award is subject to all the terms and provisions of the Plan, which terms and provisions are expressly incorporated into and made a part of the award as if set forth in full herein. A copy of the Plan A copy of the Plan can be found on www.dovercorporation.com/investorinformation.asp in the SEC Filings, Proxy Filing on 3/24/2009 Appendix A.

In addition, your SSAR is subject to the following:

1. Your SSAR is subject to earlier termination as provided in the Plan, for example, upon termination of employment prior to the expiration date.
 2. **It is your responsibility to keep track of your SSAR grants and to ensure that you exercise your SSARs before they expire. Dover will not remind or notify you that your SSAR is nearing its expiration date.**
 3. The earliest date on which the SSAR may be exercised is the third anniversary of the Grant Date. Earlier exercise may be permitted in the event of a Change in Control or death or disability as provided in the Plan. No payment is required to exercise a SSAR.
 4. Upon exercise of your SSARs, you will be entitled to receive from Dover that number of whole shares of Dover Common Stock equal in value, on the date of exercise of the SSARs, to the excess of (A) the value of a share of Dover Common Stock on the date of exercise of the SSARs multiplied by the number of SSARs being exercised over (B) the sum of (i) the per share base price of the SSARs being exercised multiplied by the number of SSARs being exercised, plus (ii) unless you elect to pay such tax in cash, any amount of tax that must be withheld in connection with such exercise. Fractional shares shall be disregarded.
 5. By accepting this award, you hereby consent to the collection, use and transfer of any personally identifiable information about you relating to your participation in the Plan to Dover and its affiliates for the purpose of administering this SSAR award. Your personal information may be transferred to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in your home country. Dover and its affiliates will take reasonable steps to ensure the security of your personal information and to avoid unauthorized or accidental access, erasure or other use. Your personal information will only be held as long as necessary to administer the Plan or this award. You may, at any time, request access to your personal information held about you in connection with this award and make any necessary amendments to your personal information or withdraw your consent. Withdrawing your consent may affect Dover and its affiliates' ability to administer the SSAR award.
 6. Your SSAR is not transferrable by you other than by will or the laws of descent and distribution.
 7. Dover and your employer reserve the right to amend, modify, or terminate the Plan at any time in their discretion without notice.
-

SSAR Award

DATE: «Date»
TO: «First_Name» «Last_Name»
«Company_Name»

I hereby acknowledge and agree that I have reviewed the Plan and this agreement and agree to the terms and conditions set forth herein and therein. By signing and returning one copy of this award agreement, together with the attached stock power, I hereby consent to the collection, use and transfer of my personally identifiable information to Dover and its affiliates for the purpose of administering the SSAR award. I further consent to the transfer of my personal information to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in my home country.

This award agreement shall only become effective upon receipt by Dover of your signed copy of this agreement and the stock power endorsed by you in blank.

Employee

**«Signature»
President**

Date

Revised February, 2011



Cash Performance Award

DATE: «Date»
 TO: «First_Name» «Last_Name»
 «Company»

Here are the details for your Cash Performance Award:

Your business unit _____ «Bus_unit»
 The base year _____ «Base_year»
 The performance period is the three-year period _____ «Perform_period»
 Your target cash performance award payment at the 100% level — «Target_awd_pymnt»

The actual cash performance award amount to be paid to you, if any, will be derived from the Cash Performance Payout Table attached to this award agreement.

Your cash performance award is subject to all the terms and provisions of the Plan, which terms and provisions are expressly incorporated into and made a part of the award as if set forth in full herein. A copy of the Plan A copy of the Plan can be found on www.dovercorporation.com/investorinformation.asp in the SEC Filings, Proxy Filing on 3/24/2009 Appendix A.

In addition, your award is subject to the following:

1. Within two and one-half months following the end of the performance period, Dover will pay you a cash performance payment if your business unit has reached certain levels of internal total shareholder return ('iTSR'), as set forth in the attached Cash Performance Payout Table, and the other conditions of your award are satisfied.
 2. A summary of the definition of internal total shareholder return, or iTSR, for your business unit is set forth on the attached Definition of iTSR.
 3. The earliest date on which the SSAR may be exercised is the third anniversary of the Grant Date. Earlier exercise may be permitted in the event of a Change in Control or death or disability as provided in the Plan. No payment is required to exercise a SSAR.
 4. The aggregate maximum cash payout for each business unit (determined after applying the individual payment limitation noted in the next sentence, if applicable) in respect of all cash performance awards for a specific performance period shall not exceed the product of (i) 1.75%, times (ii) the sum of the business unit's change in entity value plus free cash flow (as such terms are defined in the attached iTSR definition) for that performance period. In no event will the cash performance payout to any one individual exceed \$5 million for the performance period.
 5. By accepting this award, you hereby consent to the collection, use and transfer of any personally identifiable information about you relating to your participation in the Plan to Dover and its affiliates for the purpose of administering this cash performance award. Your personal information may be transferred to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in your home country. Dover and its affiliates will take reasonable steps to ensure the security of your personal information and to avoid unauthorized or accidental access, erasure or other use. Your personal information will only be held as long as necessary to administer the Plan or this cash performance award. You may, at any time, request access to your personal information held about you in connection with this cash performance award and make any necessary amendments to your personal information or withdraw your consent. Withdrawing your consent may affect Dover and its affiliates' ability to administer the cash performance award.
 6. Your award is not transferrable by you other than by will or the laws of descent and distribution.
 7. Dover and your employer reserve the right to amend, modify, or terminate the Plan at any time in their discretion without notice.
-

DATE:
TO:
COMPANY:

Cash Performance Payout Table

<u>iTSR for Performance Period</u>	<u>Payout (% of target)</u>
<6%	0%
6%	25%
9%	100%
17%	300%
>50%	750%

The payout formula will be applied on a sliding scale between 0% and 750% based on the Business Unit's iTSR for the performance period.

Definition of iTSR

iTSR = (change in entity value + free cash flow) / (starting entity value).

Change in entity value is nine times the change in EBITDA values, comparing the full base year to the full final year of the performance period.

Free cash flow is the cash flow generated by your business unit, including your business unit's operating profit plus depreciation, amortization and proceeds from dispositions, less taxes and investments made for future growth (capital spending, working capital and acquisitions) and adjusted for other non-recurring items.

Starting entity value is the higher of nine times EBITDA for the full base year or 0.9 times revenue for the full base year.

EBITDA is pre-tax income adjusted for non-operating and non-recurring items plus depreciation and amortization.

I hereby acknowledge and agree that I have reviewed the Plan and this agreement and agree to the terms and conditions set forth herein and therein. By signing and returning one copy of this award agreement, together with the attached stock power, I hereby consent to the collection, use and transfer of my personally identifiable information to Dover and its affiliates for the purpose of administering the cash performance award. I further consent to the transfer of my personal information to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in my home country.

This award agreement shall only become effective upon receipt by Dover of your signed copy of this agreement and the stock power endorsed by you in blank.

Employee

President

Date

Revised February, 2011

Cash Performance Award
Rules for Transfers/Promotions

1(a) Unless you come within paragraph 1(b) below, the following rules will apply to you if you are transferred from one Dover business unit to another Dover business unit. These rules apply to all cash performance payments you may be entitled to, under this and any other cash performance award under the Plan you may have.

(i) If a cash performance payment is due in the first year after your transfer, your cash performance payment will be based on the performance of your old business unit.

(ii) If a cash performance payment is due in the second year after your transfer, your cash performance payment will be based the performance of either your old business unit of your new business unit, whichever you choose. However, if you choose to have any second-year cash performance payment based on the performance of your new business unit, then your third-year cash performance payment, if any, must also be based on the performance of your new business unit.

(iii) If a cash performance payment is due in the third year after your transfer, your cash performance payment will be based on the performance of either your old business unit or your new business unit, whichever your choose. However, if you choose to have a second-year cash performance payment based on the performance of your new business unit, your third-year cash performance payment must also be based on the performance of your new business unit.

(iv) Any cash performance payment under an award made at one business unit that becomes payable after you transfer to another business unit will still be based on that award's original dollar amount.

(b) If you are of become the chief executive officer (CEO) or chief operating officer (COO) of Dover, or if you report directly to Dover's CEO or COO, or if you otherwise are or are expected to be a "covered employee" under Section 162(m) of the Internal Revenue Code during any relevant period, the following rules, instead of those set forth in paragraph 1(a) above, will apply to you if you are transferred from one Dover business unit to another Dover business unit. These rules apply to all cash performance payments you may be entitled to, under this and any cash performance award under the Plan you may have.

(i) If a cash performance payment is due in the first year after your transfer, your cash performance payment will be based on the performance of your old business unit.

(ii) If a cash performance payment is due in the second year after your transfer, your cash performance payment will be based on the performance of either your old business unit or your new business unit, whichever results in the higher payment to you.

(iii) If a cash performance payment is due in the third year after your transfer, your cash performance payment will be based on the performance of your new business unit.

(iv) Any cash performance payment under an award made at one business unit that becomes payable after you transfer to another business unit will still be based on that award's original dollar amount.



Performance Share Award

DATE: «Date»
 TO: «First_Name» «Last_Name»
 «Company_Name»

Here are the details for your performance share award:

Your target performance share award at the 100% level — «Target_perf_share_awd» shares of Dover Common Stock
 The base year _____ «Base_year»
 The performance period is the three-year period commencing — «Perf_period»

The actual number of shares distributed to you will be based on the level of total shareholder return (“TSR”) of Dover as set forth in the attached definition of TSR for the performance period relative to the TSRs of a selected peer group of companies, which performance levels and peer group are set forth in the attached Performance Share Payout Table.

Your performance share award is subject to all the terms and provisions of the Plan, which terms and provisions are expressly incorporated into and made a part of the award as if set forth in full herein. A copy of the Plan A copy of the Plan can be found on www.dovercorporation.com/investorinformation.asp in the SEC Filings, Proxy Filing on 3/24/2009 Appendix A.

In addition, your award is subject to the following:

1. Within two and one-half months following the end of the performance period, Dover will distribute to you the shares of Dover Common Stock in payment of your performance share award if Dover has reached certain levels of TSR in comparison to the TSRs of the companies in its peer group as set forth in the attached Performance Share Payout Table, and the other conditions of your award are satisfied.
2. By accepting this award, you hereby consent to the collection, use and transfer of any personally identifiable information about you relating to your participation in the Plan to Dover and its affiliates for the purpose of administering this performance share award. Your personal information may be transferred to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in your home country. Dover and its affiliates will take reasonable steps to ensure the security of your personal information and to avoid unauthorized or accidental access, erasure or other use. Your personal information will only be held as long as necessary to administer the Plan or this performance share award. You may, at any time, request access to your personal information held about you in connection with this performance share award and make any necessary amendments to your personal information or withdraw your consent. Withdrawing your consent may affect Dover and its affiliates’ ability to administer the performance share award.
3. Your award is not transferable by you other than by will or the laws of descent and distribution.
4. Dover and your employer reserve the right to amend, modify, or terminate the Plan at any time in their discretion without notice.

I hereby acknowledge and agree that I have reviewed the Plan and this agreement and agree to the terms and conditions set forth herein and therein. By signing and returning one copy of this award agreement, together with the attached stock power, I hereby consent to the collection, use and transfer of my personally identifiable information to Dover and its affiliates for the purpose of administering the performance share award. I further consent to the transfer of my personal information to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in my home country.

This award agreement shall only become effective upon receipt by Dover of your signed copy of this agreement and the stock power endorsed by you in blank.

Employee

«Signature»
President

Date

Revised February, 2011

DATE:
TO:
COMPANY:

Performance Share Payout Table

Peer Group Companies:

Subject to change, the following 38 companies constitute Dover's peer group of companies. This group may change due to mergers, acquisitions, bankruptcies, changes in business or other reasons deemed appropriate by the Compensation Committee.

3M Company, Actuant Corp., Agco Corp., Agilent Technologies, Inc., Ametek, Inc., Cameron International Corporation, Carlisle Cos. Inc., Cooper Industries Inc., Crane Co., Danaher Corp., Deere & Company, Eaton Corp., Emerson Electric Co., Flowserve Corporation, FMC Technologies, Inc., Honeywell International, Inc., Hubbell Incorporated, IDEX Corporation, Illinois Tool Works Inc., Ingersoll-Rand Company Limited, ITT Industries, Inc., Leggett & Platt, Incorporated, The Manitowoc Company, Inc., Masco Corporation, Oshkosh Corporation, Paccar Inc., Pall Corporation, Parker-Hannifin Corp., Pentair Inc., Precision Castparts Corp., Rockwell Automation, Inc., Roper Industries Inc., SPX Corporation, Terex Corporation, The Timken Company, Tyco International Ltd., United Technologies Corp. and Weatherford International Ltd.

Payout Formula:

Dover 3-year TSR Performance Relative to TSR. of Peer Group Companies	Payout Level	Payout Percentage of Target Grant
≥ 75th Percentile	Maximum	200%
50th Percentile	Target	100%
35th Percentile	Threshold	50%
≤ 35th Percentile	Below Threshold	0%

The formula will be applied on a sliding scale between the "Threshold" and "Maximum" payout levels, based on Dover's 3-year TSR relative to the TSR of the peer group companies for the performance period.

TSR Definition

TSR = (change in stock price plus dividends) / (initial value)

Change in stock price is the difference in the closing price of a share of such company's common equity securities on the last trading day of the base year and the closing price of a share of such company's common equity securities on the last trading day of the last year of the performance period.

Dividends equals dividends per share of such company's common equity securities paid during the performance period.

The initial value is the closing price of a share of such company's common equity securities on the last trading day of the base year.

If a peer group company has more than one class of common equity securities, TSR for that company will be based on its class of publicly traded common equity securities that has the highest aggregate market value of outstanding shares held by non-affiliates, as set forth in the company's most recent annual report.

Restricted Stock Award

DATE: «Date»
TO: «First_Name» «Last_Name»
«Company_Name»

Here are the details for restricted stock award:

Number of shares of Dover Common Stock —	«M_of_Shars_DCS»
Date of Grant _____	«Date_of_grant»
Restriction Period — Date of Grant Through —	«Restr_period»

Your restricted stock award is subject to all the terms and provisions of the Plan, which terms and provisions are expressly incorporated into and made a part of the award as if set forth in full herein. A copy of the Plan can be found on www.dovercorporation.com/investorinformation.asp in the SEC Filings, Proxy Filing on 3/24/2009 Appendix A.

In addition, subject to the following provisions of the Plan, your restricted stock award is subject to the following:

1. The shares of Restricted Stock awarded to you (the “Restricted Shares”) will be recorded on Dover’s books in your name. Dover will instruct its stock agent to place a stop transfer order on the Restricted Shares until such time as the restrictions thereon lapse. In the event that you forfeit all or any portion of the Restricted Shares, the shares which are forfeited will automatically be transferred back to Dover. Your Restricted Shares will be held by Dover’s Secretary during the Restriction Period, together with a stock power endorsed by you in blank in the form attached hereto as Exhibit A.
 2. You shall vest in the Restricted Stock Award, and all Restrictions thereon shall lapse on the third anniversary of the date of grant, subject to the forfeiture provisions of the Plan. You must be an active employee of Dover or a Dover affiliate at the end of the Restriction Period in order for your Restricted Stock to vest, with certain exceptions as provided in the Plan, provided that this Restricted Stock Award shall be forfeited if you retire before the end of the Restriction Period.
 3. During the Restricted Period you shall not receive any dividends declared and other distributions paid with respect to your Restricted Shares. You may not vote the Restricted Shares during the Restriction Period. As soon as administratively reasonable after the end of the Restriction Period, provided that the Restricted Shares have vested, you shall be paid all dividends declared and other distributions paid with respect to your Restricted Shares during the Restriction Period. In the event that you shall vest in the Restricted Shares prior to the end of the Restriction Period as provided in the Plan, dividends declared and other distributions paid during the Restriction Period shall be paid to you as soon as administratively reasonable after the date of vesting.
 4. The Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered and shall not be subject to execution, attachment, garnishment or other similar legal process. Upon any attempt to sell, transfer, assign, pledge, or otherwise encumber or dispose of the Restricted Shares contrary to the provisions hereof or of the Plan, the Restricted Shares shall immediately be forfeited to Dover.
 5. By accepting this award, you hereby consent to the collection, use and transfer of any personally identifiable information about you relating to your participation in the Plan to Dover and its affiliates for the purpose of administering this restricted stock award. Your personal information may be transferred to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in your home country. Dover and its affiliates will take reasonable steps to ensure the security of your personal information and to avoid unauthorized or accidental access, erasure or other use. Your personal information will only be held as long as necessary to administer the Plan or this restricted stock award. You may, at any time, request access to your personal information held about you in connection with this restricted stock award and make any necessary amendments to your personal information or withdraw your consent. Withdrawing your consent may affect Dover and its affiliates’ ability to administer the restricted stock award.
 6. Dover and your employer reserve the right to amend, modify, or terminate the Plan at any time in their discretion with notice.
-

Restricted Stock Award

DATE: «Date»
TO: «First_Name» «Last_Name»
«Company_Name»

I hereby acknowledge and agree that I have reviewed the Plan and this agreement and agree to the terms and conditions set forth herein and therein. By signing and returning one copy of this award agreement, together with the attached stock power, I hereby consent to the collection, use and transfer of my personally identifiable information to Dover and its affiliates for the purpose of administering the restricted stock award. I further consent to the transfer of my personal information to the United States, a jurisdiction that may not have an equivalent level of data protection as the laws in my home country.

This award agreement shall only become effective upon receipt by Dover of your signed copy of this agreement and the stock power endorsed by you in blank.

Employee

«Signature»
President

Date

Revised February, 2011

**DOVER CORPORATION
EXECUTIVE SEVERANCE PLAN**

Introduction

This Dover Corporation Executive Severance Plan (the “Plan”) sets forth the policy of Dover Corporation, a Delaware corporation (“Dover”), and each of its Subsidiaries (as defined in Article 13) which employs an “Eligible Executive” (as defined in Article 1) with respect to “Severance Payments” (as defined in Article 5) payable to an Eligible Executive under the Plan. (Dover and such Subsidiaries are collectively referred to as the “Company”.) This Executive Severance Plan constitutes the plan document and summary plan description for the Plan.

Article 1. Who is Eligible for Participation in the Plan

- a. *Eligible Executives.* The individuals who shall be eligible to participate in the Plan shall be (i) the Chief Executive Officer (“CEO”) of Dover plus (ii) any executive of the Company who is (A) employed in the United States, or (B) a U.S.-based employee temporarily assigned to the non-U.S. payroll of a Subsidiary on an expatriate assignment, and in each case whose annual base salary as in effect from time to time (“Base Salary”) is determined under Dover’s executive salary Bands 1 to 4, as in effect from time to time (“Eligible Executives”). If your Base Salary ceases to be determined under Dover’s executive salary Bands 1 to 4, you shall cease to be eligible to participate in the Plan.
- b. *Effect of Employment Agreement.* You shall not be eligible to participate in the Plan if you are party to a written agreement with the Company that provides for severance payments to you upon, or following, the termination of your employment.
- c. *Other Plans.* If you are eligible to participate in this Plan, you shall not be eligible to participate in, or to receive any severance benefits under, any other severance plan, policy, practice, or arrangement maintained by the Company. If you become eligible to receive Severance Payments under the Dover Corporation Senior Executive Change-in-Control Severance Plan, you shall not be eligible to receive Severance Payments under this Plan.

Article 2. How Do You Become Eligible for Severance Payments under the Plan

You will be eligible for Severance Payments if you are an Eligible Employee and your employment is terminated by the Company without “Cause” (as defined in Article 13) (“Termination Without Cause”).

Article 3. What Events Make You Ineligible for Severance Payments under the Plan

You shall not be entitled to receive Severance Payments under this Plan if any of the following disqualifying events occur:

- a. *Death or Disability.* Your employment terminates due to death or, at the option of the Company, upon your “Disability” (as defined in Article 13);
-

- b. *Voluntary Termination.* You elect to terminate your employment with the Company or a successor for any reason, including without limitation, retirement (“Voluntary Termination”).
- c. *Termination for Cause.* Your employment with the Company is terminated for Cause (“Termination for Cause”);
- Your employment may be terminated for Cause by the Company effective upon the giving of written notice to you of such Termination for Cause, or effective upon another date as specified in such notice (“Notice of Termination for Cause”).
 - If within one (1) year after your Termination Without Cause, the Company determines that your employment could have been Terminated for Cause, your prior termination shall be recharacterized as a Termination for Cause upon the Company giving written notice to you (or to your estate in the event of your death). You (or your estate) shall have thirty (30) days to provide a written response to the Company. To the extent that the Company does not reverse its determination after receipt of your response, if any, you (or your estate) shall be obligated promptly to repay any Severance Payments paid to you under the Plan. The Company may take appropriate legal action to seek to recover any Severance Payments from you or your estate.
- d. *Sale.* You work for a division, subdivision, plant, location, or entity which is sold or otherwise transferred to an entity other than Dover and its Subsidiaries, regardless of whether the new owner offers continued or comparable employment to you.
- e. *New Employer.* You begin working for another employer (whether regular or temporary and whether full-time or part-time) in any capacity, including as a consultant or independent contractor, before your “Date of Termination” (as defined in Article 13). You are required to immediately notify the Company in writing if you begin another job prior to your Date of Termination.

Article 4. What Amounts Other than Severance Payments May be Payable to You

Regardless of whether you are eligible for Severance Payments under the Plan, you may be entitled to receive benefits (other than severance payments) for which you are expressly eligible following your Date of Termination to the extent you are entitled under the terms and conditions of any other plans, policies, programs and/or arrangements of the Company, including without limitation, continuation health benefits under the federal law known as COBRA, amounts payable or benefits provided under the Dover Corporation 2005 Equity and Cash Incentive Plan and any successor plan (the “2005 Plan”), the Dover Corporation Pension Replacement Plan, the Dover Corporation Deferred Compensation Plan, the Dover Corporation Pension Plan, and the Dover Corporation Retirement Savings Plan.

Article 5. What Severance Payments Are Payable under the Plan

If you are eligible to receive Severance Payments under Article 2 above, and you have not become ineligible for the receipt of such Severance Payments due to a disqualifying event as described in Article 3 above or other provisions of the Plan, you shall be entitled to the following severance payments (the "Severance Payments"):

- Base Salary continuation for a twelve (12) month period following your Date of Termination (the "Severance Pay Period"), plus an additional monthly amount equal to the then cost of COBRA health continuation coverage for yourself and covered family members based on the level of health coverage in effect on your Date of Termination, if any, for the lesser of the Severance Period or the period that you receive COBRA benefits, with such payments to commence sixty (60) days from your Date of Termination, retroactive to your Date of Termination;
- If on your Date of Termination you are a "covered employee" (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code")) who participates in an annual incentive plan intended to comply with Section 162(m) of the Code, an additional Severance Payment equal to the pro rata portion (based upon the completed calendar months worked in the year in which your Date of Termination occurs) of the annual incentive bonus paid to you for the year prior to the year in which your Date of Termination occurs (the "Bonus Payment"), with such amount to be payable when an annual incentive bonus is regularly paid to employees for the year in which your Date of Termination occurs, which amount may, in the discretion of the Compensation Committee of Dover's Board of Directors ("Compensation Committee"), be reduced.
- If you are not a "covered employee", an additional Severance Payment equal to a pro rata portion (based upon the completed calendar months worked in the year in which your Date of Termination occurs), of the target annual incentive bonus payable for the year in which your Date of Termination occurs, with such amount to be payable when an annual incentive bonus is regularly paid to employees for the year in which your Date of Termination occurs, which amount may, in the discretion of the Compensation Committee (or, if applicable, the manager who approves your bonus) be reduced based upon attainment of the performance criteria applicable to your award for the year of termination.
- With respect to the Cash Performance Award having a scheduled payment date next following your Date of Termination under the 2005 Plan, you shall be entitled to receive on the scheduled payment date of such award a pro rata portion (based upon the completed calendar months worked by you during the applicable performance period) of the payment, if any, you would have earned had you been an employee on the payment date, based upon attainment of the performance criteria applicable to your award for the applicable performance period (and taking into account the terms of the 2005 Plan), including but not limited to the discretion of the Compensation Committee to reduce such cash payment), with

such amount to be payable when the cash performance award is regularly paid to employees for such year. The foregoing provision shall not be applicable to you if, on your Date of Termination, you are eligible for normal retirement under the 2005 Plan. Any amount payable to you under this provision shall be reduced by the amount of any Cash Performance Award payable to you under the 2005 Plan for the same year.

- If you die before receipt of all Severance Payments to which you are entitled, any payments due to you will be paid to your estate at the time they would have been payable to you.
- The Company's obligations to make Severance Payments to you are conditioned upon your timely execution (without revocation) of a separation agreement and a general release of all claims related to your employment and the termination of your employment in a form satisfactory to Dover (the "Separation Agreement and Release"). The Separation Agreement and Release shall include a confidentiality covenant, a non-disparagement covenant, a covenant for the protection of intellectual property, and a non-competition and non-solicitation restriction for the duration of the Severance Pay Period, as more fully to be set forth in such Separation Agreement and Release. If you should fail to execute such Separation Agreement and Release within forty-five (45) days following the Date of Termination or should you later revoke or violate the Separation Agreement and Release, the Company shall not have any obligation to make the payments contemplated under this Plan and you shall refund any Severance Payments made to you.

Article 6. Claw-Back Provisions

In addition to the right of the Company, under Article 3(c) and Article 5, to recover amounts paid to you, in the event that you shall (i) breach the non-competition, non-disparagement, non-solicitation, confidentiality, intellectual property or other covenants or provisions of the Separation Agreement and Release, or (ii) be required by any claw-back policies of the Company, as in effect from time to time, or by applicable law, to refund payments received from the Company as the result of a restatement of the Company's financial statements or other events or conduct as may be specified in such policies from time to time or as may be required by applicable law, you shall be obligated promptly to refund the Severance Payments made to you. The Company may take appropriate legal action to seek to recover any Severance Payments from you or your estate.

Article 7. Income Taxes

Severance Payments are subject to all applicable federal, state, local and non-U.S. tax withholdings.

Article 8. Section 409A of the Code

Notwithstanding any other provision of the Plan, if any payment, compensation or other benefit provided to you in connection with your employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and you are a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after your Date of Termination (such date, the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to you during the period between your Date of Termination and the New Payment Date shall be paid to you in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled in accordance with the terms of the Plan. If you die during the period between the Date of Termination and the New Payment Date, the amounts withheld on account of Code Section 409A shall be paid to your estate within ninety (90) days of your death.

For the avoidance of doubt, up to two (2) times the lesser of: (i) your Base Salary for the year preceding the year in which your Date of Termination occurs; and (ii) the maximum amount of compensation that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which your Date of Termination occurs, shall be paid in accordance with the schedule set forth in Article 5, without regard to such six (6) month delay.

The provisions of the Plan are intended to be exempt from, or to comply with, the requirements of Code Section 409A, including without limitation, with the separation pay exemption and short-term deferral exemption of Code Section 409A. The Plan shall in all respects be administered in accordance with Code Section 409A and shall be interpreted in a manner to conform to the requirements of Code Section 409A. Notwithstanding anything in the Plan to the contrary, distributions may only be made under the Plan upon an event and in a manner permitted by Code Section 409A or an applicable exemption.

All payments to be made upon a termination of employment under the Plan may only be made upon a "separation from service" under Code Section 409A.

For purposes of Code Section 409A, the right to a series of installment payments under the Plan shall be treated as a right to a series of separate payments. In no event may you, directly or indirectly, designate the calendar year of a payment.

Article 9. Administration of Plan

The "Plan Administrator" (as defined in Article 13) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply, and interpret the Plan and to decide all matters arising in connection with the operation or administration of the Plan to the extent not retained by Dover as set forth herein. Without limiting the generality of the foregoing, the Plan Administrator shall have the sole and absolute discretionary authority to:

- Make determinations as to whether an employee is, or is not, an Eligible Executive;
- Take all actions and make all decisions with respect to the eligibility for, and the amount of, Severance Payments payable under the Plan;

- Formulate, interpret and apply rules, regulations, and policies necessary to administer the Plan in accordance with its terms;
- Decide questions, including legal or factual questions, with regard to any matter related to the Plan;
- Construe and interpret the terms and provisions of the Plan and all documents which relate to the Plan and decide any and all matters arising thereunder including the right to remedy possible ambiguities, inconsistencies or omissions;
- Investigate and make such factual or other determinations as shall be necessary or advisable for the resolution of appeals of adverse determinations under the Plan; and
- Process, and approve or deny, claims for Severance Payments under the Plan and any appeals.

All determinations made by the Plan Administrator as to any question involving its respective responsibilities, powers and duties under the Plan shall be final and binding on all parties, to the maximum extent permitted by law. All determinations by Dover referred to in the Plan shall be made by Dover in its capacity as an employer and settlor of the Plan.

Article 10. Modification or Termination of Plan

Dover reserves the right, in its sole and absolute discretion, to amend, modify, or terminate the Plan, in whole or in part, including any or all of the provisions of the Plan, for any reason, at any time, by action of the Compensation Committee. This Plan does not give an Eligible Executive any vested right to Severance Payments. If the Plan is amended or terminated, your rights to receive Severance Payments may be eliminated. No individual may become entitled to benefits or other rights under the Plan after the Plan is terminated.

Article 11. Claims and Appeal Procedures

The Plan Administrator shall make a determination in connection with the termination of employment of an Eligible Executive as to whether a Severance Payment under the Plan is payable to such Eligible Executive and the amount thereof, taking into consideration any determination made by Dover as to the circumstances regarding the termination, the potential applicability of a disqualifying event, or the Plan Administrator's decision as to whether an employee is an Eligible Employee under the Plan. The Plan Administrator shall advise any Eligible Executive it determines is entitled to Severance Payments under the Plan as to the amount of Severance Payments payable under the Plan. The Plan Administrator may delegate any or all of its responsibilities under this section.

a. Claim Procedures

Each Eligible Executive or his or her authorized representative (each, the "Claimant") claiming Severance Payments under the Plan who has not been advised by the Plan Administrator as to his

or her eligibility for Severance Payments, disagrees with a determination that he or she is not eligible for Severance Payments, disagrees with the amount of any Severance Payments awarded under the Plan, or disagrees with a decision to require him or her to repay an amount under the Plan, is eligible to file a written claim with the Plan Administrator.

Within ninety (90) days after receiving the claim, the Plan Administrator will decide whether or not to approve the claim. The ninety (90)-day period may be extended by the Plan Administrator up to an additional ninety (90)-day period if special circumstances require an extension of time to consider the claim. If the Plan Administrator extends the ninety (90)-day period, the Claimant will be notified in writing before the expiration of the initial ninety (90)-day period as to the length of the extension and the special circumstances that necessitate the extension.

If the claim is denied, the Plan Administrator shall set forth in writing (which notice may be electronic) the reasons for the denial; the relevant provisions of the Plan on which the decision is made; a description of the Plan's claim appeal procedures; and, if additional material or information is necessary to perfect the claim, an explanation of why such material or information is necessary. The notice will also include a statement regarding the procedures for the Claimant to file a request for review of the claim denial as set forth in the "Appeal Procedures" sub-section below and the Claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following a claim denial on appeal.

b. Appeal Procedures

If a claim has been denied by the Plan Administrator and the Claimant wishes further consideration and review of his or her claim, he or she must file an appeal of the denial of the claim to the Plan Administrator no later than sixty (60) days after the receipt of the written notification of the Plan Administrator's denial. In connection with his or her appeal, the Claimant may request the opportunity to review relevant documents prior to submission of a written statement, submit documents, records and comments in writing, and receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for Severance Payments under the Plan. The review of the appeal by the Plan Administrator will take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial review of the claim.

The Plan Administrator will notify the Claimant in writing (which notice may be electronic) of the Plan Administrator's decision with respect to its review of the appeal within sixty (60) days of the receipt of the request for a review of the claim. Due to special circumstances, the Plan Administrator may extend the time to reach a decision with respect to the appeal of the claim denial, in which case the Plan Administrator will notify the Claimant in writing before the expiration of the initial 60-day period as to the length of the extension and the special circumstances that necessitate such extension and render a decision as soon as possible, but not later than one hundred twenty (120) days following the receipt of the Claimant's request for appeal.

If the appeal is denied, the Plan Administrator will set forth in writing (which notice may be electronic) the specific reasons for the denial and references to the relevant Plan provisions on which the determination of the denial is based. The notice will also include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim, and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

c. Exhaustion of Remedies under the Plan

A Claimant wishing to seek judicial review of an adverse benefit determination under the Plan, whether in whole or in part, must file any suit or legal action, including, without limitation, a civil action under Section 502(a) of ERISA, within one (1) year of the date the final decision on the adverse benefit determination on review is issued or should have been issued or lose any rights to bring such an action. If any such judicial proceeding is undertaken, the evidence presented shall be strictly limited to the evidence timely presented to the Plan Administrator. A Claimant may bring an action under ERISA only after he or she has exhausted the Plan's claims and appeal procedures.

Article 12. Miscellaneous Provisions

- The records of the Company with respect to employment history, compensation, absences, illnesses, and all other relevant matters shall be conclusive for all purposes of this Plan.
- The respective terms and provisions of the Plan shall be construed, whenever possible, to be in conformity with the requirements of ERISA, or any subsequent laws or amendments thereto. To the extent not to conflict with the preceding sentence, the construction and administration of the Plan shall be in accordance with the laws of the state of Illinois applicable to contracts made and to be performed within the state of Illinois (without reference to its conflicts of law provisions).
- Nothing contained in this Plan shall be held or construed to create any liability upon the Company to retain any employee in its service or to change the employee-at-will status of any employee. All employees shall remain subject to the same terms and conditions of employment and discharge or discipline to the same extent as if the Plan had not been put into effect. An employee's failure to qualify for, or receive, a Severance Payment under the Plan shall not establish any right to (i) continuation or reinstatement, or (ii) any benefits in lieu of Severance Payments.
- The Company has the right to cancel a proposed termination of employment or reschedule a termination date at any time before your employment terminates. You will not become eligible for Severance Payments if your termination date is cancelled or if you voluntarily terminate employment before the termination date specified or rescheduled by the Company.
- Severance Payments under this Plan are not intended to duplicate such payments and benefits as may be provided under state, local or federal plant shut down, mass layoff or

similar laws, such as the WARN Act. Should payments or benefits under such laws become payable to you, payments under this Plan will be offset or, alternatively, Severance Payments previously paid under this Plan will be treated as having been paid to satisfy such other benefit obligations to the extent permitted by applicable law. In either case, the Plan Administrator, in its sole discretion, will determine how to apply this provision and may override other provisions in this Plan in doing so.

- At all times, payments under the Plan shall be made from the general assets of the Company.
- Should any provisions of the Plan be deemed or held to be unlawful or invalid for any reason, the balance of the Plan shall remain in effect, unless it is amended or terminated as provided in the Plan.
- Except as required by law, the Severance Payments will not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause such payments to be so subjected will not be recognized.
- If any overpayment is made under the Plan for any reason, the Plan Administrator will have the right to recover the overpayment.
- The Company shall cause this Plan to be assumed by a successor of the Company, whether such succession occurs by merger, asset sale or otherwise.
- Any notice or other written communication required or permitted pursuant to the terms of the Plan shall have been duly given (i) immediately when delivered by hand, (ii) three days after being mailed by United States Mail, first class, postage prepaid (or such local equivalent thereof), addressed to the intended recipient at his, her or its last known address, (iii) on the next business day after deposit with a courier or overnight delivery service post paid for next-day delivery and addressed in accordance with the last known address, or (iv) immediately upon delivery by facsimile or email to the telephone number or email address provided by a party for the receipt of notice.

Article 13. Definitions

- Cause**
- You have engaged in conduct that constitutes willful misconduct, dishonesty, or gross negligence in the performance of your duties; you breach your fiduciary duties to your employer; or your willful failure to carry out the lawful directions of the person(s) to whom you report;
 - You have engaged in conduct which is demonstrably and materially injurious to your employer, or that materially harms the reputation, good will, or business of your employer;
 - You have engaged in conduct which is reported in the general or trade press or otherwise achieves general notoriety and which is scandalous, immoral or illegal;

- You have been convicted of, or entered a plea of guilty or nolo contendere (or similar plea) to, a crime that constitutes a felony, or a crime that constitutes a misdemeanor involving moral turpitude, dishonesty or fraud;
- You have been found liable in any Securities and Exchange Commission or other civil or criminal securities law action or any cease and desist order applicable to you is entered (regardless of whether or not you admit or deny liability);
- You have used or disclosed, without authorization, confidential or proprietary information of Dover or its Subsidiaries; you have breached any written agreement with the Company not to disclose any information pertaining to Dover or its Subsidiaries or their customers, suppliers and businesses; or you have breached any agreement relating to non-solicitation, non-competition, or the ownership or protection of the intellectual property of Dover or its Subsidiaries; or
- You have breached any of the Company's policies applicable to you, whether currently in effect or adopted after the Effective Date of the Plan.

Date of Termination

The date on which you incur a termination of employment or such other date on which you incur a "separation from service" determined under the provisions set forth in Section 1.409A-1(h) of the Treasury Regulations or any successor provisions. Pursuant to such provisions, you will be treated as no longer performing services for the Company when the level of services you perform for the Company decreases to a level equal to 20% or less of the average level of services performed by you during the immediately preceding thirty-six (36) months.

Disability

Disability shall be defined as set forth under the Company-sponsored Long-Term Disability Benefits Plan that covers you, as such plan shall be in effect from time to time. Any dispute concerning whether you are deemed to have suffered a Disability for purposes of the Plan shall be resolved in accordance with the dispute resolution procedures set forth in the Company-sponsored Long-Term Disability Benefits Plan in which you participate.

Plan Administrator

With respect to Severance Payments payable to the President and Chief Executive Officer, the Chief Operating Officer, or the Vice President- Human Resources, the Compensation Committee. With respect to all other matters under the plan, the Vice President -Human Resources of Dover or successor position.

Subsidiary An entity in which Dover owns, directly or indirectly, at least 50% of the equity or voting interests.

Article 14. Effective Date of Plan

The Plan is effective as of November 3, 2010.

SUMMARY OF ERISA RIGHTS

Your Rights Under ERISA

The Department of Labor has issued regulations that require the Company to provide you with a statement of your rights under ERISA with respect to this Plan. The following statement was designated by the Department of Labor to satisfy this requirement and is presented accordingly.

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants are entitled to:

Receive Information About Your Plan and Benefits

1. Examine, without charge, all Plan documents and copies of all documents filed by Dover with the Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. This includes annual reports and Plan descriptions. All such documents are available for review from the Dover Human Resources Department.
2. Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 Series) and any updated summary plan description. The Plan Administrator may charge you a reasonable fee for the copies.
3. Receive a summary of the Plan's annual financial report. Once each year, the Plan Administrator will send you a Summary Annual Report of the Plan's financial activities at no charge.

Prudent Action by Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA.

Enforcing Your Rights

If your claim for Severance Payments is denied or ignored in whole or in part, you have a right to receive a written explanation of the reason for the denial, to obtain copies of documents related to the decision without charge, and to appeal any denial, all within certain time schedules. You have the right to have your claim reviewed and reconsidered as explained in the "Claims and Appeal Procedures" section.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for Severance Payments which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have exhausted the Plan's claims and appeal procedures as described in the section "Claims and Appeal Procedures" hereof. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator through the Dover Human Resources Department. They will be glad to help you. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest Area Office of the Employee Benefits Security Administration, Department of Labor, listed in your telephone directory, or you may contact:

The Division of Technical Assistance and Inquiries
Employee Benefits Security Administration,
Department of Labor
200 Constitution Avenue, N.W., Room 5N625
Washington, DC 20210
1-866-444-EBSA (1-866-444-3272)
www.dol.gov/ebsa (for general information)
www.askebsa.dol.gov (for electronic inquiries)

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.

Administrative Facts

Plan Name	Dover Corporation Executive Severance Plan
Plan Sponsor	Dover Corporation Highland Landmark V 3005 Highland Parkway, Suite 200 Downers Grove, Illinois 60515 USA 1-630-541-1540

Type of Plan The Plan is a welfare benefit plan that provides severance benefits

Source of Contributions to Plan Employer payments from general corporate assets

Plan Year The Plan Year is January 1 through December 31

Employer Identification Number 53-0257888

Plan Number []

Plan Administrator Dover Corporation
Highland Landmark V
3005 Highland Parkway, Suite 200
Downers Grove, Illinois 60515 USA
1-630-541-1540

Agent for Receiving Service of Legal Process General Counsel
Dover Corporation
Highland Landmark V
3005 Highland Parkway, Suite 200
Downers Grove, Illinois 60515 USA
1-630-541-1540
Legal Process can also be served on the Plan Administrator

Contact Information

If you have questions about this Plan, please contact Dover Human Resources at the phone numbers below and they will provide you with this information.

Dover Human Resources

Phone: (630) 743-5067

Fax: (630) 743-2670

E-Mail: dbw@dovercorp.com

DOVER CORPORATION
SENIOR EXECUTIVE CHANGE-IN-CONTROL SEVERANCE PLAN

Introduction

This Dover Corporation Senior Executive Change-in-Control Severance Plan (the “Plan”) sets forth the policy of Dover Corporation, a Delaware corporation (“Dover”), and each of its Subsidiaries (as defined in Article 14) which employs an “Eligible Executive” (as defined in Article 1) with respect to “Severance Payments” (as defined in Article 5) payable to an Eligible Executive under the Plan (Dover and such Subsidiaries are collectively referred to as the “Company”). This Senior Executive Change-in-Control Severance Plan constitutes the plan document and summary plan description for the Plan.

Article 1. Who is Eligible for Participation in the Plan

- a. *Eligible Executives.* Those executives of the Company who have been notified that they are subject to Dover’s Senior Executive Shareholding Guidelines, as in effect from time to time, and, on the date of a “Change of Control” (as defined in Article 14), remain subject to such guidelines, shall be eligible to receive Severance Payments under the Plan.
- b. *Effect of Employment Agreement.* You shall not be eligible to participate in the Plan if you are party to a written agreement with the Company that provides for severance payments to you upon, or following, the termination of your employment or following a Change-in-Control of the Company.
- c. *Other Plans.* If you are eligible to participate in this Plan, you shall not be eligible to participate in, or to receive any severance benefits under, any other severance plan, policy, practice, or arrangement maintained by the Company. If you become eligible to receive Severance Payments under this Plan, you shall not be eligible to receive Severance Payments under the Dover Corporation Executive Severance Plan.

Article 2. How Do You Become Eligible for Severance Payments under the Plan

You will be eligible for Severance Payments if you are an Eligible Employee as of the date of a Change of Control and, within eighteen (18) months following a Change-in-Control:

- a. *Termination Without Cause.* Your employment is terminated by the Company without “Cause” (as defined in Article 14) (“Termination Without Cause”); or
 - b. *Good Reason Termination.* You terminate your employment with the Company for “Good Reason” (as defined in Article 14) by giving a notice of termination for Good Reason under the procedures set forth in this Article 2 (“Good Reason Termination”);
 - You may elect to terminate your employment for Good Reason by giving written notice to the Company of the events constituting Good Reason within eighteen (18) months after a Change-in-Control. The notice of termination for Good Reason shall be effective thirty (30) days after it is provided by you if the
-

Company shall fail to cure the events constituting Good Reason within such thirty (30) day notice period. In order to be effective, you must give the notice of a Good Reason termination within sixty (60) days after the event(s) that constitute Good Reason first occur and within eighteen (18) months after a Change-in-Control.

- The Company may waive all or part of the thirty (30) day notice required to be given by you by giving written notice to you.

Article 3. What Events Make You Ineligible for Severance Payments under the Plan

You shall not be entitled to receive Severance Payments under this Plan if any of the following disqualifying events occur:

- a. *Death or Disability.* Your employment terminates due to death or, at the option of the Company, upon your “Disability” (as defined in Article 14);
- b. *Voluntary Termination.* You terminate your employment with the Company or a successor for any reason, including without limitation retirement, other than for Good Reason (“Voluntary Termination”). A Voluntary Termination includes, without limitation, a termination by you (i) after a failure by you to give a timely notice of termination for Good Reason, or (ii) after the Company timely cures the event(s) that are claimed to constitute Good Reason.
- c. *Termination for Cause.* Your employment with the Company is terminated for Cause (“Termination for Cause”);
 - Your employment may be terminated for Cause by the Company effective upon the giving of written notice to you of such Termination for Cause, or effective upon another date as specified in such notice (“Notice of Termination for Cause”).
 - If within one (1) year after your employment terminates as the result of Good Reason Termination or Termination Without Cause, the Company determines that your employment could have been Terminated for Cause, your prior termination shall be recharacterized as a Termination for Cause upon the Company giving written notice to you (or to your estate in the event of your death). You (or your estate) shall have thirty (30) days to provide a written response to the Company. To the extent that the Company does not reverse its determination after receipt of your response, if any, you (or your estate) shall be obligated promptly to repay any Severance Payments paid to you under the Plan. The Company may take appropriate legal action to seek to recover any Severance Payments from you or your estate.
- d. *Sale.* You work for a division, subdivision, plant, location, or entity which is sold or otherwise transferred to an entity other than Dover and its Subsidiaries in a transaction

that does not constitute a Change-in-Control, regardless of whether the new owner offers continued or comparable employment to you.

- e. *New Employer.* You begin working for another employer (whether regular or temporary and whether full-time or part-time) in any capacity, including as a consultant or independent contractor, before your "Date of Termination" (as defined in Article 14). You are required to immediately notify the Company in writing if you begin another job prior to your Date of Termination.

Article 4. What Amounts Other than Severance Payments May be Payable to You

Regardless of whether you are eligible for Severance Payments under the Plan, you may be entitled to receive benefits (other than severance payments) for which you are expressly eligible following your Date of Termination to the extent you are entitled under the terms and conditions of any other plans, policies, programs and/or arrangements of the Company, including without limitation, continuation health benefits under the federal law known as COBRA, amounts payable or benefits provided under the Dover Corporation 2005 Equity and Cash Incentive Plan and any successor plan (the "2005 Plan"), the Dover Corporation Pension Replacement Plan, the Dover Corporation Deferred Compensation Plan, the Dover Corporation Pension Plan, and the Dover Corporation Retirement Savings Plan.

Article 5. What Severance Payments Are Payable under the Plan

If you are eligible to receive Severance Payments under Article 2 above, and you have not become ineligible for the receipt of such Severance Payments due to a disqualifying event as described in Article 3 above or other provisions of the Plan, you shall be entitled to the following severance payments (the "Severance Payments"):

- A lump sum payment payable sixty (60) days following your Date of Termination equal to 2.99 (2.0 for a Date of Termination that occurs after December 31, 2015) multiplied by the sum of (i) your annual base salary on your Date of Termination (or, if higher, on the date of the Change-in-Control), and (ii) your target annual incentive bonus for the year in which the Date of Termination occurs (or, if higher, on the date of the Change-in-Control).
- A lump sum payment payable sixty (60) days following your Date of Termination equal to the then cost of COBRA health continuation coverage for yourself and covered family members for twelve months based on the level of health coverage, if any, in effect on your Date of Termination.
- If you die before receipt of all Severance Payments to which you are entitled, any payments due to you will be paid to your estate at the time they would have been payable to you.
- The Company's obligations to make Severance Payments to you are conditioned upon your timely execution (without revocation) of a separation agreement and a general release of all claims related to your employment and the termination of

your employment in a form satisfactory to Dover (the "Separation Agreement and Release"). The Separation Agreement and Release shall include a confidentiality covenant, a non-disparagement covenant, a covenant for the protection of intellectual property, and a non-competition and non-solicitation restriction for twelve (12) months from the Date of Termination, as more fully set forth in such Separation Agreement and Release. If you should fail to execute such Separation Agreement and Release within forty-five (45) days following the Date of Termination or should you later revoke or violate the Separation Agreement and Release, the Company shall not have any obligation to make the payments contemplated under this Plan and you shall refund any Severance Payments made to you.

Article 6. Claw-Back Provisions

In addition to the right of the Company under Article 3(c) and Article 5 to recover amounts paid to you, in the event that you shall (i) breach the non-competition, non-disparagement, non-solicitation, confidentiality, intellectual property or other covenants or provisions of the Separation Agreement and Release, or (ii) be required by any claw-back policies of the Company, as in effect from time to time, or by applicable law, to refund payments received from the Company as the result of a restatement of the Company's financial statements or other events or conduct as may be specified in such policies from time to time or as may be required by applicable law, you shall be obligated promptly to refund the Severance Payments made to you. The Company may take appropriate legal action to seek to recover any Severance Payments from you or your estate.

Article 7. Income Taxes

Severance Payments are subject to all applicable federal, state, local and non-U.S. tax withholdings.

Article 8. Section 409A of the Code

Notwithstanding any other provision of the Plan, if any payment, compensation or other benefit provided to you in connection with your employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code ("Code") and you are a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after your Date of Termination (such date, the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to you during the period between your Date of Termination and the New Payment Date shall be paid to you in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled in accordance with the terms of the Plan. If you die during the period between the Date of Termination and the New Payment Date, the amounts withheld on account of Code Section 409A shall be paid to your estate within ninety (90) days of your death.

For the avoidance of doubt, up to two (2) times the lesser of: (i) your Base Salary for the year preceding the year in which your Date of Termination occurs; and (ii) the maximum amount of compensation that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which your Date of Termination occurs, shall be paid in accordance with the schedule set forth in Article 5, without regard to such six (6) month delay.

The provisions of the Plan are intended to be exempt from, or to comply with, the requirements of Code Section 409A, including without limitation, with the separation pay exemption and short-term deferral exemption of Code Section 409A. The Plan shall in all respects be administered in accordance with Code Section 409A and shall be interpreted in a manner to conform to the requirements of Code Section 409A. Notwithstanding anything in the Plan to the contrary, distributions may only be made under the Plan upon an event and in a manner permitted by Code Section 409A or an applicable exemption.

All payments to be made upon a termination of employment under the Plan may only be made upon a "separation from service" under Code Section 409A.

For purposes of Code Section 409A, the right to a series of installment payments under the Plan shall be treated as a right to a series of separate payments. In no event may you, directly or indirectly, designate the calendar year of a payment.

Article 9. Excess Parachute Payments

In the event that the Company determines that any payment or distribution to you by the Company in connection with a Change-in-Control, whether paid or payable under this Plan or by reason of any other agreement, policy, plan, program or arrangement, including without limitation, any outstanding award or right under the 2005 Plan, the Dover Corporation Pension Replacement Plan, or the Dover Corporation Deferred Compensation Plan (a "Payment") would be subject to the excise tax imposed by Code Section 4999 (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), and you would receive a greater net after-tax amount (taking into account all applicable taxes payable by you, including any excise tax under Code Section 4999) by applying the reduction contained in this Article 9, then the Severance Payments to you under this Plan shall be reduced (but not below zero) to the maximum amount which may be paid without you becoming subject to such an excise tax under Code Section 4999 (such reduced payments to be referred to as the "Payment Cap"). In the event that you are subject to the Payment Cap, the Company shall reduce payments to you under this Plan in reverse chronological order such that the last payments to be made to you will be reduced first until the Payment Cap is reached. The tax and benefit calculations contemplated by this paragraph shall be performed by Dover's accountants or tax counsel, the fees of which shall be paid by Dover, including any fees incurred in connection with the audit of your tax return or appeal from any assessment.

Article 10. Administration of Plan

The "Plan Administrator" (as defined in Article 14) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply, and interpret the Plan and to decide all matters arising in connection with the operation or administration of the Plan to the extent not retained by Dover as set forth herein. Without limiting the generality of the foregoing, the Plan Administrator shall have the sole and absolute discretionary authority to:

- Make determinations as to whether an employee is, or is not, an Eligible Executive;
- Take all actions and make all decisions with respect to the eligibility for, and the amount of, Severance Payments payable under the Plan;
- Formulate, interpret and apply rules, regulations, and policies necessary to administer the Plan in accordance with its terms;
- Decide questions, including legal or factual questions, with regard to any matter related to the Plan;
- Construe and interpret the terms and provisions of the Plan and all documents which relate to the Plan and decide any and all matters arising thereunder including the right to remedy possible ambiguities, inconsistencies or omissions;
- Investigate and make such factual or other determinations as shall be necessary or advisable for the resolution of appeals of adverse determinations under the Plan; and
- Process, and approve or deny, claims for Severance Payments under the Plan and any appeals.

All determinations made by the Plan Administrator as to any question involving its respective responsibilities, powers and duties under the Plan shall be final and binding on all parties, to the maximum extent permitted by law. All determinations by Dover referred to in the Plan shall be made by Dover in its capacity as an employer and settlor of the Plan.

Article 11. Modification or Termination of Plan

Dover reserves the right, in its sole and absolute discretion, to amend, modify, or terminate the Plan, in whole or in part, including any or all of the provisions of the Plan, for any reason, at any time, by action of the Compensation Committee of Dover's Board of Directors ("Compensation Committee"). This Plan does not give an Eligible Executive any vested right to Severance Payments. If the Plan is amended or terminated, your rights to receive Severance Payments may be eliminated. No individual may become entitled to benefits or other rights under the Plan after the Plan is terminated. In the event that an amendment to the Plan to be effective on or after a Change-in-Control is in the aggregate materially adverse to you (taking into account any aspects of such amendments that are beneficial to you), or the Plan is terminated on or after a Change-in-Control, no such amendment or termination shall be effective before the second anniversary of the Change-in-Control. In the event that a Change-in-Control occurs within twelve months after

the effective date of an amendment to the Plan that is in the aggregate materially adverse to you (taking into account any aspects of such amendments that are beneficial to you), or the Plan is terminated twelve months prior to a Change-in-Control, such amendment or termination shall not be effective.

Article 12. Claims and Appeal Procedures

The Plan Administrator shall make a determination in connection with the termination of employment of an Eligible Executive as to whether a Severance Payment under the Plan is payable to such Eligible Executive and the amount thereof, taking into consideration any determination made by Dover as to the circumstances regarding the termination, the potential applicability of a disqualifying event, or the Plan Administrator's decision as to whether an employee is an Eligible Employee under the Plan. The Plan Administrator shall advise any Eligible Executive it determines is entitled to Severance Payments under the Plan as to the amount of Severance Payments payable under the Plan. The Plan Administrator may delegate any or all of its responsibilities under this section.

a. Claim Procedures

Each Eligible Executive or his or her authorized representative (each, the "Claimant") claiming Severance Payments under the Plan who has not been advised by the Plan Administrator as to his or her eligibility for Severance Payments, disagrees with a determination that he or she is not eligible for Severance Payments, disagrees with the amount of any Severance Payments awarded under the Plan, or disagrees with a decision to require him or her to repay an amount under the Plan, is eligible to file a written claim with the Plan Administrator.

Within ninety (90) days after receiving the claim, the Plan Administrator will decide whether or not to approve the claim. The ninety (90)-day period may be extended by the Plan Administrator up to an additional ninety (90)-day period if special circumstances require an extension of time to consider the claim. If the Plan Administrator extends the ninety (90)-day period, the Claimant will be notified in writing before the expiration of the initial ninety (90)-day period as to the length of the extension and the special circumstances that necessitate the extension.

If the claim is denied, the Plan Administrator shall set forth in writing (which notice may be electronic) the reasons for the denial; the relevant provisions of the Plan on which the decision is made; a description of the Plan's claim appeal procedures; and, if additional material or information is necessary to perfect the claim, an explanation of why such material or information is necessary. The notice will also include a statement regarding the procedures for the Claimant to file a request for review of the claim denial as set forth in the "Appeal Procedures" sub-section below and the Claimant's right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following a claim denial on appeal.

b. Appeal Procedures

If a claim has been denied by the Plan Administrator and the Claimant wishes further consideration and review of his or her claim, he or she must file an appeal of the denial of the claim to the Plan Administrator no later than sixty (60) days after the receipt of the written

notification of the Plan Administrator's denial. In connection with his or her appeal, the Claimant may request the opportunity to review relevant documents prior to submission of a written statement, submit documents, records and comments in writing, and receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for Severance Payments under the Plan. The review of the appeal by the Plan Administrator will take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial review of the claim.

The Plan Administrator will notify the Claimant in writing (which notice may be electronic) of the Plan Administrator's decision with respect to its review of the appeal within sixty (60) days of the receipt of the request for a review of the claim. Due to special circumstances, the Plan Administrator may extend the time to reach a decision with respect to the appeal of the claim denial, in which case the Plan Administrator will notify the Claimant in writing before the expiration of the initial 60-day period as to the length of the extension and the special circumstances that necessitate such extension and render a decision as soon as possible, but not later than one hundred twenty (120) days following the receipt of the Claimant's request for appeal.

If the appeal is denied, the Plan Administrator will set forth in writing (which notice may be electronic) the specific reasons for the denial and references to the relevant Plan provisions on which the determination of the denial is based. The notice will also include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim, and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

c. Exhaustion of Remedies under the Plan

A Claimant wishing to seek judicial review of an adverse benefit determination under the Plan, whether in whole or in part, must file any suit or legal action, including, without limitation, a civil action under Section 502(a) of ERISA, within one (1) year of the date the final decision on the adverse benefit determination on review is issued or should have been issued or lose any rights to bring such an action. If any such judicial proceeding is undertaken, the evidence presented shall be strictly limited to the evidence timely presented to the Plan Administrator. A Claimant may bring an action under ERISA only after he or she has exhausted the Plan's claims and appeal procedures.

Article 13. Miscellaneous Provisions

- The records of the Company with respect to employment history, compensation, absences, illnesses, and all other relevant matters shall be conclusive for all purposes of this Plan.
- The respective terms and provisions of the Plan shall be construed, whenever possible, to be in conformity with the requirements of ERISA, or any subsequent laws or amendments thereto. To the extent not to conflict with the preceding sentence, the construction and administration of the Plan shall be in accordance with the laws of the

state of Illinois applicable to contracts made and to be performed within the state of Illinois (without reference to its conflicts of law provisions).

- Nothing contained in this Plan shall be held or construed to create any liability upon the Company to retain any employee in its service or to change the employee-at-will status of any employee. All employees shall remain subject to the same terms and conditions of employment and discharge or discipline to the same extent as if the Plan had not been put into effect. An employee's failure to qualify for, or receive, a Severance Payment under the Plan shall not establish any right to (i) continuation or reinstatement, or (ii) any benefits in lieu of Severance Payments.
- The Company has the right to cancel a proposed termination of employment or reschedule a termination date at any time before your employment terminates. You will not become eligible for Severance Payments if your termination date is cancelled or if you voluntarily terminate employment before the termination date specified or rescheduled by the Company.
- Severance Payments under this Plan are not intended to duplicate such payments and benefits as may be provided under state, local or federal plant shut down, mass layoff or similar laws, such as the WARN Act. Should payments or benefits under such laws become payable to you, payments under this Plan will be offset or, alternatively, Severance Payments previously paid under this Plan will be treated as having been paid to satisfy such other benefit obligations to the extent permitted by applicable law. In either case, the Plan Administrator, in its sole discretion, will determine how to apply this provision and may override other provisions in this Plan in doing so.
- At all times, payments under the Plan shall be made from the general assets of the Company.
- Should any provisions of the Plan be deemed or held to be unlawful or invalid for any reason, the balance of the Plan shall remain in effect, unless it is amended or terminated as provided in the Plan.
- Except as required by law, the Severance Payments will not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause such payments to be so subjected will not be recognized.
- If any overpayment is made under the Plan for any reason, the Plan Administrator will have the right to recover the overpayment.
- The Company shall cause this Plan to be assumed by a successor of the Company, whether such succession occurs by merger, asset sale or otherwise.
- Any notice or other written communication required or permitted pursuant to the terms of the Plan shall have been duly given (i) immediately when delivered by hand, (ii) three days after being mailed by United States Mail, first class, postage prepaid (or such local equivalent thereof), addressed to the intended recipient at his, her or its last known

address, (iii) on the next business day after deposit with a courier or overnight delivery service post paid for next-day delivery and addressed in accordance with the last known address, or (iv) immediately upon delivery by facsimile or email to the telephone number or email address provided by a party for the receipt of notice.

Article 14. Definitions

- Beneficial Owner** Shall have the meaning set forth in Rule 13d-3 under the “Securities Exchange Act of 1934” (“Exchange Act”), except that a “Person” (as defined in this Article 14) shall not be deemed to be the “Beneficial Owner” of any securities which are properly reported on a Form 13-F.
- Cause**
- You have engaged in conduct that constitutes willful misconduct, dishonesty, or gross negligence in the performance of your duties; you breach your fiduciary duties to your employer; or your willful failure to carry out the lawful directions of the person(s) to whom you report;
 - You have engaged in conduct which is demonstrably and materially injurious to your employer, or that materially harms the reputation, good will, or business of your employer;
 - You have engaged in conduct which is reported in the general or trade press or otherwise achieves general notoriety and which is scandalous, immoral or illegal;
 - You have been convicted of, or entered a plea of guilty or nolo contendere (or similar plea) to, a crime that constitutes a felony, or a crime that constitutes a misdemeanor involving moral turpitude, dishonesty or fraud;
 - You have been found liable in any Securities and Exchange Commission or other civil or criminal securities law action or any cease and desist order applicable to you is entered (regardless of whether or not you admit or deny liability);
 - You have used or disclosed, without authorization, confidential or proprietary information of Dover or its Subsidiaries; you have breached any written agreement with the Company not to disclose any information pertaining to Dover or its Subsidiaries or their customers, suppliers and businesses; or you have breached any agreement relating to non-solicitation, non-competition, or the ownership or protection of the intellectual property of Dover or its Subsidiaries; or
 - You have breached any of the Company’s policies applicable to you, whether currently in effect or adopted after the Effective Date of the Plan.

**Change-in-
Control**

A Change-in-Control shall be deemed to have taken place upon the occurrence of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Dover (not including in the securities beneficially owned by such Person, any securities acquired directly from Dover or its affiliates) representing 20% or more of either the then outstanding shares of common stock of Dover or the combined voting power of Dover's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of sub-paragraph (iii) below. For purposes of this definition, the term "affiliate" shall mean any entity that directly or indirectly controls, is controlled by, or is under common control with Dover; or

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

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

(iv) the stockholders of Dover approve a plan of complete liquidation or dissolution of Dover or an agreement is entered into for the sale or disposition by Dover of all or substantially all of Dover's assets, other than a sale or disposition by Dover of all or substantially all of Dover's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of Dover in substantially the same proportions as their ownership of Dover immediately prior to such transaction or series of transactions.

Date of Termination

The date on which you incur a termination of employment or such other date on which you incur a "separation from service" determined under the provisions set forth in Section 1.409A-1(h) of the Treasury Regulations or any successor provisions. Pursuant to such provisions, you will be treated as no longer performing services for the Company when the level of services you perform for the Company decreases to a level equal to 20% or less of the average level of services performed by you during the immediately preceding thirty-six (36) months.

Disability

Disability shall be defined as set forth under the Company-sponsored Long-Term Disability Benefits Plan that covers you, as such plan shall be in effect from time to time. Any dispute concerning whether you are deemed to have suffered a Disability for purposes of the Plan shall be resolved in accordance with the dispute resolution procedures set forth in the Company-sponsored Long-Term Disability Benefits Plan in which you participate.

Good Reason

The occurrence of any of the following events without your written consent:

- A material reduction in (i) the rate of your annual base salary (other than a salary reduction not to exceed 10% that applies to all other Eligible Executives in the Plan), (ii) the target level of your annual bonus, or (iii) the grant value to you of your long-term incentive awards;
- Any material and adverse change in your title;
- Any material and adverse reduction in your authorities, responsibilities, or reporting relationships; or
- The relocation of your principal place of employment to a location more than fifty (50) miles from your principal place of employment (unless such relocation does not increase your commute by more than twenty (20) miles), except for required travel on the Company's business.

Plan

With respect to Severance Payments payable to the President and Chief

Administrator Executive Officer, the Chief Operating Officer, or the Vice President- Human Resources, the Compensation Committee. With respect to all other matters under the plan, the Vice President- Human Resources of Dover or successor position.

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

Subsidiary An entity in which Dover owns, directly or indirectly, at least 50% of the equity or voting interests

Article 15. Effective Date of Plan

The Plan is effective as of November 3, 2010.

SUMMARY OF ERISA RIGHTS

Your Rights Under ERISA

The Department of Labor has issued regulations that require the Company to provide you with a statement of your rights under ERISA with respect to this Plan. The following statement was designated by the Department of Labor to satisfy this requirement and is presented accordingly.

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants are entitled to:

Receive Information About Your Plan and Benefits

1. Examine, without charge, all Plan documents and copies of all documents filed by Dover with the Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. This includes annual reports and Plan descriptions. All such documents are available for review from the Dover Human Resources Department.
2. Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 Series) and any updated summary plan description. The Plan Administrator may charge you a reasonable fee for the copies.
3. Receive a summary of the Plan's annual financial report. Once each year, the Plan Administrator will send you a Summary Annual Report of the Plan's financial activities at no charge.

Prudent Action by Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA.

Enforcing Your Rights

If your claim for Severance Payments is denied or ignored in whole or in part, you have a right to receive a written explanation of the reason for the denial, to obtain copies of documents related to the decision without charge, and to appeal any denial, all within certain time schedules. You have the right to have your claim reviewed and reconsidered as explained in the "Claims and Appeal Procedures" section.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for Severance Payments which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have exhausted the Plan's claims and appeal procedures as described in the section "Claims and Appeal Procedures" hereof. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator through the Dover Human Resources Department. They will be glad to help you. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest Area Office of the Employee Benefits Security Administration, Department of Labor, listed in your telephone directory, or you may contact:

The Division of Technical Assistance and Inquiries
Employee Benefits Security Administration,
Department of Labor
200 Constitution Avenue, N.W., Room 5N625
Washington, DC 20210
1-866-444-EBSA (1-866-444-3272)
www.dol.gov/ebsa (for general information)
www.askebsa.dol.gov (for electronic inquiries)

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.

Administrative Facts

Plan Name	Dover Corporation Senior Executive Change-in-Control Severance Plan
Plan Sponsor	Dover Corporation Highland Landmark V 3005 Highland Parkway, Suite 200 Downers Grove, Illinois 60515 USA 1-630-541-1540

Type of Plan	The Plan is a welfare benefit plan that provides severance benefits
Source of Contributions to Plan	Employer payments from general corporate assets
Plan Year	The Plan Year is January 1 through December 31
Employer Identification Number	53-0257888
Plan Number	[]
Plan Administrator	Dover Corporation Highland Landmark V 3005 Highland Parkway, Suite 200 Downers Grove, Illinois 60515 USA 1-630-541-1540
Agent for Receiving Service of Legal Process	General Counsel Dover Corporation Highland Landmark V 3005 Highland Parkway, Suite 200 Downers Grove, Illinois 60515 USA 1-630-541-1540 Legal Process can also be served on the Plan Administrator

Contact Information

If you have questions about this Plan, please contact Dover Human Resources at the phone numbers below and they will provide you with this information.

Dover Human Resources

Phone: (630) 743-5067
Fax: (630) 743-2670
E-Mail: dbw@dovercorp.com

Dover Subsidiaries - Domestic and Foreign

Company Name	Where Incorporated
<i>Domestic</i>	
Avborne Accessory Group, Inc.	Delaware
Barker Specialty Products, L.L.C.	Delaware
Bayne Machine Works, Inc.	South Carolina
Belvac Production Machinery, Inc.	Virginia
Canada Organization & Development LLC	Delaware
CCI Field Services, Inc.	Delaware
Challenger Process Systems, Co.	Delaware
Chief Automotive Technologies, LLC.	Delaware
Clove Park Insurance Company	New York
Colder Products Company	Minnesota
Cook-MFS, Inc.	Delaware
CP Formation LLC	Delaware
CPE Acquisition Co.	Delaware
CPI Products, Inc.	Delaware
Crenlo LLC	Delaware
Datamax International Corporation	Delaware
Datamax-O'Neil Corporation	Delaware
DDI, Inc	Delaware
DDI Properties, Inc.	California
DEK U.S.A., Inc.	Delaware
DEK USA Logistics, Inc.	Delaware
Delaware Capital Formation, Inc.	Delaware
Delaware Capital Holdings, Inc.	Delaware
De-Sta-Co Cylinders, Inc.	Delaware
De-Sta-Co Manufacturing Tubular Products	Delaware
DFH Corporation	Delaware
Dielectric Laboratories, Inc.	Delaware
Dosmatic U.S.A., Inc.	Texas
Dover Acquisition Corporation	Delaware
Dover BMCS Acquisition Corp.	Delaware
Dover DEI Services, Inc.	Delaware
Dover Diversified De, Inc.	Delaware
Dover Electronic Technologies, Inc.	Delaware
Dover Engineered Systems, Inc.	Delaware
Dover Europe, Inc.	Delaware
Dover Fluid Management, Inc.	Delaware
Dover Global Holdings, Inc.	Delaware
Dover Industrial Products, Inc.	Delaware
Dow-Key Microwave Corporation	Delaware
EOA Systems, Inc.	Delaware
Everett Charles Technologies, Inc.	Delaware

FB iMonitoring Inc.	Delaware
Flexbar, Inc.	Delaware
Gear Products, Inc.	Oklahoma
Genesis Attachments, LLC	Delaware
Griswold Pump Company	Florida
Harbison-Fischer, Inc.	Delaware
Hill PHOENIX, Inc.	Delaware
Honetreat Company	California
Hydro Systems Company	Delaware
Hydromotion, Inc.	Delaware
Industrial Motion Control, LLC	Delaware
Jewell Attachments, LLC	Delaware
JRB Attachments, LLC	Delaware
K&L Microwave, Inc.	Delaware
K. S. Boca Inc.	Florida
Kalyn/Siebert I, Inc.	Texas
Kalyn/Siebert L.P.	Texas
Knappco Corporation	Delaware
Knowles Electronics Holdings, Inc.	Delaware
Knowles Electronics Sales Corp.	Delaware
Knowles Electronics, LLC	Delaware
Knowles Intermediate Holding, Inc.	Delaware
KS Formation, Inc.	Delaware
Marathon Equipment Company (Delaware)	Delaware
MARKEM Holdings, Inc.	Vermont
MARKEM Tag, Inc.	Delaware
MARKEM-IMAJE Corporation	New Hampshire
Midland Manufacturing Corporation	Delaware
Multitest Electronic Systems, Inc.	Delaware
Neptune Chemical Pump Company	Delaware
Northern Lights (Nevada), Inc.	Nevada
Northern Lights Funding LP	Delaware
Northern Lights Investments LLC	Delaware
Northern Lights Partners LLC	Delaware
Nova Controls	Delaware
Novacap, Inc.	Delaware
OK Holdings, Inc.	Delaware
OK International, Inc.	California
OPW Engineered Systems, Inc.	Delaware
OPW Epsilon, Inc.	Delaware
OPW Fuel Management Systems, Inc.	Delaware
OPW Fueling Components, Inc.	Delaware
OPW Fueling Containment Systems, Inc.	Delaware
Paladin Brands Group, Inc.	Delaware
Paladin Brands Holding Inc.	Delaware
PDQ Manufacturing, Inc.	Delaware
Pengo Corporation	Delaware

Performance Motorsports, Inc.	California
Pioneer Labels, Inc.	Illinois
PMI d/b/a J E Pistons Inc.	California
Pole/Zero Acquisition, Inc.	Delaware
Pro Rod USA Inc.	Delaware
Provacon, Inc.	Delaware
Pump Management Services Co., LLC	Delaware
Quartzdyne Inc.	Delaware
Revod Corporation	Delaware
Richards Industries, Inc.	Delaware
Robohand, Inc.	Delaware
SE Liquidation, LLC	Delaware
Sonic Industries, Inc.	California
Sure Seal, Inc.	Delaware
Sweepster Attachments, LLC	Delaware
SWEP North America Inc.	Delaware
Texas Hydraulics, Inc.	Delaware
The Heil Co.	Delaware
Theta Oilfield Services, Inc.	Delaware
Tipper Tie, Inc.	Delaware
TMEC Acquisition Corp.	Delaware
Tulsa Winch, Inc.	Delaware
UAC Corporation	Delaware
Unified Brands, Inc.	Delaware
US Synthetic Corporation	Delaware
US Synthetic Southwest Marketing, Inc.	Utah
US Synthetic Texas Ltd	Texas
Vectron International, Inc.	Delaware
Vehicle Services Group, LLC	Delaware
Voltronics Corporation	New Jersey
VWS LLC	Delaware
Warn Industries, Inc.	Delaware
Waukesha Acquisition, LLC	Delaware
Waukesha Bearings Corporation	Wisconsin
Wilden Pump and Engineering LLC	Delaware
Windrock Incorporated	Tennessee
Wiseco Piston, Inc.	Delaware

Foreign

A.U. RIB Limited	United Kingdom
ALMATEC Maschinenbau GmbH	Germany
ATG Luther & Maelzer GmbH	Germany
atg test systems asia Ltd.	Taiwan
BlitzRotary GmbH	Germany
BSC Filters	United Kingdom
Chief Automotive Technologies (Shanghai) Trading	China
Colder Products Company GmbH	Germany
Colder Products Company LTD	Hong Kong

Columbus Insurance Ltd.	Cayman Islands
Compressor Valve Engineering Limited	United Kingdom
Contact Products Japan, Ltd. (JV)	Japan
Cook Compression B.V.	Netherlands
C-Tech Oilwell Technologies Inc.	Alberta
Datamax Holdings Limited	United Kingdom
Datamax London Limited	United Kingdom
DEK Asia Pacific Private Limited	Singapore
DEK Hungary Manufacturing & Technology LLC	Hungary
DEK Northern Europe Limited	United Kingdom
DEK Printing Machines (M) Sdn. Bhd.	Malaysia
DEK Printing Machines GmbH	Germany
DEK Printing Machines Limited	United Kingdom
DEK Vectorguard Ltd.	United Kingdom
De-Sta-Co (Asia) Company, Limited	Thailand
DE-STA-CO Benelux B.V.	Netherlands
De-Sta-Co Europe GmbH	Germany
DE-STA-CO FRANCE	France
DE-STA-CO Shanghai Co. Ltd.	China
De-Sta-Co-Ema Industria e Comercio Ltda.	Brazil
Dosmatic Europe S.A.R.L.	France
Dover (Schweiz) Holding GmbH	Switzerland
Dover Asia Trading Private Ltd.	Singapore
Dover Canada Finance LP	Canada
Dover Corporation (Canada) Acquisition 1 Limited	Alberta
Dover Corporation (Canada) Limited	Canada
Dover Corporation Regional Headquarters	China
Dover CR, spol s r.o.	Czech Republic
Dover do Brasil Ltda.	Brazil
Dover Europe Sarl	Switzerland
Dover Exports, Ltd.	Barbados
Dover France Holdings, S.A.S.	France
Dover France Participations SAS	France
Dover France Technologies S.A.S.	France
Dover German Holdings GmbH	Germany
Dover German Intra-Group Service GmbH	Germany
Dover German Partnership Holdings GmbH	Germany
Dover Global Trading Pte. Ltd.	Singapore
Dover Holdings de Mexico S.A. de C.V.	Mexico
Dover Hungary Board Test Manufacturing KFT	Hungary
Dover India Pvt., Ltd.	India
Dover International B.V.	Netherlands
Dover Italy S.r.L.	Italy
Dover Luxembourg Finance Sarl	Luxembourg
Dover Luxembourg Holdings Sarl	Luxembourg
Dover Luxembourg S.N.C.	Luxembourg
Dover Middle East LLC	Oman
Dover Netherlands Finance B.V.	Netherlands
Dover Netherlands Services B.V.	Netherlands
Dover Resources International de Mexico S. de R.L. C.V.	Mexico
Dover Singapore Private Limited	Singapore
Dover UK Holdings Limited	United Kingdom

Dover UK Sales Ltd	United Kingdom
DTG International GmbH	Switzerland
Etz Elektrisches Testzentrum GmbH	Germany
Everett Charles Technologies (Shenzhen) Ltd	China
Everett Charles Technologies (SuZhou) Co., Ltd.	China
Everett/Charles Japan, Ltd. (JV)	Japan
Ferguson CO S.A.	Belgium
Grapas Nacionales De Mexico C.V. De S.A.	Mexico
Harbison-Fischer Australia, Pty. Ltd.	Australia
Harbison-Fischer Canada Ltd.	Canada
Harbor Electronics SBN	Malaysia
Heil Asia Limited	Thailand
Heil Australia P/L	Australia
Heil Trailer Internacional S.A.	Argentina
Heil-Europe Limited	United Kingdom
Hill Phoenix de Mexico, S.A. de C.V.	Mexico
Hiltap FittingsLtd	Canada
Hydro Nova Europe, Ltd.	United Kingdom
Hydronova Australia-NZ Pty Ltd	Australia
Icon Technology Company Ltd.	Hong Kong
Imaje ASPAC Pte. Ltd.	Singapore
Imaje Ink Jet Nv/Sa (Belgium)	Belgium
Imaje Inkjet Ireland Ltd.	Ireland
Imaje LLC	Russian Federation
Imaje UK Ltd.	United Kingdom
K&L Microwave DR, Inc.	Virgin Islands
Knowles Electronics (Malaysia) Sdn. Bhd.	Malaysia
Knowles Electronics (Weifang), Inc.	China
Knowles Electronics Denmark ApS	Denmark
Knowles Electronics Germany GmbH	Germany
Knowles Electronics Japan, K.K.	Japan
Knowles Electronics Singapore Pte. Ltd	Singapore
Knowles Electronics Taiwan, Ltd.	Taiwan
Knowles Europe	United Kingdom
Knowles GmbH (KEZ)	Switzerland
Knowles IPC (Malaysia) Sdn. Bhd.	Malaysia
M.A. RIB Ltd.	United Kingdom
MARKEM Administrative Services, S.L.U.	Spain
MARKEM FZ SA	Uruguay
MARKEM Holdings, Unltd.	United Kingdom
MARKEM Products Limited	Canada
MARKEM S.A. de C.V.	Mexico
MARKEM Systems Limited	United Kingdom
MARKEM UK Holdings 1 Unlimited	United Kingdom
MARKEM UK Holdings 2 Limited	United Kingdom
Markem-Imaje (China) Co., Limited	China
Markem-Imaje A/S	Denmark
Markem-Imaje AB	Sweden
Markem-Imaje Ag	Switzerland
Markem-Imaje AS	Norway
Markem-Imaje B.V.	Netherlands
Markem-Imaje Co., Ltd.	South Korea

Markem-Imaje GmbH	Germany
Markem-Imaje GmbH (Austria)	Austria
Markem-Imaje Identificacao de Produtos Ltda.	Brazil
Markem-Imaje Inc.	Canada
Markem-Imaje India Private Limited	India
Markem-Imaje KK	Japan
Markem-Imaje Limited	Hong Kong
Markem-Imaje Ltd	United Kingdom
Markem-Imaje Ltd	Taiwan
Markem-Imaje Ltd.	Thailand
Markem-Imaje N.V.	Belgium
Markem-Imaje Oy	Finland
Markem-Imaje Pty Ltd	Australia
Markem-Imaje S.A.	Argentina
Markem-Imaje S.A. de C.V.	Mexico
Markem-Imaje S.r.l.	Italy
Markem-Imaje SAS	France
Markem-Imaje Sdn Bhd	Malaysia
Markem-Imaje Software Development Centre Pvt. Ltd.	India
Markem-Imaje Spain S.A.	Spain
Markem-Imaje Unipessoal, Lda (Portugal)	Portugal
Markpoint Holding AB	Sweden
Markpoint Real Estate B.V.	Netherlands
Markpoint System AB	Sweden
Mouvex SASU	France
Multitest Electronic Systems (Penang) Sdn.Bhd.	Malaysia
Multitest Elektronische GmbH	Germany
Nimaser BV	Netherlands
OK International (Japan) Co.	Japan
OK International (UK) Ltd.	United Kingdom
OPW Fluid Transfer Group (Shanghai) Trading Company Limited	China
OPW Fluid Transfer Group Europe B.V.	Netherlands
OPW Fueling Components (SuZhou) Co., Ltd.	China
P.S. Precision B.V.	Netherlands
Paladin Mexico S. de R.L. de C.V.	Mexico
Petro Vend, Inc. [Poland]	Poland
PMI Europe B.V	Netherlands
PSG (Shanghai) Co., Ltd.	China
PullMaster Winch Corporation	British Columbia
Revod Sweden AB	Sweden
Rotary Lift Consolidated (Haimen) Co., Ltd	China
RPA Maghreb Service	Morocco
Sargent Aerospace Canada, Inc.	Canada
Simek GmbH	Germany
St. Neots Sheet Metal Co. Limited	United Kingdom
SWEP A.G.	Switzerland
Swep Energy Oy	Finland
Swep International A.B.	Sweden
Swep Japan K.K.	Japan
SWEP Malaysia Sdn. Bhd.	Malaysia
SWEP Slovakia s.r.o.	Slovakia (slovak Republic)
SWEP Technology (Suzhou) Co., Ltd	China

SWEP Trading (Suzhou) Co., Ltd	China
Syfer Technology Limited	United Kingdom
TAGC Limited LLC	Oman
Test Solutions (Suzhou) Co. Ltd	China
Tipper Tie Alpina GmbH	Switzerland
Tipper Tie Technopack B. V.	Netherlands
Tipper Tie Technopack GmbH	Germany
Vectron International GmbH & Co KG	Germany
Vectron International Verwaltungs GmbH	Germany
Waukesha Bearings Limited	United Kingdom
Waukesha Bearings Russia LLC	Russia
Wei Li Pump Shanghai Co., LTD.	China

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-149629) and Form S-8 (File Nos. 333-01419, 333-45661, 333-64160 and 333-125072) of Dover Corporation of our report dated February 11, 2011 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
Chicago, Illinois
February 11, 2011

Certification

I, Brad M. Cerepak, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the
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audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2011

/s/ Brad M. Cerepak

Brad M. Cerepak

Vice President & Chief Financial Officer (Principal
Financial Officer)

Certification

I, Robert A. Livingston, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the
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audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2011

/s/ Robert A. Livingston

Robert A. Livingston

Chief Executive Officer and President

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
with Respect to the Annual Report on Form 10-K
for the Period ended December 31, 2010
of Dover Corporation

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Dover Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2010, (the "**Form 10-K**") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 11, 2011

/s/ Robert A. Livingston

Robert A. Livingston
Chief Executive Officer and President

Dated: February 11, 2011

/s/ Brad M. Cerepak

Brad M. Cerepak
Vice President & Chief Financial Officer (Principal
Financial Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-K or as a separate disclosure document of the Company or the certifying officers.

