

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 the fiscal year ended December 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 1-4018

Dover Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

280 Park Avenue,
New York, NY
(Address of principal executive offices)

53-0257888
(I.R.S. Employer
Identification)

10017
(Zip Code)

(Registrant's telephone number)
(212) 922-1640

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

Title of Each Class
Common Stock, par value \$1

Name of Each Exchange on Which Registered
New York Stock Exchange

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Securities Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Securities 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 June 30, 2006 was \$10,010,284,222. The registrant's closing price as reported on the New York Stock Exchange-Composite Transactions for June 30, 2006 was \$49.43 per share.

The number of outstanding shares of the registrant's common stock as of February 22, 2007 was 204,703,863.

Documents Incorporated by Reference:

Part III — Certain Portions of the Proxy Statement for Annual Meeting of Stockholders to be Held on April 17, 2007 (the "2007 Proxy Statement").

Special Notes Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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," "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 uncertainties and risks, including among others: increasing price and product/service competition by foreign and domestic competitors including new entrants; the impact of technological developments and structural market changes on Dover companies, particularly the companies in Dover's Electronics and Technologies segments; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in the cost or availability of raw materials, particularly metal; changes in customer demand; the extent to which Dover companies are successful in expanding into new geographic markets, particularly outside of North America; the relative mix of products and services which impacts margins and operating efficiencies; short-term capacity restraints; the achievement of lower costs and expenses; domestic and foreign governmental and public policy changes including environmental regulations and tax policies (including domestic and foreign export subsidy programs, R&E credits and other similar programs); unforeseen developments in contingencies such as litigation; protection and validity of patent and other intellectual property rights; the success of the Company's acquisition program; the cyclical nature of the business of some of Dover's companies; the impact of natural disasters, such as hurricanes; global energy markets; and continued events in the Middle East and possible future terrorist threats and their effect on the worldwide economy. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions including interest rate and currency exchange rate fluctuations. In light of these risks and uncertainties, actual events and results may vary significantly from those included in or contemplated or implied by such statements. 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.

TABLE OF CONTENTS

PART I

Item 1. Business

Item 1A. Risk Factors

Item 1B. Unresolved Staff Comments

Item 2. Properties

Item 3. Legal Proceedings

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

PART II

Item 5. Market for Registrant's common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Item 6. Selected Financial Data

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

CONSOLIDATED STATEMENTS OF OPERATIONS

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DOVER CORPORATION SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS Years Ended December 31, 2006, 2005, and 2004 (In thousands)

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

Item 9A. Controls and Procedures

Item 9B. Other Information

PART III

Item 10. Directors and Executive Officers and Corporate Governance

Item 11. Executive Compensation

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

Item 13. Certain Relationships and Related Transactions and Director Independence

Item 14. Principal Accountant Fees and Services

PART IV

Item 15. Exhibits, Financial Statement Schedules

SIGNATURES

EXHIBIT INDEX

EX-10.4: FORM OF EXECUTIVE SEVERANCE AGREEMENT

EX-10.5: 1995 INCENTIVE STOCK OPTION PLAN AND 1995 CASH PERFORMANCE PROGRAM

EX-10.7: 2005 EQUITY AND CASH INCENTIVE PLAN

EX-21: SUBSIDIARIES

EX-23.1: CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

EX-31.1: CERTIFICATION

EX-31.2: CERTIFICATION

EX-32: CERTIFICATION

PART I

Item 1. Business

Overview

Dover Corporation (“Dover” or the “Company”), incorporated in 1947 in the State of Delaware, became a publicly traded company in 1955. It is a diversified industrial manufacturing corporation encompassing operating companies that manufacture a broad range of specialized industrial products and components as well as sophisticated manufacturing equipment, and seek to expand their range of related services, consumables and wear parts sales. Additional information is contained in Items 7 and 8.

The Company reports its results in six reportable business segments — Diversified, Electronics, Industries, Resources, Systems and Technologies, and discusses their operations in 13 groups, which are each comprised of two or more business units. Diversified builds products for use in the defense, aerospace and automotive aftermarket industries, heat transfer equipment, specialized bearings, construction and agricultural cabs, as well as color measurement and control systems for printing presses. Electronics designs and manufactures a wide variety of electronic and electromechanical components for original equipment manufacturers (“OEMs”) serving numerous end markets including hearing aids, telecom infrastructure and cell phones, defense and aerospace electronics, and medical/life sciences. In addition, this segment manufactures ATM hardware and software for retail applications and financial institutions, and chemical proportioning and dispensing systems for janitorial/sanitation applications. Industries produces equipment and components for use in waste handling, bulk transport and automotive service industries. Resources manufactures products primarily for the petroleum and natural gas, automotive fueling, fluid handling, engineered components, material handling and chemical equipment industries. Systems manufactures refrigeration systems, display cases, walk in coolers, food service cooking equipment and other products for the supermarket/restaurant industries. In addition, this segment manufactures specialized machinery for use in the beverage and food processing industries. Technologies builds sophisticated automated imaging and testing equipment for the electronics industry, and industrial printers and consumables for coding and marking.

Business Strategy

The Company operates with certain fundamental strategies. First, it seeks to acquire and own businesses with proprietary, engineered industrial products which make them leaders in the niche markets they serve. To ensure success, Dover companies place emphasis on new product development to better serve customers and expansion into new markets to serve new customers. Second, it expects these businesses to be committed to operational excellence and all of Dover’s operating companies are expected to be market leaders as measured by market share, customer service, innovation, profitability and return on invested capital. Third, the Company is committed to a highly autonomous operating culture with high ethical standards, trust, respect and open communication, to allow individual growth and operational effectiveness.

Management Philosophy

The Company practices a highly decentralized management style. The presidents of the operating companies, within the 13 groups, are given a great deal of autonomy and have a high level of independent responsibility for their businesses and their performance. This is in keeping with the Company’s operating philosophy that independent operations are better able to serve customers by focusing closely on their products and markets, and reacting quickly to customer needs. The Company’s executive management role is to provide management oversight, allocate and manage capital, assist in major acquisitions, evaluate, motivate and, as necessary, replace operating company management, and also provide selected other services.

Acquisitions

Dover has a long-standing acquisition program that seeks to acquire and develop “platform” businesses that are market leaders as measured by market share, customer service, innovation, profitability and return on invested capital. Ideal acquisition candidates are generally manufacturers of high value-added, engineered products sold to a broad customer base of industrial or commercial users. One of the most critical factors in the decision to acquire a

business is the Company's judgment of the skill, energy, ethics and compatibility of the top executives at the acquisition target. In keeping with the Company's decentralized structure, Dover generally expects that acquired companies will continue to be operated by the management team in place at acquisition, with a high degree of autonomy. During the period from 2004 through 2006, the Company significantly increased the level of acquisition spending, buying 25 businesses with an aggregate cost of \$2,709.0 million. Annualized revenue of these companies were \$1,600.0 million as of their date of acquisition with projected annualized operating margins in the range of 15%. Dover also changed its focus towards acquiring fewer larger businesses with better growth characteristics.

The Company has traditionally focused on acquiring new businesses that can operate independently from other Dover companies ("stand-alones"). Beginning in 1993, the Company began increasing the number of "add-on" businesses it acquired — businesses that could be added on to existing Dover companies. In recent years, including 2006, the Company has indicated an intention to buy larger stand-alones, while continuing to acquire "add-on" businesses to enhance companies already owned.

In 2004, the Company acquired eight add-on businesses for an aggregate cost of \$502.5 million. During 2005, the Company acquired a total of ten businesses (eight add-ons) for an aggregate cost of \$1,089.7 million. In 2006, Dover acquired seven companies (five add-ons) for an aggregate cost of \$1,116.8 million, the highest annual acquisition investment level in its history.

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

Divestitures

While the Company generally expects to hold businesses that it buys, it periodically reassesses its portfolio of businesses to verify that those businesses continue to be essential contributors to Dover's long-term growth strategy. The Company will strategically divest operations that cannot meet Dover's long-term performance goals. In addition, on occasion, there are situations in which one of Dover's companies is a very attractive acquisition for another company based on specific market conditions. In those circumstances, Dover might make an opportunistic sale. Based on these criteria, the Company has over the past six years discontinued 38 and sold 32 operations for an aggregate pre-tax consideration of approximately \$1,066 million.

In 2005, the Company announced a formal portfolio review, which was substantially completed in 2006, resulting in the discontinuance of 20 businesses, of which 14 were sold by December 31, 2006. These actions have resulted in aggregate pretax consideration of \$605.2 million received for the businesses sold, which had annualized revenue of approximately \$1,055 million with approximately 5% operating margins. This process has improved the Company's focus on key markets for long-term growth.

For more details, see the "Discontinued Operations" discussion below and Note 8 to the Consolidated Financial Statements in Item 8.

Reportable Segments

The Company reports its results in six segments and discusses their operations in 13 groups. The segment structure is primarily based on markets served and allows the management of each segment to focus its attention on particular markets, to provide oversight capacity to acquire additional businesses and to foster leadership development. Below is a listing of each segment and the descriptions of each group therein. For additional financial information about Dover's reportable segments, see Note 14 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

Diversified

Industrial Equipment

The Industrial Equipment group produces parts for vehicle markets, including boats, construction equipment, automotive, powersports, aerospace and commercial airlines. Specifically, it fabricates operator cabs and rollover structures for sale to OEM manufacturers in the construction, agriculture, and commercial equipment markets, and it produces standard and custom high volume sheet metal enclosures for the electronics, telecommunications and electrical markets. In addition, the group sells internal engine components and other engine accessories to the motorsport and powersport markets that include high performance racing vehicles, motorcycles, all-terrain vehicles, snowmobiles and watercraft. Products include forged and cast pistons, and connecting rods along with their complementary components, including piston rings, bearings, gaskets, and a variety of other internal valve train and engine components. The Industrial Equipment group also designs, manufactures, maintains and refurbishes fluid control assemblies and structural components for the global aerospace and U.S. defense industries, selectively supporting the full product life cycle from the original design and build through the aftermarket. It specializes in complex fluid control assemblies with typical end-use applications such as submarines, aircraft control systems and engine thrust reverser systems, land and amphibious utility vehicle actuation systems, helicopter rotary systems, engine pneumatic ducting and cooling systems, aircraft environmental control systems, and general airframe and engine components. The businesses share common customers throughout the commercial aerospace and defense industries and sell directly to their end users: OEMs, airlines and government agencies.

Process Equipment

The Process Equipment group designs and manufactures copper-braced compact heat exchangers, including heat exchangers and design software for district heating and district cooling substations; bearings for certain rotating machinery applications, including turbo machinery, motors and generators for use in the energy, industrial, utility, naval and commercial marine industries. These product lines include polymer, ceramic and magnetic designs for specific customer applications, as well as hydrodynamic bearing design applications. In addition, the group manufactures color measurement and control systems for printing presses for the catalog, book, publication and newspaper printing markets.

The Diversified segment has operations and manufacturing facilities in North America, Europe and Asia, and its products are sold primarily in the Americas and Europe.

Electronics

Components

The Components group designs and manufactures advanced micro-acoustic components, precision frequency control, sensor and hybrid product components and assemblies; provides quick disconnect couplings for use in a broad range of fluid applications; and designs and manufactures specialty ceramic, high-voltage and high-frequency capacitors and RF and microwave filters, switches and integrated assemblies.

Specifically, the group designs and manufactures miniaturized transducers and electromechanical components for use in hearing aids, cell phones and high-end headsets, frequency control products including crystal oscillators, frequency translators, clock and data recovery products, SAW filters, and hybrid circuits for use in numerous telecom infrastructure systems, defense and aerospace electronics and other industrial applications. The quick disconnect couplings are used by OEMs serving the industrial, biopharmaceutical, life sciences, chemical and printing markets. Specialty ceramic capacitor products include single, multi-layer, variable capacitors as well as custom assemblies and planar arrays sold to customers in the communications, defense and aerospace, medical and automotive markets.

Commercial Equipment

The Commercial Equipment group manufactures a line of ATM machines and chemical and solvent proportioning and dispensing systems. The ATM business provides hardware, software and services for retail and financial institution customers and its machines are found in banks, credit unions, major retail chains,

convenience stores, airports, hotels, office buildings, restaurants, shopping centers, supermarkets and casinos. The proportioning and dispensing systems are used to dilute and dispense concentrated chemicals and solvents used by restaurants, hospitals, schools, universities and other large institutions and building service contractors for janitorial/sanitation and equipment maintenance applications.

Electronics' products are sold to OEMs and their manufacturing service providers in North America, Europe and Asia by direct sales as well as through an extensive network of independent representatives. Electronics' products are manufactured in the U.S., Canada, the Dominican Republic, Brazil, Europe and Asia.

Industries

Mobile Equipment

The Mobile Equipment group manufactures a wide variety of refuse collection bodies (refuse trucks), tank trailers, including aluminum, stainless steel and steel trailers, that carry petroleum, chemical, edible, dry bulk and waste products, including specialty trailers focused on the heavy haul, oil field and recovery niches, and waste processing equipment. Specifically, these products include manual and automated side loaders, front loaders, rear loaders and a variety of recycling units and container lifts for the refuse collection industry as well as for commercial and industrial applications. They are sold to municipal customers, national accounts and independent waste haulers through a network of distributors and directly in certain geographic areas. The waste processing equipment products include self-contained compactors, stationary compactors, vertical balers, and recycling equipment including conveyor systems, horizontal auto-tie, two ram, and shear balers. The baling equipment is sold primarily in the U.S. to distribution centers, malls, stadiums, arenas, hotels/motels, warehouses, office complexes, retail stores, and environmental businesses. The tank trailers are marketed globally to customers in the construction, trucking, railroad oil field, towing and recovery, and heavy haul industries, as well as to various government agencies.

Service Equipment

The Service Equipment group manufactures vehicle service lifts, vehicle wash systems, and vehicle collision measuring and repair systems, including frame pulling equipment, computerized measuring equipment, frame specifications, and vehicle inspection products. The vehicle service lifts are sold through equipment distributors to a wide variety of markets, including independent service and repair shops, national chains and franchised service facilities, new car and truck dealers, national and local governments, and government maintenance and repair locations worldwide. The group's vehicle wash systems are sold primarily in the U.S. and Canada to major oil companies, petroleum dealers and jobbers, as well as to investors, and sales are made through distributors throughout the world who install the equipment and provide after-sale service and support. The vehicle collision repair and measuring equipment is marketed worldwide in over 45 countries throughout Europe, Asia and the Americas, utilizing distributors.

The Industries segment has operations and manufacturing facilities in North and South America, Asia and Europe.

Resources

Fluid Solutions

The Fluid Solutions group manufactures pumps and compressors for the transfer of liquid and gas products; supplies engineered products, including valves, electronic controls, loading arms, swivels, and couplings; produces vehicle fuel dispensing products; and produces a wide range of air-operated double-diaphragm pumps. The pumps and compressors are used in a wide variety of markets, including the refined fuels, LPG, pulp and paper, wastewater, food/sanitary, military/marine, transportation, and chemical process industries. The pump technologies include positive displacement, sliding vane and eccentric disc pumps in addition to centrifugal process pumps. Its compressor technologies include reciprocating, rotary vane, and screw compressors. The engineered products are used for the transfer, monitoring, measurement, and protection of hazardous, liquid and dry bulk commodities in the chemical, petroleum and transportation industries.

The fuel dispensing products offer an extensive line of conventional, vapor recovery, and Clean Energy (LPG, CNG, and Hydrogen) nozzles, swivels and breakaways, as well as a tank pressure management system. The Fluid Solutions group provides a complete line of environmental products for both aboveground and underground storage tanks, suction system equipment, flexible piping, and secondary containment systems. It also offers an array of tire inflation and vacuum systems, as well as unattended fuel management, integrated tank monitoring, and Point-of-Sale card systems. The double-diaphragm pumps are made of a variety of metals and engineered plastics. These pumps are used in a broad variety of fluid transfer applications in general industrial, process industry, and specialized chemical, pharmaceutical and food processing applications.

Material Handling

The Material Handling group manufactures and sells a variety of modular automation and workholding components; highly engineered welded hydraulic cylinders, custom hydraulic swivels, and electric slip rings, worm gear and planetary winches; worm gear and planetary hoists; traction (constant pull) winches; rotation drives and speed reducers; capstan drives; high capacity bumper/winch packages; electronic monitoring systems and other related products; and a full line of off-road equipment and accessories that enhance the performance of four-wheel drive ("4WD") vehicles, ATVs and utility vehicles; and a variety of attachments and replacement parts that increase the utilization and productivity of light and heavy mobile equipment serving multiple segments of the construction and utility markets. Modular automation and workholding products include manual toggle clamps, pneumatic, electric and hydraulic power clamps, automation shuttles and lifters, grippers, rotaries, slides, end-effectors, servo-controlled linear actuators, and other "end of robot arm" devices. The welded hydraulic cylinders are used for work platform, aerial utility truck, material handling, construction, and mining industry OEMs throughout North America. The winch related products primarily serve the construction, marine, lumber, railroad, refuse, petroleum, military towing, recovery, and utility markets, through OEMs and an extensive dealer network. The products related to off-road equipment include recreational winches, winch mounts, 4WD hubs and other accessories. The group also markets and serves electric and hydraulic hoists to commercial and industrial customers around the world and provides a range of patented, technologically advanced 4WD and all-wheel drive powertrain systems to automotive OEMs around the world, but primarily in North America. The construction and utility attachments and replacement parts include: mobile shears, concrete demolition tools, buckets, backhoes, trenchers, augers, customized excavator booms, excavator conversion packages, buckets and couplers for excavators and wheel loaders, grapples, mulchers and power rakes, among others. These construction attachments are used in broad segments of the construction, utility, demolition, recycling, material handling and forestry markets.

Oil and Gas Equipment

The Oil and Gas Equipment group manufactures products that primarily serve the upstream oil and gas exploration and production industries, including polycrystalline diamond cutters used in drill bits; sucker rods and accessories; precision quartz-resonator pressure transducers for "downhole" data collection; natural gas wells production control devices; various control valves, butterfly valves, and control instrumentation primarily for oil and gas production applications; piston rings, seal rings, engineered valves, packings and various other replacement parts and components for compressors used in the natural gas production and distribution markets, as well as in the petrochemical and petroleum refining industries; and compressor repair services through company owned service centers.

Resources' products are sold to OEMs directly, and to other markets through a global network of distributors, primarily in North America, Europe and Asia. Its products are manufactured in North America, South America, Europe and Asia.

Systems

Food Equipment

The Food Equipment group manufactures refrigeration systems, display cases, walk-in coolers and freezers, electrical distribution products, and provides engineering services for sale to the supermarket industry, as well as to commercial/industrial refrigeration, "big box" retail and convenience store customers. In addition, the group

manufactures commercial foodservice cooking equipment, cook-chill production systems, refrigeration products, custom food storage and preparation products, kitchen ventilation, air handling systems and conveyor systems. The commercial foodservice cooking equipment products serve the institutional and commercial foodservice 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.

Packaging Equipment

The Packaging Equipment group manufactures high-speed trimming, necking, bottom reforming, re-profiling, and flanging equipment for the beverage can-making industry. It also develops and manufactures a wide variety of packaging machines that employ a clip as the means of flexible package closure, and bowl chopping machines. In addition, the group designs and manufactures shaping, bottom rim coating, and inspection equipment as enhancements to its core product line and high-speed trimming and burnishing equipment for the plastic container industry, with an emphasis on containers for dry foods, condiments and specialty beverages. The packaging machines and clips are sold worldwide primarily for use with meat, poultry and other food products.

The Systems segment manufacturing facilities and distribution operations are in North America and Europe, with additional distribution facilities in South America and Asia.

Technologies

Automation and Measurement

The Automation and Measurement group ("A&M") manufactures equipment and consumable products related to the imaging, test and repair of printed circuit boards and semiconductor packages used in computers, automotive applications, consumer electronics, space, telecommunications, medical systems, and aircraft.

Product Identification

The Product Identification group ("PI") is a worldwide supplier of industrial marking and coding systems. Its primary printing products are used for marking variable information (such as date codes or serial numbers) on consumer products. It provides a broad array of printing technologies, including Continuous Ink Jet ("CIJ"), Thermal Transfer Overprint ("TTO"), Direct Thermal, laser and Drop on Demand ("DOD"). PI provides solutions for product marking on primary packaging, secondary packaging such as cartons, and pallet marking for use in warehouse logistics operations. PI also manufactures bar code printers and portable printers used where on demand labels/receipts are required. The markets served by PI include food, beverage, cosmetics, pharmaceutical, electronics, automotive and other markets where variable marking is required.

The Technologies segment has operations and manufacturing facilities in North America, Europe and Asia and sales operations globally.

Discontinued Operations

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

Raw Materials

Dover's operating companies use a wide variety of raw materials, primarily metals and semi-processed or finished components, which are generally available from a number of sources. As a result, shortages or the loss of any single supplier have not had, and are not likely to have, a material impact on operating profits. In 2004, there

were meaningful increases in raw material costs, particularly steel, and higher energy costs, including an estimated increase in unrecovered steel costs of approximately \$35 million. These increases primarily affected the Company's industrial segments. In 2005 and 2006, the impact of commodity prices moderated and the operating companies have been able to substantially offset cost increases with surcharges and price increases over time.

Research and Development

Dover's operating companies are encouraged to develop new products as well as to upgrade and improve existing products to satisfy customer needs, expand revenue opportunities domestically and internationally, maintain or extend competitive advantages, improve product reliability and reduce production costs. During 2006, \$155.0 million was spent on research and development, including qualified engineering costs, compared with \$149.6 million and \$133.8 million in 2005 and 2004, respectively.

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

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

Intellectual Property and Intangible Assets

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

Seasonality

In general, operations of the Dover companies, while not seasonal, tend to have stronger revenue in the second and third quarters, particularly companies serving the consumer electronics, transportation, construction, waste hauling, petroleum, commercial refrigeration and food service markets. Companies serving the major equipment markets, such as power generation, chemical and processing industries, tend to 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 2006. One customer within the Systems segment accounted for approximately 20% of Systems revenue during 2006. Within each of the other five segments, no customer accounted for more than 10% of that segment's revenue in 2006.

The Components group within the Electronics segment serves the military, space, aerospace, commercial and datacom/telecom infrastructure markets. Its customers include some of the largest operators in these markets. In addition, many of the OEM customers of the Components group outsource their manufacturing to Electronic Manufacturing Services ("EMS") companies. Customers of the A&M group within the Technologies segment also include many of the largest global EMS companies, particularly some of the newer EMS companies in China, and major printed circuit board and semi-conductor manufacturers.

In the other Dover segments, customer concentrations are quite varied. Companies supplying the hearing aid, cell phone, telecom, 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 and services applicable to a broad range of end use applications.

Backlog

Backlog generally is not a significant long-term success factor in most of Dover's businesses, as most of the products of Dover companies have relatively short order-to-delivery periods. It is more relevant to those businesses that produce larger and more sophisticated machines or have long-term government contracts, primarily in the Diversified segment, as well as the Mobile Equipment group within the Industries segment, the A&M group within the Technologies segment and the Components group within the Electronics segment. Total Company backlog as of December 31, 2006 and 2005 was \$1,341.0 million and \$1,111.5 million, respectively.

Competition

Dover's competitive environment is complex because of the wide diversity of the products its companies manufacture and the markets they serve. In general, most Dover companies are market leaders, which compete with only a few companies and the key competitive factors are customer service, product quality and innovation. Dover usually is a more significant competitor domestically, where its principal markets are, than in foreign markets; however, Dover companies are becoming increasingly global where greater competition exists.

In the Technologies segment, Dover companies compete globally against a variety of companies, primarily operating in Europe and the Far East.

Within the other segments, competition is primarily domestic, although an increasing number of Dover companies see more international competitors in the markets that they serve, particularly certain companies in the Electronics, Systems, Resources and Diversified segments.

International

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

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

The countries where most of Dover's foreign subsidiaries and affiliates are based are France, Germany, the U.K., the Netherlands, Sweden, Switzerland and, with increased emphasis, Malaysia and China.

Environmental Matters

Dover believes its operations generally are in substantial compliance with applicable regulations. In a few instances, particular plants and businesses have been the subject of administrative and legal proceedings with governmental agencies or private parties relating to the discharge or potential discharge of regulated substances. Where necessary, these matters have been addressed with specific consent orders to achieve compliance. Dover

believes that continued compliance will not have a material impact on the Company's financial position and will not require significant expenditures or adjustments to reserves.

Employees

The Company had approximately 33,000 employees in continuing operations as of December 31, 2006.

Other Information

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

Item 1A. Risk Factors

Dover's business, financial condition, operating results and cash flows can be impacted by a number of factors, including but not limited to those set forth below, any one of which could cause our actual results to vary materially from recent results or from anticipated future results. For a discussion identifying additional risk factors and important factors that could cause actual results to differ materially from those anticipated, see the discussion in "SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS" included in this Annual Report on Form 10-K.

Cyclical Economic Conditions May Affect the Company's Financial Performance

A meaningful portion of the Company's revenue, most notably those from the A&M group in the Technologies segment and the Components group in the Electronics segment, is derived from companies which serve the global electronics markets, that are subject to somewhat unpredictable short-term business cycles. As a result, the revenue and operating performance of these companies in any one period are not necessarily predictive of their revenue and operating performance in other periods, and could have a material impact on Dover's consolidated financial position.

The Oil and Gas group in the Resources segment has a certain level of risk related to the volatility of energy prices although overall demand is more directly related to depletion rates and rig counts.

In addition, Dover is subject to substantially the same risk factors as other U.S.-based industrial manufacturers. However, except as noted above, the structure of Dover and the many different markets its companies serve mitigate the possibility that any of these risk factors will materially impact Dover's consolidated financial position.

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, 2006 are shown on the following charts, by segment:

Segment	Number and Nature of Facilities			Square Footage (000's)	
	Mfg.	Warehouse	Sales/ Service	Owned	Leased
Diversified	29	8	13	1,600	600
Electronics	30	9	20	1,200	800
Industries	24	3	13	2,300	300
Resources	96	16	41	4,000	2,200
Systems	16	2	8	1,900	700
Technologies	52	39	173	1,100	1,700

Segment	Locations				Leased Facilities Expiration Dates (Years)	
	North American	European	Asia	Other	Minimum	Maximum
					Minimum	Maximum
Diversified	35	12	2	—	1	14
Electronics	21	8	8	2	1	15
Industries	32	4	2	2	1	12
Resources	125	17	5	6	1	9
Systems	20	6	—	—	1	5
Technologies	44	67	96	16	1	19

The facilities are generally well maintained and suitable for the operations conducted. In 2006, the Company expects to make selective increases in capacity for a few businesses experiencing strong growth demands.

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 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 and from time to time may be 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 products of Dover companies, 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 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 very unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the Company's financial position, results of operations, cash flows or competitive position.

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

No matter was submitted to a vote of the Company's security holders in the last quarter of 2006.

Executive Officers of the Registrant

All officers are elected annually at the first meeting of the Board of Directors following the annual meeting of stockholders and are subject to removal at any time by the Board of Directors. The executive officers of Dover as of February 28, 2007, and their positions with the Company (and, where relevant, prior business experience) for the past five years are as follows:

Name	Age	Positions Held and Prior Business Experience
Ronald L. Hoffman	58	Chief Executive Officer (since January 2005), President (since July 2003) and Chief Operating Officer (from July 2003 — December 2004) of Dover; President and Chief Executive Officer of Dover Resources, Inc. (from January 2002 to July 2003); Executive Vice President of Dover Resources, Inc. (from May 2000 to January 2002).
Ralph S. Coppola	62	Vice President of Dover and President and Chief Executive Officer of Dover Systems, Inc. (since October 1, 2004); prior thereto for more than five years President of Hill Phoenix Inc.
Paul E. Goldberg	43	Treasurer and Director of Investor Relations of Dover (since February 2006); prior thereto Assistant Treasurer of Dover (since July 2002); prior thereto Treasury Manager at Arrow Electronics (a provider of electronic components and products).
Robert G. Kuhbach	59	Vice President, Finance and Chief Financial Officer (since November 2002); Treasurer of Dover (November 2002 to February 2006); through December 2002 and for more than five years prior thereto Vice President, General Counsel and Secretary of Dover.
Robert A. Livingston	53	Vice President of Dover and President and Chief Executive Officer of Dover Electronics, Inc. (since October 1, 2004); prior thereto President of Vectron International, Inc. (since January 2002); prior thereto Executive Vice President of Dover Technologies, Inc. (since April 1998).
Raymond T. McKay, Jr	53	Vice President of Dover (since February 2004), Controller of Dover (since November 2002); prior thereto Assistant Controller of Dover (since June 1998).
George Pompetzki	54	Vice President, Taxation of Dover (since May 2003); prior thereto for more than five years Senior Vice President of Taxes, Siemens Corporation (a manufacturer of diversified industrial products).
David J. Ropp	61	Vice President of Dover and President and Chief Executive Officer of Dover Resources, Inc. (since July 2003); prior thereto, Executive Vice President of Dover Resources, Inc. (since February 2003); prior thereto, President of OPW Fueling Components (since February 1998).
Timothy J. Sandker	58	Vice President of Dover and President and Chief Executive Officer of Dover Industries, Inc. (since July 2003); prior thereto, Executive Vice President, Dover Industries (since April 2000).
Joseph W. Schmidt	60	Vice President, General Counsel & Secretary of Dover (since January 2003); prior thereto for more than five years partner in Coudert Brothers LLP (a multi-national law firm).

[Table of Contents](#)

<u>Name</u>	<u>Age</u>	<u>Positions Held and Prior Business Experience</u>
William W. Spurgeon	48	Vice President of Dover and President and Chief Executive Officer of Dover Diversified, Inc. (since October 1, 2004); prior thereto Executive Vice President of Dover Diversified, Inc. (since March 2004); prior thereto President of Sargent Controls & Aerospace (since October 2001); prior thereto Executive Vice President of Sargent Controls & Aerospace (since May 2000).
Robert A. Tyre	62	Vice President, Corporate Development of Dover.
David Van Loan	58	Vice President of Dover and Chief Executive Officer of Dover Technologies International, Inc. (since January 2006) and President of Dover Technologies International, Inc. (since May 2005); prior thereto for more than five years, President and CEO of Everett Charles Technologies.

PART II

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

Market Information and Dividends

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

	2006			2005		
	Market Prices		Dividends Per Share	Market Prices		Dividends Per Share
	High	Low		High	Low	
First Quarter	\$ 49.55	\$ 40.30	\$ 0.170	\$ 42.11	\$ 36.84	\$ 0.160
Second Quarter	51.92	44.22	0.170	38.86	34.11	0.160
Third Quarter	50.23	45.12	0.185	42.00	35.75	0.170
Fourth Quarter	51.50	46.83	0.185	42.03	37.04	0.170
			<u>\$ 0.710</u>			<u>\$ 0.660</u>

Holders

The number of holders of record of the Company's Common Stock as of January 31, 2007 was approximately 16,000. 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

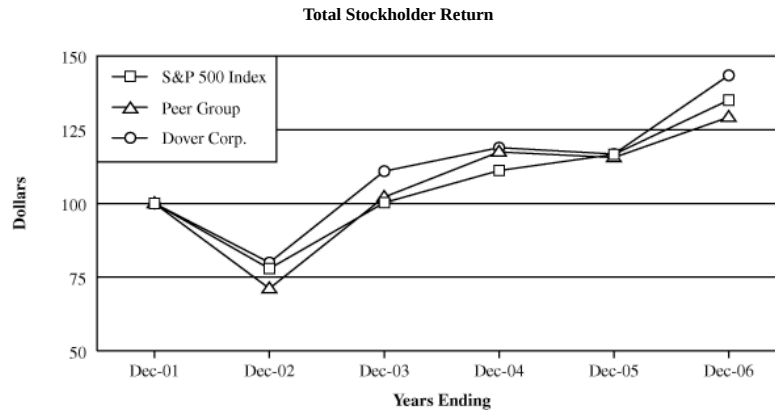
The table below presents shares of the Company's stock which were acquired by the Company during the fourth quarter. These shares were acquired by the Company from the holders of its employee stock options when they tendered shares as full or partial payment of the exercise price of such options. These shares are applied against the exercise price at the market price on the date of exercise.

Period	Total Number of Shares Purchased	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, 2006	5,372	\$ 48.91	Not applicable	Not applicable
November 1 to November 30, 2006	1,990	49.53	Not applicable	Not applicable
December 1 to December 31, 2006	4,130	48.95	Not applicable	Not applicable
For the Fourth Quarter 2006	<u>11,492</u>	49.04	Not applicable	Not applicable

Performance Graph

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

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



Data Source: Hemscoff, Inc.

This graph assumes \$100 invested on December 31, 2001 in Dover Corporation common stock, the S&P 500 index and a peer group index. The peer index consists of the following public companies selected by the Company based on its assessment of businesses with similar industrial characteristics: Actuant Corp., Ametek Inc., Carlisle Cos. Inc., Cooper Industries, Ltd., Crane Co., Danaher Corp., Eaton Corp., Emerson Electric Co., Federal Signal Corp., Honeywell International, Inc., Hubbell Inc. CL B, Illinois Tool Works, Ingersoll-Rand Company Limited, ITT Industries Inc., 3M Co. (formerly Minnesota Mining & Mfg.), Parker-Hannifin Corp., Pentair Inc., PerkinElmer Inc., Tecumseh Products CL A., Tyco International Ltd. and United Technologies Corp.

* Total return assumes reinvestment of dividends.

Item 6. Selected Financial Data

Selected Dover Corporation financial information for the years 2002 through 2006 is set forth in the following 5-year Consolidated Table.

	2006	2005	2004	2003	2002
	(In thousands, except per share figures)				
Revenue	\$ 6,511,623	\$ 5,333,338	\$ 4,479,390	\$ 3,607,359	\$ 3,348,377
Earnings from continuing operations	603,328	446,195	362,418	254,835	211,000
Basic earnings (loss) per share:					
Continuing operations	\$ 2.96	\$ 2.20	\$ 1.78	\$ 1.26	\$ 1.04
Discontinued operations	(0.20)	0.32	0.25	0.19	(0.19)
Total net earnings before cumulative effect of change in accounting principle	2.76	2.51	2.03	1.45	0.85
Cumulative effect of change in accounting principle	—	—	—	—	(1.45)
Net earnings (loss)	2.76	2.51	2.03	1.45	(0.60)
Weighted average shares outstanding	<u>203,773</u>	<u>202,979</u>	<u>203,275</u>	<u>202,576</u>	<u>202,571</u>
Diluted earnings (loss) per share:					
Continuing operations	\$ 2.94	\$ 2.19	\$ 1.77	\$ 1.25	\$ 1.04
Discontinued operations	(0.20)	0.31	0.25	0.19	(0.20)
Total net earnings before cumulative effect of change in accounting principle	2.73	2.50	2.02	1.44	0.84
Cumulative effect of change in accounting principle	—	—	—	—	(1.44)(1)
Net earnings (loss)	2.73	2.50	2.02	1.44	(0.60)
Weighted average shares outstanding	<u>205,497</u>	<u>204,177</u>	<u>204,786</u>	<u>203,614</u>	<u>203,346</u>
Dividends per common share	<u>\$ 0.71</u>	<u>\$ 0.66</u>	<u>\$ 0.62</u>	<u>\$ 0.57</u>	<u>\$ 0.54</u>
Capital expenditures	\$ 194,735	\$ 130,492	\$ 87,857	\$ 74,714	\$ 78,426
Depreciation and amortization	201,501	155,047	134,731	128,145	132,202
Total assets	7,626,658	6,580,492	5,777,853	5,151,398	3,842,632
Total debt	1,771,040	1,538,335	1,090,393	1,066,071	1,054,061

All results and data in the table above reflect continuing operations, unless otherwise noted.

(1) The 2002 Net earnings (loss) include \$293 million, net of tax, or \$1.44 EPS, of goodwill impairment related to the adoption of SFAS 142.

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

This Annual Report on Form 10-K, particularly this Item 7, contains forward-looking statements within the meaning of applicable law. Forward-looking statements are subject to inherent uncertainties and risks. It is important that you read "SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS" inside the front cover of this Annual Report of Form 10-K for more information about these forward-looking statements and their inherent uncertainties and risks.

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

Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are: cash flows generated from operating activities, capital expenditures, acquisitions, dispositions, dividends, 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 enough liquidity available for reinvestment in existing businesses and strategic acquisitions while managing the capital structure on a short and long-term basis.

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

Cash Flows from Continuing Operations	Twelve Months Ended December 31,	
	2006	2005
	(In thousands)	
Net Cash Flows Provided By (Used In):		
Operating activities	\$ 878,812	\$ 570,304
Investing activities	(846,593)	(1,049,057)
Financing activities	128,290	274,604

Cash flows provided by operating activities during 2006 increased \$308.5 million over the prior period primarily reflecting higher earnings and margins from continuing operations before depreciation and amortization and lower tax payments.

Cash used in investing activities during 2006 decreased \$202.5 million compared to 2005, reflecting essentially flat acquisition spending, higher proceeds from the disposition of businesses in the 2006 period, partially offset by an increase in capital expenditures, primarily in the oil & gas and micro-acoustics businesses. Acquisition expenditures in 2006 were \$1,116.8 million compared to \$1,089.7 million in 2005 while proceeds from the disposition of businesses increased \$286.6 million over 2005 to \$445.9 million. Capital expenditures of \$194.7 million, which increased \$64.2 million over the prior year, primarily funded investments in plant expansions, plant machinery and information systems. The Company currently anticipates that any acquisitions made during 2007 will be funded from available cash and internally generated funds and, if necessary, through the issuance of commercial paper, established lines of credit or public debt markets. Capital expenditures for 2007 are expected to be consistent with 2006 levels.

Cash provided by financing activities during 2006 decreased \$146.3 million when compared to 2005. Acquisitions during 2006 were primarily funded through cash from operations and proceeds generated from dispositions. In addition, the Company repurchased \$48.3 million of treasury shares and paid dividends of \$144.8 million.

Adjusted Working Capital (a non-GAAP measure; calculated as accounts receivable, plus inventory, less accounts payable) increased from December 31, 2005 by \$262.5 million, primarily as a result of acquisitions, foreign exchange translation and the Company's organic growth. Excluding the impact of acquisitions and foreign currency, working capital would have increased by \$41.3 million from December 31, 2005. Average Annual Adjusted

Working Capital as a percentage of revenue (a non-GAAP measure; calculated as the five quarter average balance of accounts receivable, plus inventory, less accounts payable divided by the trailing twelve months of revenue) decreased to 18.9% from 20.7% at year end 2005 and inventory turns improved to 6.5 turns from 5.7 turns in the prior year.

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 Flow, the Company also measures free cash flow (a non-GAAP measure). Management believes that free cash flow is an important measure of operating performance because it provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase Dover's common stock. For further information, see Non-GAAP Disclosures at the end of this Item 7.

Free cash flow for the year ended December 31, 2006 was \$684.1 million or 10.5% of revenue compared to \$440.0 million or 8.2% of revenue in the prior year. The 2006 increase in free cash flow reflected higher earnings and margins from continuing operations before depreciation and amortization, and lower tax payments, partially offset by higher capital expenditures. The following table is a reconciliation of free cash flow to cash flows from operating activities.

	Twelve Months Ended December 31,	
	2006	2005
	(In thousands)	
Free Cash Flow		
Cash flow provided by operating activities	\$ 878,812	\$ 570,304
Less: Capital expenditures	(194,735)	(130,492)
Free cash flow	<u>\$ 684,077</u>	<u>\$ 439,812</u>
Free cash flow as a percentage of revenue	<u>10.5%</u>	<u>8.2%</u>

At December 31, 2006, the Company's net property, plant, and equipment totaled \$856.8 million compared to \$706.7 million at the end of 2005. The increase in net property, plant and equipment reflected acquisitions of \$83.7 million, capital expenditures of \$194.7 million, partially offset by decreases related to foreign currency fluctuation of \$21.9 million, and depreciation.

The aggregate of current and deferred income tax assets and liabilities decreased from a \$307.5 million net liability at the beginning of the year to a net liability of \$298.3 million at year-end 2006. This resulted primarily from decreases in current tax liabilities, increases in deferred tax assets from accruals, a decrease in deferred tax liabilities as a result of the adoption of SFAS No. 158 (see below) and net operating loss carryforwards (primarily acquisition related), partially offset by an increase in deferred tax liabilities related to intangible assets.

Dover's consolidated benefit obligation related to defined and supplemental retirement benefits increased by \$52.0 million in 2006. The increase was due principally to net obligations of \$50.5 million related to acquisitions. Offsetting this increase was a plan asset increase of \$37.6 million due to gains on plan investments during the year and Company contributions of \$3.0 million, which were partially offset by benefit payouts. During 2006, plan amendments, primarily from union negotiated contracts, created an increase in the benefit obligation of \$8.5 million. Due to the decrease in the net funded status of the plans and the increase in the amortization of unrecognized losses, it is estimated that pension expense will increase from \$42.8 million to approximately \$45.2 million in 2007. Effective December 31, 2006 Dover adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of Financial Accounting Standards Board ("FASB") Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). See notes 2 & 13 in Item 8 of this Form 10-K for additional information on the adoption of this standard.

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

Net Debt to Total Capitalization Ratio	At December 31,	At December 31,
	2006	2005
	(In thousands)	
Current maturities of long-term debt	\$ 32,267	\$ 1,201
Commercial paper and other short-term debt	258,282	192,961
Long-term debt	1,480,491	1,344,173
Total debt	1,771,040	1,538,335
Less: Cash and cash equivalents	373,616	185,832
Net debt	1,397,424	1,352,503
Add: Stockholders' equity	3,811,022	3,329,523
Total capitalization	\$ 5,208,446	\$ 4,682,026
Net debt to total capitalization	26.8%	28.9%

Net debt at December 31, 2006 remained relatively flat as increased cash flow from operations and cash generated from dispositions were used to fund Dover's acquisition program. The percentage decrease in net debt to total capital, after record acquisition spending, reflects strong operational free cash flow and the proceeds from dispositions of \$445.9 million.

Dover's long-term debt instruments had a book value of \$1,512.8 million on December 31, 2006 and a fair value of approximately \$1,502.9 million. On December 31, 2005, the Company's long-term debt instruments had a book value of \$1,345.4 million and a fair value of approximately \$1,406.0 million.

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

Management is not aware of any potential impairment to the Company's liquidity, and the Company is in compliance with all of its long-term debt covenants. It is anticipated that in 2007 any funding requirements above cash generated from operations will be met through the issuance of commercial paper or, depending upon market conditions, through the issuance of long-term debt or some combination of the two.

As of December 31, 2006, there were two interest rate swap agreements outstanding for a total notional amount of \$100.0 million, designated as fair value hedges on part of the Company's \$150.0 million 6.25% Notes due on June 1, 2008. One \$50 million interest rate swap exchanges fixed-rate interest for variable-rate interest. The other \$50 million swap is designated in foreign currency and exchanges fixed-rate interest for variable-rate interest, and also hedges a portion of the Company's net investment in foreign operations. The swap agreements have reduced the effective interest rate on the notes to 5.78%. There is no hedge ineffectiveness, and the fair value of the interest rate swaps outstanding as of December 31, 2006 was determined through market quotation.

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

At December 31, 2006, the Company had open foreign exchange forward purchase contracts expiring through March 2007 related to fair value hedges of foreign currency exposures as follows:

Currencies Purchased	Currencies Sold					
	U.S. Dollar Value	Average Contract Rate	Euro Value	Average Contract Rate	Singapore Dollar Value	Average Contract Rate
	(In thousands)					
Euro	\$ 62,480	1.3127	—	—	4,481	2.0420
Singapore Dollar	—	—	€ 9,121	0.4897	—	—
Swiss Franc	5,071	0.8097	€ 1,331	0.6297	—	—

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

	2006		2005	
	Short term	Long term	Short term	Long term
Moody's	P-1	A2	P-1	A2
Standard & Poor's	A-1	A	A-1	A
Fitch	F1	A	F1	A

A summary of the Company's undiscounted long-term debt, commitments and obligations as of December 31, 2006 and the years when these obligations are expected to be due is as follows:

	Total	2007	2008	2009	2010	Thereafter
	(In thousands)					
Long-term debt	\$ 1,512,758	\$ 32,267	\$ 185,863	\$ 34,995	\$ 33,102	\$ 1,226,531
Interest expense	984,858	79,435	73,966	70,059	70,059	691,339
Rental commitments	174,443	42,959	34,108	25,393	18,286	53,697
Purchase obligations	28,536	27,744	721	71	—	—
Capital leases	16,688	2,608	2,379	1,822	1,289	8,590
Supplemental & post- retirement benefits	189,000	15,000	14,000	17,000	33,000	110,000
Other long-term obligations	4,872	1,504	991	678	529	1,170
Total obligations	\$ 2,911,155	\$ 201,517	\$ 312,028	\$ 150,018	\$ 156,265	\$ 2,091,327

(2) RESULTS OF OPERATIONS:

2006 COMPARED TO 2005

Consolidated Results of Operations

Revenue for the year ended December 31, 2006 increased 22% over 2005, due to increases at all six segments led by increases of \$322.6 million at Resources and \$334.6 million at Electronics. Resources revenue increased due to positive market fundamentals, acquisitions and improved operating efficiencies while Electronics' revenue increased due to acquisitions and strong organic growth. Overall, Dover's organic revenue growth was 14%, acquisition growth was 8% and the impact from foreign exchange was negligible. Gross profit increased 25% to \$2,348.0 million from 2005 while the gross profit margin increased 80 basis points to 36.1%.

Selling and administrative expenses of \$1,436.2 million for the year ended December 31, 2006 increased \$224.8 million over the comparable 2005 period, primarily due to increased revenue activity and \$26.4 million of equity compensation expense related to the adoption of Statement of Financial Accounting Standard 123(R), "Share Based Payment" ("SFAS No. 123(R)"), which required companies to expense the fair value of equity compensation, such as stock options and stock-settled stock appreciation rights ("SSARs"), primarily over the related vesting period. The Company used the modified prospective method to adopt SFAS No. 123(R), which did

not require the restatement of prior periods. Selling and administrative expenses as a percentage of revenue decreased to 22.1% from 22.7% in 2005. Excluding the effect of SFAS No. 123(R), selling and administrative expenses during the year ended December 31, 2006 would have been \$1,409.8 million or 21.7% of revenue.

Interest expense, net, increased 6.6% to \$77.0 million for 2006, compared to \$72.2 million for 2005 due to higher average outstanding borrowings and average commercial paper rates.

Other (Income) Expense, net for 2006 of \$12.0 million was driven primarily by foreign exchange losses. Other (Income) Expense, net of (\$12.3) million for 2005 included foreign exchange gains of \$7.5 million.

The 2006 tax rate for continuing operations was 26.7%, reflecting the effect of the full year retroactive extension of the U.S. federal research credit, a favorable mix of foreign earnings in low-taxed overseas jurisdictions, a lower relative U.S. federal tax exclusion for foreign sales in 2006 and the inclusion of a \$7.8 million net benefit primarily related to the resolution of a state income tax issue. The 2005 tax rate for continuing operations of 26.5% included a \$9.5 million provision related to the repatriation of \$373.7 million of dividends and a \$25.5 million benefit primarily related to the resolution of U.S. tax issues and a \$5.5 million benefit related to a favorable federal tax court decision. Excluding the repatriation provision, the full year 2005 tax rate for continuing operations was 24.9%.

Earnings from continuing operations for 2006 were \$822.9 million or \$2.94 per diluted share compared to \$607.3 million or \$2.19 per diluted share. For 2006, net earnings were \$561.8 million, or \$2.73 per diluted share, which included a \$41.5 million, or \$0.20 per diluted share, loss from discontinued operations, compared to \$510.1 million, or \$2.50 per diluted share for 2005, which included \$63.9 million, or \$0.31 per diluted share, in earnings from discontinued operations. Refer to Note 8 in the Consolidated Financial Statements for additional information on discontinued operations.

Segment Results of Operations

Diversified

	Twelve Months Ended December 31 .		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 778,125	\$ 722,054	8%
Segment earnings	90,055	87,617	3%
Operating margin	11.6%	12.1%	
Bookings	830,756	785,983	6%
Book-to-Bill	1.07	1.09	
Backlog	358,385	304,781	18%

Diversified's revenue and earnings increases were primarily due to growth in the Process Equipment group. Operating margin decreased 50 basis points as the impact of the revenue growth was offset by softness in markets served by the Industrial Equipment group. Backlog reached a record high on a 6% increase in bookings for the year.

Industrial Equipment revenue was up 3% over the prior year, mainly due to the commercial aerospace market. Earnings decreased 6%, as the leverage on increased revenue was offset by softness in light construction and agricultural markets, the cost of productivity initiatives, higher material costs, and lower margin aerospace revenue. Bookings decreased 5% and backlog increased 2% over the prior year.

Process Equipment group's revenue increased 18% over the prior year due to robust heat exchanger and energy markets. Improved pricing and productivity partially offset by weak demand for print control systems contributed to the 25% earnings growth over the prior year. Bookings and backlog increased 28% and 64%, respectively, when compared to the prior year.

Electronics

	Twelve Months Ended December 31,		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 880,685	\$ 546,043	61%
Segment earnings	119,425	46,888	155%
Operating margin	13.6%	8.6%	
Bookings	888,244	571,983	55%
Book-to-Bill	1.01	1.05	
Backlog	150,143	141,102	6%

The increases in revenue and earnings at Electronics compared to the prior year were due to the third quarter 2005 acquisitions of Knowles Electronics and Colder Products and significant organic revenue growth of 21% for the year due to strength in the core Components businesses.

Components revenue increased 81%, while operating earnings increased 187% compared to the prior year, as a result of the Knowles and Colder acquisitions and strong organic growth, particularly in the frequency controls and micro acoustics markets. Acquisitions accounted for 52% and 63% of the revenue and earnings growth, respectively. Bookings and backlog increased 72% and 7%, respectively, when compared to the prior year.

Commercial equipment revenue increased 9% while earnings decreased 8%, due to weakness in the ATM business. Bookings increased 8%, while backlog decreased 8%, when compared to the prior year.

Industries

	Twelve Months Ended December 31,		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 876,494	\$ 817,947	7%
Segment earnings	123,982	104,282	19%
Operating margin	14.1%	12.7%	
Bookings	939,149	846,258	11%
Book-to-Bill	1.07	1.03	
Backlog	288,835	222,793	30%

Industries' revenue and earnings increases over the prior year were the result of improvements in the Mobile Equipment group which experienced strong energy, military, and commercial transportation markets in 2006. Operating margin increased 140 basis points largely due to operating efficiencies and positive leverage in the refuse and trailer markets.

Mobile Equipment revenue increased 13% over the prior year, driven for the most part by strength in the commercial transportation market. Earnings increased 29% driven by volume and improved leverage. In addition, prior year earnings were positively impacted by a gain of approximately \$1 million on the sale of a facility. Bookings and backlog increased 20% and 37%, respectively.

Revenue in the Service Equipment group declined 3% compared to the prior year reflecting weakness in the North American automotive service industry. Earnings increased by 2% compared to the prior year. Bookings and backlog decreased 5% and 7%, respectively.

Resources

	Twelve Months Ended December 31,		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 1,841,491	\$ 1,518,939	21%
Segment earnings	316,328	260,671	21%
Operating margin	17.2%	17.2%	
Bookings	1,873,241	1,550,000	21%
Book-to-Bill	1.02	1.02	
Backlog	237,987	167,561	42%

Resources' revenue, earnings, and bookings increases were primarily the result of improvements in the Oil and Gas Equipment group and the August 30, 2006 acquisition of Paladin. Margin remained flat as it was impacted by purchase accounting amortization related to the Paladin acquisition. Overall, the segment had organic revenue growth of 13% during the year, with the remainder primarily from acquisitions.

Oil and Gas Equipment delivered strong results throughout 2006 with revenue and earnings increases of 37% and 52%, respectively, over the prior year. Commodity pricing for oil and gas began moderating in the second quarter of 2006, however, strong activity in exploration, production and drilling continued to drive the positive 2006 results. The group continues to add capacity judiciously to meet increasing levels of demand. Bookings increased by 37% and backlog increased 72% when compared to the prior year.

Fluid Solutions revenue and earnings increased 8% and 3%, respectively, when compared to the prior year. The revenue increase was due to improvements in mobile transport equipment, global demand for retail petroleum equipment and support equipment for the growing ethanol business. Product mix had a negative impact on earnings and margin. Bookings increased 9% and backlog increased 27% when compared to the prior year.

Material Handling revenue increased 20% while earnings increased 13% compared to the prior year. The revenue increase was primarily due to the Paladin acquisition and continued growth in the heavy winch business, partially offset by softness in the automotive and recreational vehicle markets. Margin was impacted by the weak automotive, light construction and recreational vehicle markets. Bookings increased 19% while the backlog grew 39% when compared to the prior year.

Systems

	Twelve Months Ended December 31,		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 834,854	\$ 705,377	18%
Segment earnings	114,113	100,088	14%
Operating margin	13.7%	14.2%	
Bookings	841,913	755,436	11%
Book-to-Bill	1.01	1.07	
Backlog	181,530	174,402	4%

Systems' increases in revenue and earnings over the prior year were driven by improvements at all businesses in the segment. The decrease in operating margin was due to the Food Equipment group which more than offset increases by Packaging Equipment.

Food Equipment revenue and earnings increased 19% and 13%, respectively, over the prior year due to positive market demand for both supermarket and foodservice equipment. The margin decrease reflects increased commodity costs and temporary cost inefficiencies related to higher production levels in the food equipment business. Bookings increased 15% compared to the prior year, while backlog increased 5%.

Packaging Equipment revenue and earnings increased 15% and 19%, respectively, over the prior year, as a result of increases in both can necking equipment and packaging closure systems. Bookings remained flat while backlog increased 1%.

Technologies

	Twelve Months Ended December 31,		
	2006	2005	% Change
	(In thousands)		
Revenue	\$ 1,313,546	\$ 1,033,853	27%
Segment earnings	206,728	134,963	53%
Operating margin	15.7%	13.1%	
Bookings	1,297,719	1,058,873	23%
Book-to-Bill	0.99	1.02	
Backlog	125,929	102,207	23%

Technologies' revenue and earnings increases over the prior year reflect the relative strength of the segment's markets during 2006. The segment achieved strong organic growth of 19%, with the remainder mainly from acquisitions as improvements were reported in both groups in the segment.

Automation and Measurement revenue increased 33% and earnings increased 97% when compared to the prior year. Although the semiconductor market moderated in the fourth quarter of 2006, the group continued to exhibit strong fundamentals based on levels of recurring revenue and the overall strength of the consumer electronics industry. Bookings increased 26% and backlog increased 2% compared to the prior year.

Product Identification ("PI") revenue increased 21% and earnings increased 37% over the prior year, reflecting successful results from all product lines and regions as well as the impact of the Markem and O'Neil acquisitions which contributed 12% to the group's revenue growth for the year. Bookings increased 18% and backlog increased 64%.

2005 COMPARED WITH 2004

Consolidated Results of Operations

Revenue for the year ended December 31, 2005 increased 19.1% or \$853.9 from 2004, primarily driven by increases at all six segments led by \$278.7 million at Resources and \$142.2 million at Electronics. Resources' revenue increased due to positive market fundamentals, acquisitions and improved operating efficiencies. Electronics' revenue was impacted by the acquisition of two significant Components companies in the third quarter of 2005 along with operating improvements in the core businesses. Overall, Dover's organic revenue growth was 10%, acquisition growth was 9%, and the foreign exchange impact was negligible. Gross profit increased 17.3% to \$1,878.7 million, while gross profit margin of 35.2% decreased 50 basis points.

Selling and administrative expenses for 2005 were \$1,211.5 million, or 22.7% of revenue, compared to \$1,053.1 million or 23.5% of revenue in 2004. The increase in selling and administrative expenses included increases in compensation and pension benefits along with the impact of the 2005 acquisitions. Operating earnings of \$667.2 million for 2005 increased \$119.1 million compared to the prior year due primarily to the 19.1% increase in revenue, benefits from improved operating efficiencies and improved global economic conditions. Operating margin for 2005 increased 30 basis points to 12.5%.

Net interest expense increased 18.1% to \$72.2 million for 2005, compared to \$61.1 million for 2004, primarily due to the increase in net interest expense from higher outstanding borrowings used to fund 2005 acquisitions.

Other (Income) Expense, net for 2005 of (\$12.3) million was driven primarily by foreign exchange gains. Other (Income) Expense, net of (\$5.1) million for 2004 included favorable settlements and miscellaneous credits of \$11.8 million, which were largely offset by foreign exchange losses of \$6.7 million.

The 2005 effective tax rate for continuing operations was 26.5% compared to 26.4% in 2004 and included a \$9.5 million U.S. tax provision related to the repatriation of \$373.7 million of dividends, a \$25.5 million benefit primarily related to the resolution of U.S. tax issues, and a \$5.5 million first quarter benefit related to a favorable federal tax court decision. Excluding the repatriation provision, the full year 2005 effective tax rate for continuing operations was 24.9%.

Earnings from continuing operations for 2005 were \$446.2 million or \$2.19 per diluted share compared to \$362.4 million or \$1.77 per diluted share in 2004. For 2005, net earnings were \$510.1 million or \$2.50 per diluted share, which included \$63.9 million or \$0.31 per diluted share in earnings from discontinued operations, compared to \$412.8 million or \$2.02 per diluted share for 2004, which included \$50.3 million or \$0.25 per diluted share in earnings from discontinued operations. Refer to Note 8 in the Consolidated Financial Statements for additional information on discontinued operations.

Segment Results of Operations

Diversified

	Twelve Months Ended December 31,		
	2005	2004	% Change
	(In thousands)		
Revenue	\$ 722,054	\$ 574,960	26%
Segment earnings	87,617	69,050	27%
Operating margin	12.1%	12.0%	
Bookings	785,983	633,472	24%
Book-to-Bill	1.09	1.10	
Backlog	304,781	242,025	26%

Diversified's revenue and earnings increases were driven by both the Industrial Equipment Group and the Process Equipment Group due to growth in the aerospace, defense, heat exchanger, and oil and gas markets.

Industrial Equipment's revenue and earnings increased 29% and 19%, respectively, over the prior year. The revenue increase was driven primarily by strength in the aerospace and construction markets. The margin decrease resulted from unfavorable product mix and acquisition-related costs, partially offset by volume increases and moderating raw material pricing. The automotive and powersports business was down as gains from the North American professional racing market were not enough to offset a weak powersports market. Bookings increased 26% and backlog increased 25%.

Process Equipment's full-year revenue and earnings rose 19% and 33%, respectively, and margin grew to over 15%, reflecting double digit revenue growth in all areas, and significant earnings and margin growth in the oil and gas market for bearings. In addition, overall growth was driven by the expanding HVAC markets for heat exchangers, as well as productivity gains. Bookings increased 20% and backlog grew 30%.

Electronics

	Twelve Months Ended December 31,		
	2005	2004	% Change
	(In thousands)		
Revenue	\$ 546,043	\$ 403,856	35%
Segment earnings	46,888	35,293	33%
Operating margin	8.6%	8.7%	
Bookings	571,983	408,259	40%
Book-to-Bill	1.05	1.01	
Backlog	141,102	77,388	82%

The increases in both revenue and earnings at Electronics were primarily driven by the acquisition of two significant Components companies, Knowles Electronics and Colder Products, in the third quarter of 2005 and

operating improvements within core businesses, although these gains were partially offset by decreases in Commercial Equipment and purchase accounting amortization.

Components operating earnings increased 207% in 2005 compared to the prior year on a 57% increase in revenue, reflecting the acquisitions, and revenue and earnings growth in almost all of the other Components businesses. The margin grew to exceed 12% and was aided by the two acquisitions and included \$5.3 million of integration costs related to a 2004 Vectron acquisition. Bookings increased 65% and backlog grew 89%.

Commercial Equipment full year revenue was flat, with earnings down 23% and a substantial decrease in margin, reflecting some market softness and the effect of Hurricane Katrina, which disrupted the ATM operations significantly in the third quarter of 2005. Bookings decreased 2% and backlog grew 23%.

Industries

	Twelve Months Ended December 31,		
	2005	2004 (In thousands)	% Change
Revenue	\$ 817,947	\$ 748,082	9%
Segment earnings	104,282	88,967	17%
Operating margin	12.7%	11.9%	
Bookings	846,258	777,495	9%
Book-to-Bill	1.03	1.04	
Backlog	222,793	192,510	16%

Revenue and earnings increases in Industries were driven primarily by the Mobile Equipment group, due to strong military sales and strength in environmental markets. Industries' earnings increase was partially offset by a decrease at the Service Equipment group. Bookings and backlog both exceeded prior-year levels on improved strength in the environmental and military markets.

Strong military sales and strength in the oil field industry contributed to Mobile Equipment revenue and earnings increases of 15% and 41%, respectively, with significant margin improvement. Earnings were also positively impacted by a gain of approximately \$1 million on the sale of a facility and cost control initiatives. Bookings increased 14% driven by strong demand for trailer and refuse products and backlog increased 15%.

Service Equipment revenue and margin were flat while earnings declined moderately, reflecting overall end market conditions and weakness in the automotive service industry. Earnings were negatively impacted by product mix, new product introduction costs, and a facility shutdown. Bookings were essentially flat, while backlog increased 18%.

Resources

	Twelve Months Ended December 31,		
	2005	2004 (In thousands)	% Change
Revenue	\$ 1,518,939	\$ 1,240,255	22%
Segment earnings	260,671	206,256	26%
Operating margin	17.2%	16.6%	
Bookings	1,550,000	1,292,621	20%
Book-to-Bill	1.02	1.04	
Backlog	167,561	137,145	22%

In 2005, Resources had record revenue, earnings, margin, bookings and backlog, reflecting positive market fundamentals, acquisitions and improved operating efficiencies.

Oil and Gas Equipment led the segment in 2005 with increases in revenue and earnings of 52% and 62%, respectively, due to continued robust demand for its energy-related products. Bookings increased by 49% and backlog increased 58%.

Fluid Solutions revenue and earnings increased 12% and 16%, respectively, due to strong refining, petrochemical, and transportation markets, partially offset by weakness in the retail petroleum markets. Bookings were up 11%, and backlog was up 10%.

Material Handling realized an increase in revenue of 14% while earnings, which included strategic realignment costs at one of the businesses, grew 6%. The increase in revenue was driven by demand in the construction, crane, aerial lift, petroleum, and military markets, partially offset by slow demand from the automotive industry. Bookings were up 11% and backlog was up 20%.

Systems

	Twelve Months Ended December 31,		
	2005	2004 (In thousands)	% Change
Revenue	\$ 705,377	\$ 619,434	14%
Segment earnings	100,088	73,479	36%
Operating margin	14.2%	11.9%	
Bookings	755,436	654,053	16%
Book-to-Bill	1.07	1.06	
Backlog	174,402	124,908	40%

Systems revenue and earnings increases were driven by both Food Equipment and Packaging Equipment, reflecting strength in the supermarket equipment and can machinery markets.

Food Equipment revenue increased 14% in 2005 compared to the prior year, due to higher supermarket and foodservice equipment sales, resulting in an earnings increase of 42%. Margin improved due to volume leverage, pricing initiatives and productivity gains. Bookings increased 13% and backlog was up 26%.

Packaging Equipment revenue and earnings in 2005 increased 13% and 18%, respectively, over the prior year and margin rose 80 bps due to strength in the can machinery market, particularly in Eastern Europe, Asia and the Middle East, driven by both new lines and can size conversions. The package closure business experienced continued weak market conditions in Western Europe, particularly Germany. Bookings increased 22% and backlog increased 89%.

Technologies

	Twelve Months Ended December 31,		
	2005	2004 (In thousands)	% Change
Revenue	\$ 1,033,853	\$ 902,283	15%
Segment earnings	134,963	129,058	5%
Operating margin	13.1%	14.3%	
Bookings	1,058,873	870,238	22%
Book-to-Bill	1.02	0.96	
Backlog	102,207	75,940	35%

Revenue and earnings increases in 2005 reflected strength in the product identification market, offset by costs of \$8 million related to restructuring charges that are expected to have a positive impact on the segment's future financial performance.

A&M revenue was essentially flat and earnings declined 25% in 2005 compared to the prior year, reflecting restructuring charges of approximately \$6 million, principally related to certain facility closures, and general sales

declines, except at the screen printer rework equipment companies. Bookings increased 9% and backlog increased 59%.

PI reported a revenue increase of 41%, while earnings increased 30%. The revenue and earnings increases were primarily attributable to the impact of the Datamax acquisition at the end of 2004, partially offset by approximately \$2 million of restructuring costs, weakness in printing equipment markets and price competitiveness for marking equipment. Bookings increased 41% and backlog increased 3%.

Critical Accounting Policies

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

- Revenue is recognized when all of the following circumstances are satisfied: a) persuasive evidence of an arrangement exists, b) price is fixed or determinable, c) collectibility is reasonably assured, and d) delivery has occurred. In revenue transactions where installation is required, revenue can be recognized when the installation obligation is not essential to the functionality of the delivered products. Revenue transactions involving non-essential installation obligations are those which can generally be completed in a short period of time at insignificant cost and the skills required to complete these installations are not unique to the Company and in many cases can be provided by third parties or the customers. If the installation obligation is essential to the functionality of the delivered product, revenue recognition is deferred until installation is complete. In addition, when it is determined that there are multiple deliverables to a sales arrangement, the Company will allocate consideration received to the separate deliverables based on their relative fair values and recognize revenue based on the appropriate criteria for each deliverable identified. In a limited number of revenue transactions, other post shipment obligations such as training and customer acceptance are required and, accordingly, revenue recognition is deferred until the customer is obligated to pay, or acceptance has been confirmed. Service revenue is recognized and earned when services are performed.
- Allowances for doubtful accounts are estimated at the individual operating companies based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Due to the fact that Dover operates in many different markets, changes in economic conditions in specific markets generally should not have a material effect on reserve balances required.
- Inventory for the majority of the Company's subsidiaries, including all international subsidiaries and the Technologies segment, 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. Technologies companies tend to experience higher levels of inventory value fluctuations, particularly given the relatively high rate of product obsolescence over relatively short periods of time.
- Occasionally, the Company will establish restructuring reserves at an operation in accordance with appropriate accounting principles. These reserves, for both severance and exit costs, require the use of estimates. Though Dover believes that these estimates accurately reflect the anticipated costs, actual results may be different than the estimated amounts.

- Dover has significant tangible and intangible assets on its balance sheet that include goodwill and other intangibles related to acquisitions. The valuation and classification of these assets and the assignment of useful depreciation and amortization lives involve significant judgments and the use of estimates. The testing of these intangibles under established accounting guidelines (including SFAS No. 142) for impairment also requires significant use of judgment and assumptions, particularly as it relates to the identification of reporting units and the determination of fair market value. Dover's assets and reporting units are tested and reviewed for impairment on an annual basis during the fourth quarter or when indicators of impairment exist. The Company believes that its use of estimates and assumptions are reasonable and comply with generally accepted accounting principles. Changes in business conditions could potentially require adjustments to the valuations.
- The valuation of Dover's pension and other post-retirement plans requires the use of assumptions and estimates that are used to develop actuarial valuations of expenses and assets/liabilities. These assumptions include discount rates, investment returns, projected salary increases and benefits, and mortality rates. The actuarial assumptions used in Dover's pension reporting are reviewed annually and are compared with external benchmarks to assure that they accurately account for Dover's future pension obligations. Changes in assumptions and future investment returns could potentially have a material impact on Dover's pension expenses and related funding requirements. Dover's expected long-term rate of return on plan assets is reviewed annually based on actual returns, economic trends and portfolio allocation. Dover's discount rate assumption is determined by constructing a portfolio of bonds to match the expected benefit stream to be paid from the Company's pension plans. The benefit payment stream is assumed to be funded from bond coupons and maturities, as well as interest on the excess cash flows from the bond portfolio.
- Dover has significant amounts of deferred tax assets that are reviewed for recoverability and valued accordingly. These assets are evaluated by using estimates of future taxable income streams and the impact of tax planning strategies. Reserves are also estimated for ongoing audits regarding federal, state and international issues that are currently unresolved. The Company routinely monitors the potential impact of these situations and believes that it is properly reserved. Valuations related to tax accruals and assets can be impacted by changes in accounting regulations, changes in tax codes and rulings, changes in statutory tax rates, and the Company's future taxable income levels.
- Dover has significant accruals and reserves related to its risk management program. These accruals require the use of estimates and judgment with regard to risk exposure and ultimate liability. The Company estimates losses under these programs using actuarial assumptions, Dover's experience, and relevant industry data. Dover considers the current level of accruals and reserves adequate relative to current market conditions and Company experience.
- Dover has established reserves for environmental and legal contingencies at both the operating company and corporate levels. A significant amount of judgment and use of estimates is required to quantify Dover's ultimate exposure in these matters. The valuation of reserves for contingencies is reviewed on a quarterly basis at the operating and corporate levels to assure that Dover is properly reserved. Reserve balances are adjusted to account for changes in circumstances for ongoing issues and the establishment of additional reserves for emerging issues. While Dover believes that the current level of reserves is adequate, future changes in circumstances could impact these determinations.
- The Company from time to time will discontinue certain operations for various reasons. Estimates are used to adjust, if necessary, the assets and liabilities of discontinued operations to their estimated fair value less costs to sell. These estimates include assumptions relating to the proceeds anticipated as a result of the sale. The adjustments to fair market value of these operations provide the basis for the gain or loss when sold. Changes in business conditions or the inability to sell an operation could potentially require future adjustments to these estimates.
- The Company uses the Black-Scholes valuation model to estimate the fair value of SSARs and stock options that are granted to employees. The model requires management to estimate the expected life of the SSAR or option and the volatility of Dover's stock using historical data. For additional information related to the assumptions used, see Note 10 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

New Accounting Standards

Effective January 1, 2006, Dover adopted SFAS No. 123(R), "Share Based Payment." See Notes 1 and 2 to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information on the adoption of this standard.

Effective December 31, 2006, Dover adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of Financial Accounting Standards Board ("FASB") Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). See Notes 2 and 13 to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information on the adoption of this standard.

In July 2006, the FASB issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the way companies are to account for uncertainty in income tax reporting and filing and prescribes a consistent recognition threshold and measurement attribute for recognizing, derecognizing, and measuring the tax benefits of a tax position taken, or expected to be taken, on a tax return. Any change in net assets as a result of adopting the new standard is required to be recorded as a cumulative effect adjustment to Dover's opening retained earnings balance as of January 1, 2007. The adoption of FIN 48 is not expected to have a material impact on the Company's retained earnings balance as of January 1, 2007.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 is effective as of the end of Dover's 2006 fiscal year, allowing a one-time transitional cumulative effect adjustment to beginning retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108. The adoption of SAB 108 as of December 31, 2006 had no impact on Dover's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. The Company is currently evaluating the impact of SFAS No. 157 on its overall results of operations or financial position.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"), which replaces APB No. 20 "Accounting Changes," and SFAS No. 3 "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle, and applies to all voluntary changes in accounting principles, as well as changes required by an accounting pronouncement in the unusual instance that it does not include specific transition provisions. Specifically, SFAS No. 154 requires retrospective application to prior periods' financial statements, unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. SFAS No. 154 does not change the transition provisions of any existing pronouncement. SFAS No. 154 is effective for Dover for all accounting changes and corrections of errors made beginning January 1, 2006 and had no impact on Dover.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, An Amendment of Accounting Research Bulletin No. 43, Chapter 4" ("SFAS No. 151"). SFAS No. 151 requires that abnormal amounts of idle capacity and spoilage costs be excluded from the cost of inventory and expensed when incurred. The provisions of SFAS No. 151 were applicable to inventory costs incurred beginning January 1, 2006. The effect of the adoption of SFAS No. 151 was immaterial to Dover's consolidated results of operations, cash flows or financial position.

Non-GAAP Disclosures

In an effort to provide investors with additional information regarding the Company's results as determined by GAAP, the Company also discloses non-GAAP information which management believes provides useful information to investors. Free cash flow, net debt, total capitalization, operational working capital, revenue 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 net debt to total capitalization ratio and free cash flow are important measures of operating performance and liquidity. Net debt to total capitalization is helpful in evaluating the Company's capital structure and the amount of leverage it employs. Free cash flow provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase Dover's common stock. Reconciliations of free cash flow and net debt can be found above in this Item 7, Management's Discussion and Analysis. Management believes that reporting operational working capital (also sometimes called "adjusted 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. In addition, management believes that reporting operational working capital and revenue 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 also believes that reporting organic revenue growth, which excludes the impact of foreign currency exchange rates and acquisitions, provides a useful comparison of the Company's revenue performance and trends between periods.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rates

The Company's exposure to market risk for changes in interest rates relates primarily to the fair value of long-term fixed interest rate debt, interest rate swaps attached thereto, commercial paper borrowings and investments in cash equivalents. Generally, the fair market value of fixed-interest rate debt will increase as interest rates fall and decrease as interest rates rise. A 59 basis point increase or decrease in interest rates (10% of the Company's weighted average long-term debt interest rate) would have an immaterial effect on the fair value of the Company's long-term debt. Commercial paper borrowings are at variable interest rates, and have maturities of three months or less. A 53 basis point increase or decrease in the interest rates (10% of the Company's weighted average commercial paper interest rate) on commercial paper borrowings would have an immaterial impact on the Company's pre-tax earnings. All highly liquid investments, including highly liquid debt instruments purchased with an original maturity of three months or less, are considered cash equivalents. The Company places its investments in cash equivalents with high credit quality issuers and limits the amount of exposure to any one issuer. A 51 basis point decrease or increase in interest rates (10% of the Company's weighted average interest rate) would have an immaterial impact on the Company's pre-tax income. As of December 31, 2006, the Company had two interest rate swaps outstanding, as discussed in Note 9 to the Consolidated Financial Statements. The Company does not enter into derivative financial or derivative commodity instruments for trading or speculative purposes.

Foreign Exchange

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

Item 8. *Financial Statements and Supplementary Data*

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

Page	
33	Management's Report on Internal Control Over Financial Reporting
34	Report of Independent Registered Public Accounting Firm
36	Consolidated Statements of Operations (For the years ended December 31, 2006, 2005 and 2004)
37	Consolidated Balance Sheets (At December 31, 2006 and 2005)
38	Consolidated Statements of Stockholders' Equity and Comprehensive Earnings (For the years ended December 31, 2006, 2005 and 2004)
39	Consolidated Statements of Cash Flows (For the years ended December 31, 2006, 2005 and 2004)
40-70	Notes to Consolidated Financial Statements
71	Financial Statement Schedule — Schedule II, Valuation and Qualifying Accounts

(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, 2006. 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, 2006, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

In making its assessment of internal control over financial reporting as of December 31, 2006, management has excluded those companies acquired in purchase business combinations during 2006, which included Infocash/Cash Services Limited, Cash Point Machines PLC, O'Neil Product Development, Paladin Brands Holding Inc., Environ Holdings, Markem Corp., and Magnum Systems Inc. These companies are wholly-owned by the Company and their total revenue for the year ended December 31, 2006 represents approximately 3% of the Company's consolidated total revenue for the same period and their assets represent approximately 18% of the Company's consolidated assets as of December 31, 2006.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Dover Corporation:

We have completed integrated audits of Dover Corporation's consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15 (a)(1) present fairly, in all material respects, the financial position of Dover Corporation and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 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. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation and defined benefit pension and other postretirement obligations in 2006.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in "Management's Report on Internal Control Over Financial Reporting," appearing under Item 8, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control — Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides 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.

As described in Management's Report of Internal Control Over Financial Reporting, management has excluded Infocash/Cash Services Limited, Cash Point Machines PLC, O'Neil Product Development, Paladin Brands Holding Inc., Environ Holdings, Markem Corp., and Magnum Systems Inc. from its assessments of internal control over financial reporting as of December 31, 2006 because they were acquired by the Company in purchase business combinations during 2006. These companies are wholly owned by the Company and their total revenue and assets represent approximately 3% and 18% of the Company's consolidated total revenue and assets, respectively, as reflected in its financial statements for the year ended December 31, 2006.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York

February 28, 2007

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2006	2005	2004
	(In thousands, except per share figures)		
Revenue	\$ 6,511,623	\$ 5,333,338	\$ 4,479,390
Cost of goods and services	4,163,581	3,454,634	2,878,130
Gross profit	2,348,042	1,878,704	1,601,260
Selling and administrative expenses	1,436,237	1,211,461	1,053,100
Operating earnings	911,805	667,243	548,160
Interest expense, net	76,984	72,231	61,143
Other expense (income), net	11,952	(12,321)	(5,098)
Total interest/other expense, net	88,936	59,910	56,045
Earnings before provision for income taxes and discontinued operations	822,869	607,333	492,115
Provision for income taxes	219,541	161,138	129,697
Earnings from continuing operations	603,328	446,195	362,418
Earnings (loss) from discontinued operations, net	(41,546)	63,947	50,337
Net earnings	\$ 561,782	\$ 510,142	\$ 412,755
Basic earnings per common share:			
Earnings from continuing operations	\$ 2.96	\$ 2.20	\$ 1.78
Earnings (loss) from discontinued operations	(0.20)	0.32	0.25
Net earnings	2.76	2.51	2.03
Weighted average shares outstanding	203,773	202,979	203,275
Diluted earnings per common share:			
Earnings from continuing operations	\$ 2.94	\$ 2.19	\$ 1.77
Earnings (loss) from discontinued operations	(0.20)	0.31	0.25
Net earnings	2.73	2.50	2.02
Weighted average shares outstanding	205,497	204,177	204,786
Dividends paid per common share	\$ 0.71	\$ 0.66	\$ 0.62

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

	For the Years Ended December 31,		
	2006	2005	2004
Weighted average shares outstanding — Basic	203,773	202,979	203,275
Dilutive effect of assumed exercise of employee stock options	1,724	1,198	1,511
Weighted average shares outstanding — Diluted	205,497	204,177	204,786
Anti-dilutive shares excluded from diluted EPS computation	1,716	4,339	3,604

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED BALANCE SHEETS

	At December 31, 2006	At December 31, 2005
	(In thousands)	
Current assets:		
Cash and equivalents	\$ 373,616	\$ 185,832
Receivables, net of allowances of \$28,632 and \$26,158	1,056,828	850,084
Inventories, net	709,647	573,265
Prepaid and other current assets	65,646	49,716
Deferred tax asset	65,769	46,881
Total current assets	<u>2,271,506</u>	<u>1,705,778</u>
Property, plant and equipment, net	856,799	706,744
Goodwill	3,201,983	2,555,596
Intangible assets, net	1,065,382	696,267
Other assets and deferred charges	123,045	239,367
Assets of discontinued operations	107,943	676,740
Total assets	<u>\$ 7,626,658</u>	<u>\$ 6,580,492</u>
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 290,549	\$ 194,162
Accounts payable	410,001	329,362
Accrued compensation and employee benefits	280,580	218,312
Accrued insurance	122,488	112,414
Other accrued expenses	183,642	155,409
Federal and other taxes on income	146,720	97,033
Total current liabilities	<u>1,433,980</u>	<u>1,106,692</u>
Long-term debt	1,480,491	1,344,173
Deferred income taxes	364,034	354,426
Other deferrals (principally compensation)	405,845	238,417
Liabilities of discontinued operations	131,286	207,261
Commitments and contingent liabilities		
Stockholders' Equity:		
Preferred stock	—	—
Common stock	242,293	239,796
Additional paid-in capital	241,455	122,181
Accumulated other comprehensive earnings	48,852	57,778
Retained earnings	4,421,927	4,004,944
Common stock in treasury	(1,143,505)	(1,095,176)
Total stockholders' equity	<u>3,811,022</u>	<u>3,329,523</u>
Total liabilities and stockholders' equity	<u>\$ 7,626,658</u>	<u>\$ 6,580,492</u>

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
COMPREHENSIVE EARNINGS

	Common Stock \$1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity	Comprehensive Earnings (Loss)
	(In thousands, except per share figures)						
Balance at 12/31/03	\$ 238,304	\$ 80,746	\$ 119,673	\$ 3,342,020	\$ (1,038,072)	\$ 2,742,671	
Net earnings	—	—	—	412,755	—	412,755	\$ 412,755
Dividends paid	—	—	—	(126,060)	—	(126,060)	—
Common stock issued for options exercised	698	12,909	—	—	—	13,607	—
Tax benefit from the exercise of stock options	—	4,959	—	—	—	4,959	—
Common stock issued, net of cancellations	13	365	—	—	—	378	—
Common stock acquired	—	—	—	—	(5,175)	(5,175)	—
Translation of foreign financial statements	—	—	76,081	—	—	76,081	76,081
Unrealized holding losses, net of tax	—	—	(534)	—	—	(534)	(534)
Balance at 12/31/04	<u>239,015</u>	<u>98,979</u>	<u>195,220</u>	<u>3,628,715</u>	<u>(1,043,247)</u>	<u>3,118,682</u>	<u>\$ 488,302</u>
Net earnings	—	—	—	510,142	—	510,142	\$ 510,142
Dividends paid	—	—	—	(133,913)	—	(133,913)	—
Common stock issued for options exercised	762	18,458	—	—	—	19,220	—
Tax benefit from the exercise of stock options	—	3,628	—	—	—	3,628	—
Common stock issued, net of cancellations	19	1,116	—	—	—	1,135	—
Common stock acquired	—	—	—	—	(51,929)	(51,929)	—
Translation of foreign financial statements	—	—	(134,540)	—	—	(134,540)	(134,540)
Unrealized holding gains, net of tax	—	—	3,014	—	—	3,014	3,014
Minimum pension liability adjustment (SFAS No. 87)	—	—	(5,916)	—	—	(5,916)	(5,916)
Balance at 12/31/05	<u>239,796</u>	<u>122,181</u>	<u>57,778</u>	<u>4,004,944</u>	<u>(1,095,176)</u>	<u>3,329,583</u>	<u>\$ 372,700</u>
Net earnings	—	—	—	561,782	—	561,782	\$ 561,782
Dividends paid	—	—	—	(144,799)	—	(144,799)	—
Common stock issued for options exercised	2,486	74,941	—	—	—	77,427	—
Tax benefit from the exercise of stock options	—	15,316	—	—	—	15,316	—
Stock-based compensation expense	—	28,460	—	—	—	28,460	—
Common stock issued, net of cancellations	11	557	—	—	—	568	—
Common stock acquired	—	—	—	—	(48,329)	(48,329)	—
Translation of foreign financial statements	—	—	113,282	—	—	113,282	113,282
Unrealized holding losses, net of tax	—	—	(364)	—	—	(364)	(364)
Minimum pension liability adjustment (SFAS No. 87)	—	—	1,660	—	—	1,660	1,660
Adjustment related to adoption of SFAS No. 158(1)	—	—	(123,504)	—	—	(123,504)	—
Balance at 12/31/06	<u>\$ 242,293</u>	<u>\$ 241,455</u>	<u>\$ 48,852</u>	<u>\$ 4,421,927</u>	<u>\$ (1,143,505)</u>	<u>\$ 3,811,022</u>	<u>\$ 676,360</u>

- (1) For additional information on the adoption of SFAS No. 158 and on Dover's employee benefit plans see Notes 2 and 13, respectively.
- Preferred Stock, par value \$100 per share. 100,000 shares authorized; none issued.
- Common Stock, par value \$1 per share. 500,000,000 shares authorized; 242,292,767 and 239,795,594 shares issued at December 31, 2006 and 2005, respectively.
- Treasury Stock, at cost; 37,976,618 and 36,945,538 shares at December 31, 2006 and 2005, respectively.
- Unrealized holding gains (losses), net of tax provision (benefit) of \$(127), \$1,085 and \$(288) in 2006, 2005 and 2004, respectively.

See Notes to Consolidated Financial Statements.

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31,		
	2006	2005 (In thousands)	2004
Operating Activities of Continuing Operations			
Net earnings	\$ 561,782	\$ 510,142	\$ 412,755
Adjustments to reconcile net earnings to net cash from operating activities:			
Loss (earnings) from discontinued operations	41,546	(63,947)	(50,337)
Depreciation and amortization	201,501	155,047	134,731
Stock-based compensation	26,396	—	—
Provision for losses on accounts receivable	6,521	8,224	3,823
Deferred income taxes	(9,485)	25,077	12,789
Employee retirement benefits	38,926	27,514	19,955
Other non-current, net	3,673	(69,793)	46,645
Changes in current assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Increase in accounts receivable	(47,927)	(112,848)	(69,089)
Decrease (increase) in inventories	(5,915)	52,956	(48,941)
Decrease (increase) in prepaid expenses and other assets	(6,490)	503	(2,296)
Increase in accounts payable	6,038	31,607	54,362
Increase in accrued expenses	30,674	82,420	11,994
Increase (decrease) in accrued taxes	34,576	(56,889)	25,675
Contributions to defined benefit pension plan	(3,004)	(19,709)	(4,432)
Net cash provided by operating activities of continuing operations	878,812	570,304	547,634
Investing Activities of Continuing Operations			
Proceeds from the sale of property and equipment	19,017	11,807	12,769
Additions to property, plant and equipment	(194,735)	(130,492)	(87,857)
Proceeds from sales of discontinued businesses	445,905	159,278	73,921
Acquisitions (net of cash and cash equivalents acquired)	(1,116,780)	(1,089,650)	(502,545)
Net cash used in investing activities of continuing operations	(846,593)	(1,049,057)	(503,712)
Financing Activities of Continuing Operations			
Increase in notes payable, net	65,321	106,871	23,582
Reduction of long-term debt	(811)	(256,303)	(8,953)
Proceeds from long-term debt	163,597	590,658	—
Purchase of treasury stock	(48,329)	(51,929)	(5,175)
Proceeds from exercise of stock options, including tax benefits	93,311	19,220	13,607
Dividends to stockholders	(144,799)	(133,913)	(126,059)
Net cash provided by (used in) financing activities of continuing operations	128,290	274,604	(102,998)
Cash Flows From Discontinued Operations			
Net cash provided by operating activities of discontinued operations	15,899	122,571	45,314
Net cash used in investing activities of discontinued operations	(8,440)	(25,174)	(19,577)
Net cash provided by discontinued operations	7,459	97,397	25,737
Effect of exchange rate changes on cash	19,816	(17,234)	13,971
Net increase (decrease) in cash and cash equivalents	187,784	(123,986)	(19,368)
Cash and cash equivalents at beginning of period	185,832	309,818	329,186
Cash and cash equivalents at end of period	\$ 373,616	\$ 185,832	\$ 309,818
Supplemental information — cash paid during the year for:			
Income taxes	\$ 159,232	\$ 190,395	\$ 107,378
Interest	95,717	76,659	67,861

See Notes to Consolidated Financial Statements.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Dover Corporation ("Dover" or the "Company") is a diversified, multinational manufacturing corporation comprised of stand-alone operating companies which manufacture a broad range of specialized industrial products and components. The Company also provides engineering, testing and other services, which are not significant in relation to consolidated revenue. Dover's operating companies are based primarily in the United States of America and Europe with manufacturing and other operations throughout the world. The Company reports its results in six segments, Diversified, Electronics, Industries, Resources, Systems and Technologies, and discusses its operations in 13 groups. For additional information on Dover's segments, see Note 14.

Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowances for doubtful accounts receivable, net realizable value of inventories, restructuring charges, valuation of goodwill, pension and post retirement assumptions, useful lives associated with amortization and depreciation of intangibles and fixed assets, warranty reserves, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves and the valuations of discontinued assets and liabilities.

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

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

Fair Value of Financial Instruments

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

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventories

Inventories for the majority of the Company's subsidiaries, including all international subsidiaries and the Technologies segment, 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 cost of land, buildings, equipment and significant improvements to existing plant and equipment. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss realized on disposition is reflected in earnings. Depreciation expense was \$132.6 million in 2006, \$113.1 million in 2005, and \$108.4 million in 2004 and was calculated on a straight-line basis for all periods presented.

Derivative Instruments

The Company periodically enters into fair value and cash flow hedge transactions specifically to hedge its exposures to various items, including but not limited to interest rate and foreign 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.

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

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

During 2006, the Company entered into derivative contracts to hedge potential foreign currency exposure on current assets and liabilities. The contracts were designated as fair value hedges and were considered by management to be highly effective. The derivative foreign exchange contracts settled during 2006 and resulted in a gain of approximately \$0.6 million, which is recognized in Revenue and Other (income) Expense, net.

At December 31, 2006, the Company had open foreign exchange forward purchase contracts, expiring through March, 2007, related to fair value hedges of foreign currency exposures, as follows:

Currencies Purchased	Currencies Sold					
	U.S. Dollar Value	Average Contract Rate	Euro value	Average Contract Rate	Singapore Dollar Value	Average Contract Rate
	(In thousands)					
Euro	\$ 62,480	1.3127	—	—	4,481	2.0420
Singapore Dollar	—	—	€ 9,121	0.4897	—	—
Swiss Franc	5,071	0.8097	€ 1,331	0.6297	—	—

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill and Other Intangible Assets

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," the Company does not amortize goodwill and indefinite-lived intangible assets. Instead, these assets are tested for impairment annually unless indicators of impairment exist during the interim periods. For 2006 and 2005, the Company identified 16 reporting units for testing purposes. Step one of the test compared the fair value of the reporting unit (using a discounted cash flow method) to its book value. Step two, which compares the book value of the goodwill to its implied fair value, was not necessary since there were no indicators of potential impairment from step one. For information related to the amount of the Company's goodwill by segment and intangible asset classes, see Note 7.

Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets (including intangible assets that are amortized) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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.

Foreign Currency

Assets and liabilities of foreign subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates and profit and loss accounts have been translated using weighted average yearly exchange rates. Adjustments resulting from translation have been recorded in the equity section of the balance sheet as cumulative translation adjustments. Assets and liabilities of an entity that are denominated in currencies other than an entity's functional currency are remeasured into the functional currency using end of period exchange rates or historical rates where applicable to certain balances. Gains and losses related to these remeasurements are recorded within the Statement of Operations as a component of "Other (income) expense, 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) collectibility is reasonably assured, and d) delivery has occurred. In revenue transactions where installation is required, revenue can be recognized when the installation obligation is not essential to the functionality of the delivered products. Revenue transactions involving non-essential installation obligations are those which can generally be completed in a short period of time at insignificant cost and the skills required to complete these installations are not unique to the Company and in many cases can be provided by third parties or the customers. If the installation obligation is essential to the functionality of the delivered product, revenue recognition is deferred until installation is complete. In addition, when it is determined that there are multiple deliverables to a sales arrangement, the Company will allocate consideration received to the separate deliverables based on their relative fair values and recognize revenue based on the appropriate criteria for each deliverable identified. In a limited number of revenue transactions, other post-shipment obligations such as training and customer acceptance are required and, accordingly, revenue recognition is deferred until the customer is obligated to pay, or acceptance has been confirmed. Service revenue is recognized and earned when services are performed and is not significant to any period presented.

Stock-Based Compensation

Prior to 2006, Dover accounted for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees," and followed the disclosure only provisions of SFAS No. 123 "Accounting for Stock-Based Compensation." Accordingly, no compensation expense was

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

recognized in the Company's 2005 and 2004 Statement of Operations in connection with stock-based compensation granted to employees.

Effective January 1 2006, Dover adopted Statement of Financial Accounting Standard No. 123(R), "Share Based Payment" ("SFAS No. 123(R)") which no longer permits the use of the intrinsic value method under APB No. 25. The Company used the modified prospective method to adopt SFAS No. 123(R), which requires compensation expense to be recorded for all stock-based compensation granted on or after January 1, 2006, as well as the unvested portion of previously granted options. The Company is recording the compensation expense on a straight-line basis, generally over the explicit service period of three years (except for retirement eligible employees and retirees). Prior to adoption, the Company calculated its pro-forma footnote disclosure related to stock-based compensation using the explicit service period for all employees, and will continue to vest those awards over their explicit service period. Concurrent with the adoption of SFAS No. 123(R), the Company changed its accounting policy for awards granted after January 1, 2006 to expense immediately awards granted to retirement eligible employees and to shorten the vesting period for any employee who will become eligible to retire within the three-year explicit service period. Expense for these employees will be recorded over the period from the date of grant through the date the employee first becomes eligible to retire and is no longer required to provide service.

For additional information on the impact of adopting SFAS No. 123(R) see Note 2. For additional information related to stock-based compensation, including activity for 2006, 2005 and 2004, see Note 10.

Income Taxes

The provision for income taxes on continuing operations includes federal, state, local and foreign taxes. Tax credits, primarily for research and experimentation and foreign earnings and export programs, 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 foreign subsidiaries as such earnings are currently intended to be indefinitely reinvested.

During 2005, the Company recorded a net U.S. tax provision of \$9.5 million related to the repatriation of \$373.7 million of foreign dividends under the provisions of the American Jobs Creation Act of 2004, which provides for a favorable income tax rate on repatriated earnings, provided the criteria of the law are met.

See "Recent Accounting Standards" below for a discussion of the expected impact of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48").

Research and Development Costs

Research and development expenditures, including qualifying engineering costs, are expensed when incurred and amounted to \$155.0 million in 2006, \$149.6 million in 2005 and \$133.8 million in 2004.

Risk, Retention, Insurance

The Company's property and casualty insurance programs contain various deductibles that, based on our experience, are typical and customary for a company of our size and risk profile. We do 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-

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

retention and provides protection on both an individual claim and annual aggregate basis. The Company currently self-insures its product and commercial general liability claims up to \$5.0 million per occurrence, its workers' compensation claims up to \$0.5 million per occurrence, and automobile liability claims up to \$1.0 million per occurrence. Third-party insurance provides primary level coverage in excess of these amounts up to certain specified limits. In addition, the Company has excess liability insurance from third-party insurers on both an aggregate and an individual occurrence basis well in excess of the limits of the primary coverage. A worldwide program of property insurance covers the Company's owned property and any business interruptions that may occur due to an insured hazard affecting those properties, subject to reasonable deductibles and aggregate limits.

Employee Benefit Plans

Effective December 31, 2006, Dover adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). For additional information on the adoption of this standard and Dover's employee benefit plans, see Notes 2 and 13, respectively.

Recent Accounting Standards

In July 2006, the FASB issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the way companies are to account for uncertainty in income tax reporting and filing and prescribes a consistent recognition threshold and measurement attribute for recognizing, derecognizing, and measuring the tax benefits of a tax position taken, or expected to be taken, on a tax return. Any change in net assets as a result of adopting the new standard is required to be recorded as a cumulative effect adjustment to Dover's opening retained earnings balance as of January 1, 2007. The adoption of FIN 48 is not expected to have a material impact on the Company's retained earnings balance as of January 1, 2007.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 is effective as of the end of Dover's 2006 fiscal year, allowing a one-time transitional cumulative effect adjustment to beginning retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108. The adoption of SAB 108 as of December 31, 2006 had no impact on Dover's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. The Company is currently evaluating the impact of SFAS No. 157 on its overall results of operations or financial position.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"), which replaces APB No. 20 "Accounting Changes," and SFAS No. 3 "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle, and applies to all voluntary changes in accounting principles, as well as changes required by an accounting pronouncement in the unusual instance that it does not include specific transition provisions. Specifically, SFAS No. 154 requires retrospective application to prior periods' financial statements, unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. SFAS No. 154 does not change the transition provisions of any existing pronouncement. SFAS No. 154 is effective for Dover for all accounting changes and corrections of errors made beginning January 1, 2006 and had no impact on Dover.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, An Amendment of Accounting Research Bulletin No. 43, Chapter 4" ("SFAS No. 151"). SFAS No. 151 requires that abnormal amounts of idle capacity and spoilage costs be excluded from the cost of inventory and expensed when incurred. The provisions of SFAS No. 151 were applicable to inventory costs incurred beginning January 1, 2006. The effect of the adoption of SFAS No. 151 was immaterial to Dover's consolidated results of operations, cash flows or financial position.

2. Accounting Changes

Stock-based Compensation

As discussed in Note 1, the Company adopted SFAS No. 123(R) on January 1, 2006. The following table illustrates the effect on net earnings and basic and diluted earnings per share if the Company had recognized compensation expense for stock options granted in prior years. The 2005 and 2004 pro forma amounts in this table were based on the explicit service periods (three years) of the options granted without consideration of retirement eligibility:

	For the Years Ended December 31,	
	2005	2004
	(In thousands)	
Net earnings, as reported	\$ 510,142	\$ 412,755
Deduct:		
Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax effects	20,033(A)	18,206(A)
Pro forma net earnings	<u>\$ 490,109</u>	<u>\$ 394,549</u>
Earnings per share:		
Basic-as reported	\$ 2.51	\$ 2.03
Basic-pro forma	2.41	1.94
Diluted-as reported	2.50	2.02
Diluted-pro forma	2.40	1.93

(A) Had the Company applied the new accounting treatment for retirement eligible employees to grants made prior to 2006, stock-based compensation expense, net of tax benefits, would have been \$18.0 million in 2005 and \$19.5 million in 2004.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table illustrates the effects that the adoption of SFAS No. 123(R) had on the Company's results and cash flows:

	Year Ended December 31, 2006		
	Under Pre — SFAS No. 123(R) Accounting	SFAS No. 123(R) Impact	Actual
	(In thousands, except per share figures)		
Earnings before provision for income taxes and discontinued operations	\$ 849,265	\$ 26,396(A)	\$ 822,869
Earnings from continuing operations	620,486	17,158	603,328
Net Earnings	580,297	18,515(B)	561,782
Net Earnings:			
Basic EPS	\$ 2.85	\$ 0.09	\$ 2.76
Diluted EPS	2.82	0.09	2.73
Cash Flows:			
Operating Activities	\$ 894,128	\$ (15,316)(C)	\$ 878,812
Financing Activities	(861,909)	15,316	(846,593)

(A) Recorded in Selling and Administrative expenses.

(B) Had the Company applied the new accounting treatment for retirement eligible employees to grants made prior to 2006, stock based compensation expense, net of tax benefits, would have been \$17.8 million for the year ended December 31, 2006.

(C) Represents tax benefit from option exercises.

For additional information related to stock-based compensation, including activity for 2006, 2005 and 2004, see Note 10.

Defined Benefit Pension and Other Postretirement Benefit Plans

In September 2006, the FASB issued SFAS No. 158 which requires companies to report the funded status of their defined benefit pension and other postretirement benefit plans on their balance sheets as a net liability or asset as of December 31, 2006. The new standard does not address the accounting treatment for pension and postretirement benefits in the income statement. Upon adoption at December 31, 2006, Dover recorded a net reduction to stockholder's equity of \$123.5 million, net of tax. This adjustment had no impact on the Company's debt covenants.

The following table presents the effect of applying SFAS No. 158 on the individual line items in Dover's Consolidated Balance Sheet as of December 31, 2006. For additional detail related to Dover's Employee Benefit Plans, see Note 13.

	Balance Sheet		
	Under SFAS No. 87	Adjustments (In thousands)	After Application of SFAS No. 158
	(In thousands)		
Other assets and deferred charges	\$ 260,232	\$ (137,187)	\$ 123,045
Accrued compensation and employee benefits	280,580	—	280,580
Other deferrals (principally compensation)	351,082	54,763	405,845
Deferred income taxes	432,480	(68,446)	364,034
Total liabilities	3,829,319	(13,683)	3,815,636
Accumulated other comprehensive earnings	172,356	123,504	48,852
Total stockholders' equity	3,934,526	123,504	3,811,022

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Acquisitions

All of the Company's acquisitions have been accounted for under SFAS No. 141, "Business Combinations." Accordingly, the accounts of the acquired companies, after adjustments to reflect fair market values assigned to assets and liabilities, have been included in the consolidated financial statements from their respective dates of acquisition. The 2006 acquisitions (see list below) are wholly-owned and had an aggregate cost of \$1,116.8 million, net of cash acquired, at the date of acquisition. There is no contingent consideration related to the acquisitions at December 31, 2006. In connection with certain acquisitions, the Company accrued a preliminary expense estimate of \$14.7 million at the date of acquisition related to severance and facility closings in accordance with the provisions of Emerging Issues Task Force Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination."

Date	Type	Acquired Companies	Location (Near)	Segment	Group	Operating Company
27-Dec		Asset Magnum Systems Inc.	Tampa, FL	Resources	Material Handling	Paladin
		Manufacturer of mulching attachments for use in land clearing, right-of-way clearing and site development.				
6-Dec	Stock	Markem Corp.	Keene, N.H.	Technologies	Product Identification	N/A
		Provides printing solutions, including equipment, software, supplies and services, for the food and beverage, cosmetics, pharmaceutical, and electronics industries.				
6-Oct	Asset	Environ Holdings	Smithfield, North Carolina	Resources	Fluid Handling	OPW FC
		Manufacturer of environmentally safe underground piping components used in fuel delivery systems.				
30-Aug	Stock	Paladin Brands Holding Inc.	Cedar Rapids, Iowa	Resources	Material Handling	N/A
		Manufacturer of attachments and tools used in heavy and light mobile equipment.				
12-May	Stock	O'Neil Product Development Inc.	Irvine, CA	Technologies	Product Identification	PI
		Manufacturer of portable printers and related media consumables sold under the O'Neil brand and to various OEM partners.				
28-Feb	Stock	Cash Point Machines PLC	Barnstaple, U.K.	Electronics	Commercial Equipment	Triton
		Deployer of ATM's and ATM service management.				
27-Feb	Stock	Infocash/Cash Services Limited	Abingdon, U.K.	Electronics	Commercial Equipment	Triton
		Deployer of Automated Teller Machines (ATM's), and provider of ATM field maintenance/repair and finance services.				

For certain acquisitions that occurred in the latter half of 2006, the Company is in the process of obtaining or finalizing appraisals of tangible and intangible assets and it is continuing to evaluate the initial purchase price allocations, as of the acquisition date, which will be adjusted as additional information relative to the fair values of the assets and liabilities of the businesses becomes known. Accordingly, management has used their best estimate in the initial purchase price allocation as of the date of these financial statements.

The following table summarizes the estimated fair values of the assets and liabilities assumed as of the dates of the 2006 acquisitions and the amounts assigned to goodwill and intangible asset classifications:

	At December 31, 2006 (In thousands)
Current assets, net of cash acquired	\$ 234,517
PP&E	83,678
Goodwill	636,099
Intangibles	398,967
Other assets	6,898
Total assets acquired	1,360,159
Total liabilities assumed	(243,379)
Net assets acquired	\$ 1,116,780

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The amounts assigned to goodwill and major intangible asset classifications by segment for the 2006 acquisitions are as follows:

	Electronics	Technologies	Resources	Total	Average Amortization Period (Years)
Goodwill — Tax deductible	\$ —	\$ —	\$ 55,899	\$ 55,899	N/A
Goodwill — Non-tax deductible	15,699	447,126	117,375	580,200	N/A
Trademarks (indefinite life)	—	25,000	32,350	57,350	N/A
Trademarks	—	1,300	2,300	3,600	15
Patents	—	—	6,533	6,533	11
Customer intangibles	18,790	173,500	115,520	307,810	12
Other intangibles	—	13,630	9,420	23,050	7
				<u>\$ 1,034,442</u>	

2005 Acquisitions

Date	Type	Acquired Companies	Location (Near)	Segment	Group	Operating Company
29-Dec	Asset	Epsilon Product Line	Lebanon, OH	Resources	Fluid Handling	OPW Fluid Transfer Group
		Manufacturer of dry disconnect fittings used extensively in the chemical and pharmaceutical processing industry.				
23-Dec	Stock	Compressor Valve Eng.	Ellesmere, U.K.	Resources	Fluid Handling	Cook
		Manufacturer and designer of valves for compressors used in air, gas, marine and other industrial applications.				
27-Sep	Stock	Knowles Electronics Holdings, Inc.	Itasca, Illinois	Electronics	Components	N/A
		Manufacturer of advanced micro-acoustic component products for the hearing aid and consumer electronics industries.				
7-Sep	Stock	Harbor Electronics, Inc.	Santa Clara, CA	Technologies	Circuit Assembly & Test	ECT
		Manufacturer of complex, high-layer count, impedance controlled "interface" Printed Circuit Boards for the Semiconductor Test Industry.				
5-Aug	Asset	Colder Products Company	St. Paul, Minnesota	Electronics	Components	N/A
		Manufacturer of quick disconnect couplings for a wide variety of biomedical and commercial applications.				
7-Jun	Stock	C-Tech Energy Services Inc.	Edmonton, Alberta	Resources	Petroleum Equipment	Energy Products Group
		Manufacturer of continuous rod technology for oil and gas production.				
2-Mar	Asset	APG	Longmont, Colorado	Technologies	Circuit Assembly & Test	ECT
		Manufacturer of test fixtures for loaded circuit board testing.				
23-Feb	Stock	Fas-Co Coders, Inc.	Phoenix, Arizona	Technologies	Product Identification	Imaje
		Integrator of high resolution carton printers.				
21-Feb	Asset	Rostone (Reunion Industries)	Lafayette, Indiana	Electronics	Components	Kurz-Kasch*
		Manufacturer of specialty thermo set plastics.				
18-Jan	Asset	Avborne Accessory Group, Inc.	Miami, Florida	Diversified	Industrial Equipment	Sargent
		Maintenance, repair, and overhaul of commercial, military and business aircraft components and sub assemblies.				

* Subsequently discontinued in 2006.

Pro Forma Information

The following unaudited pro forma information illustrates the effect on Dover's revenue and net earnings for the twelve-month periods ended December 31, 2006 and 2005, assuming that the 2006 and 2005 acquisitions had all taken place on January 1, 2005.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Years Ended December 31,	
	2006	2005
(In thousands, except per share figures)		
Revenue from continuing operations:		
As reported	\$ 6,511,623	\$ 5,333,338
Pro forma	7,039,634	6,242,009
Net earnings from continuing operations:		
As reported	\$ 603,328	\$ 446,195
Pro forma	615,497	482,307
Basic earnings per share from continuing operations:		
As reported	\$ 2.96	\$ 2.20
Pro forma	3.02	2.38
Diluted earnings per share from continuing operations:		
As reported	\$ 2.94	\$ 2.19
Pro forma	3.00	2.36

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

4. Inventories

The following table displays the components of inventory:

	At December 31,	At December 31,
	2006	2005
(In thousands)		
Raw materials	\$ 330,016	\$ 268,714
Work in progress	173,194	144,636
Finished goods	254,684	198,720
Subtotal	757,894	612,070
Less LIFO reserve	48,247	38,805
Total	\$ 709,647	\$ 573,265

At December 31, 2006 and 2005, domestic inventories determined by the LIFO inventory method amounted to \$86.8 million and \$91.1 million, respectively.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Property, Plant & Equipment

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

	At December 31, 2006	At December 31, 2005
	(In thousands)	
Land	\$ 52,227	\$ 51,933
Buildings and improvements	503,464	434,634
Machinery, equipment and other	1,641,151	1,409,670
	2,196,842	1,896,237
Accumulated depreciation	(1,340,043)	(1,189,493)
Total	\$ 856,799	\$ 706,744

6. Other Accrued Expenses (Current)

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

	At December 31, 2006	At December 31, 2005
	(In thousands)	
Warranty	\$ 40,608	\$ 33,597
Taxes other than income	23,605	17,189
Unearned revenue	13,289	7,991
Accrued interest	19,306	19,484
Legal and environmental	7,578	4,832
Restructuring and exit	13,622	11,965
Other	65,634	60,351
	\$ 183,642	\$ 155,409

7. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill by segment through the year ended December 31, 2006 are as follows:

	At December 31, 2004	Goodwill from 2005 Acquisitions	Other Adjustments Including Currency Translations	At December 31, 2005 (In thousands)	Goodwill from 2006 Acquisitions	Other Adjustments Including Currency Translations	At December 31, 2006
Diversified	\$ 205,834	\$ 55,702	\$ (1,452)	\$ 260,084	\$ —	\$ 1,737	\$ 261,821
Electronics	129,785	619,958	(5,507)	744,236	15,699	(10,778)(A)	749,157
Industries	240,516	—	(1,099)	239,417	—	(4,734)	234,683
Resources	608,891	15,501	(12,603)	611,789	173,274	3,925	788,988
Systems	109,368	—	(2,576)	106,792	—	2,085	108,877
Technologies	579,358	39,244	(25,324)	593,278	447,126	18,053	1,058,457
Total	\$ 1,873,752	\$ 730,405	\$ (48,561)	\$ 2,555,596	\$ 636,099	\$ 10,288	\$ 3,201,983

(A) Includes a reclass from goodwill to customer-related intangibles of \$23.0 million in the first quarter of 2006 related to the September 2005 acquisition of Knowles Electronics Holdings, Inc.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	At December 31, 2006			At December 31, 2005	
	Gross Carrying Amount	Accumulated Amortization	Average Life (In thousands)	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets:					
Trademarks	\$ 29,865	\$ 11,848	29	\$ 25,561	\$ 10,039
Patents	116,128	64,833	13	107,680	57,823
Customer Intangibles	648,283	80,794	9	317,782	39,582
Unpatented Technologies	135,449	40,196	9	130,330	26,005
Non-Compete Agreements	6,746	5,021	5	5,613	5,188
Drawings & Manuals	15,765	4,479	5	3,942	2,578
Distributor Relationships	72,374	9,235	20	64,406	5,381
Other	29,217	8,038	14	12,866	3,832
Total	1,053,827	224,444	11	668,180	150,428
Unamortized Intangible Assets:					
Trademarks	235,999			178,515	
Total Intangible Assets	\$ 1,289,826	\$ 224,444		\$ 846,695	\$ 150,428

Total intangible amortization expense for the twelve months ended December 31, 2006, 2005 and 2004 was \$68.9 million, \$41.9 million, and \$26.3 million, respectively.

Amortization expense, based on current intangible balances, is estimated to be \$66.8 million in 2007, \$65.6 million in 2008, \$65.4 million in 2009, \$64.9 million in 2010, and \$62.0 million in 2011.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Discontinued Operations

During 2006, the Company discontinued 13 businesses, of which 8 were sold during the year. In addition, the Company sold two businesses that were previously discontinued in 2005. At December 31, 2006, assets and liabilities of discontinued operations primarily represent amounts related to three small businesses in the Diversified segment, a business in the Electronics segment, a business in the Resources segment, and a business in the Systems segment, which was sold in January 2007. The major classes of discontinued assets and liabilities included in the Consolidated Balance Sheets are as follows:

	<u>At December 31,</u> <u>2006</u>	<u>At December 31,</u> <u>2005</u>
	(In thousands)	
Assets of Discontinued Operations		
Current assets	\$ 69,769	\$ 340,590
Non-current assets	38,174	336,150
	<u>\$ 107,943</u>	<u>\$ 676,740</u>
Liabilities of Discontinued Operations		
Current liabilities	\$ 107,239	\$ 160,934
Long-term liabilities	24,047	46,327
	<u>\$ 131,286</u>	<u>\$ 207,261</u>

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

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

	<u>For the Years Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
	(In thousands)		
Revenue	\$ 667,970	\$ 1,007,100	\$ 1,106,675
Gain (loss) on sale, net of taxes(1)	\$ (37,362)	\$ 28,010	\$ 2,394
Earnings (loss) from operations before taxes	(3,422)	48,369	61,493
Provision for income taxes related to operations	(762)	(12,432)	(13,550)
Earnings (loss) from discontinued operations, net of tax	<u>\$ (41,546)</u>	<u>\$ 63,947</u>	<u>\$ 50,337</u>

(1) Includes impairments and other tax impacts.

Additional information related to operations that were discontinued and/or sold in 2006 is as follows:

- During the fourth quarter of 2006, the Company finalized the sales of five previously discontinued businesses, including Alphasem, Vitronics Soltec, Universal Instruments, and Hover Davis from the Technologies segment. In addition, the Company discontinued three small businesses in the Diversified segment, and adjusted the carrying value of a previously discontinued business resulting in a loss of \$38.9 million (\$27.0 million after tax).
- During the third quarter of 2006, the Company finalized the sales of four previously discontinued businesses, including Mark Andy, RPA Process Technologies and Heil Truck. As a result of the gains on the sales (\$27.2 million net of tax) and adjustments to the carrying value of other previously discontinued businesses (\$21.6 million net of tax), the Company recorded a \$5.6 million gain, net of tax.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- During the second quarter of 2006, the Company discontinued five businesses in the Technologies segment, one business in the Industries segment and one business in the Electronics segment. As a result, the Company recorded a \$106.5 million write-down (\$87.9 million after-tax) of the carrying values of these businesses to their estimated fair market value.
- During the first quarter of 2006, Dover completed the sale of Tranter PHE, a business discontinued in the Diversified segment in the fourth quarter of 2005, resulting in a pre-tax gain of approximately \$109.0 million (\$85.5 million after-tax). In addition, during the first quarter of 2006, the Company discontinued and sold a business in the Electronics segment for a loss of \$2.5 million (\$2.2 million after-tax). Also, during the first quarter of 2006, the Company discontinued an operating company, comprised of two businesses, in the Resources segment, resulting in an impairment of approximately \$15.4 million (\$14.4 million after-tax).

During 2005, the Company discontinued seven businesses, of which four were sold during 2005. Additional information related to operations that were discontinued and/or sold in 2005 is as follows:

- Dover sold one minor business from the Industries segment on April 1, 2005 resulting in a loss of approximately \$2 million.
- Hydratight Sweeney, a business in the Diversified segment, was sold on May 17, 2005 for a gain of approximately \$49.7 million (\$47.0 million after tax).
- Somero Enterprises, a business in the Industries segment, was sold on August 11, 2005 for a gain of approximately \$31.8 million (\$22.1 million after tax).
- The Company discontinued a business in the Systems segment in the third quarter of 2005 resulting in a goodwill and intangible impairment of approximately \$55.0 million.
- Koolant Coolers, a business in the Industries segment, was sold in December 2005, for a loss of \$5.4 million (\$3.5 million after tax) and the Company discontinued a minor business in the Resources segment in the Material Handling group.

During 2004, the Company discontinued and sold one business in the Technologies segment and sold five businesses that had been discontinued in 2003. In 2004, six businesses were disposed of or liquidated for a net after-tax gain of \$2.4 million.

9. Lines of Credit and Debt

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

On October 26, 2005, the Company closed a \$1 billion 5-year unsecured revolving credit facility with a syndicate of banks that replaces the Company's 5-year \$600 million facility. At the Company's election, loans under the Credit Agreement will bear interest at a Eurodollar or alternative currency rate based on LIBOR, plus an applicable margin ranging from 0.125% to 0.475% (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 Company will pay a facility fee and a utilization fee in certain circumstances as described in the Credit Agreement. The Credit Agreement imposes various restrictions on the Company that are substantially identical to those in the replaced facilities. Among other things, the credit agreement generally requires 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 primarily uses this facility to support its commercial paper program and has not

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

drawn down any loans under the \$1 billion facility and does not anticipate doing so. As of December 31, 2006, the Company had commercial paper outstanding in the principal amount of \$240.0 million.

The Company established a Canadian Dollar Credit Facility in November 2002 with the Bank of Nova Scotia. Under the terms of this Credit Agreement, the Company has a Canadian (CAD) \$30 million bank credit availability and has the option to borrow in either Canadian Dollars or U.S. Dollars (USD). The outstanding borrowings at year end under this facility were approximately \$21 million (CAD) in 2006 and 2005. The covenants and interest rates under this facility match those of the primary \$1 billion revolving credit facility. The Canadian Credit Facility was renewed for an additional year prior to its expiration date of November 22, 2006, and expires on November 22, 2007.

On October 13, 2005, Dover issued \$300 million of 4.875% notes due 2015 and \$300 million of 5.375% debentures due 2035. The net proceeds of \$588.6 million from the notes and debentures were used to repay borrowings under Dover's commercial paper program. 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. In November 2005, the Company retired its 6.45% notes due November 15, 2005 with a face amount of \$250.0 million.

On November 25, 2005, the Company established a €75 million credit facility with Credit Lyonnais. The interest rate on outstanding balances is 15 basis points over the Euribor rate and the annual commitment fee is 5 basis points on unborrowed amounts. The facility has no material covenants. At December 31, 2006, there was no outstanding balance under this facility.

Notes payable shown on the consolidated balance sheets for 2006 and 2005 principally represented commercial paper issued in the U.S. The weighted average interest for short-term borrowings for the years 2006 and 2005 was 5.0% and 3.2%, respectively.

Dover's long-term debt instruments had a book value of \$1,512.8 million on December 31, 2006 and a fair value of approximately \$1,502.9 million. On December 31, 2005, the Company's long-term debt instruments had a book value of \$1,344.2 million and a fair value of approximately \$1,406.0 million.

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

	Maturities	Weighted Average Interest Rate	Weighted Average Effective Interest Rate (In thousands)	2006	2005
Notes*	2008 to 2015	4.93	5.42	\$ 1,012,983	\$ 847,633
Debentures**	2028 to 2035	5.89	5.95	494,648	494,453
Other long-term debt, including capital leases				5,127	3,288
Total long-term debt				1,512,758	1,345,374
Less current installments				32,267	1,201
Long-term debt, excluding current installments				\$ 1,480,491	\$ 1,344,173

* Includes unamortized (discount) of (\$2.1) million and (\$2.4) million in 2006 and 2005, respectively.

** Includes unamortized (discount) of (\$5.4) million and (\$5.5) million in 2006 and 2005, respectively.

Annual repayments of long-term debt are \$32.3 million in 2007, \$185.9 million in 2008, \$35.0 million in 2009, \$33.1 million in 2010, \$432.7 million in 2011 and \$793.8 million thereafter.

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

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

During the third quarter of 2005, Dover entered into several treasury rate locks related to the notes and debentures that were issued on October 13, 2005. The contracts were settled on October 13, 2005 and the resulting gain of \$3.0 million is being deferred in Accumulated Other Comprehensive Earnings (Loss) and amortized over the life of the related notes and debentures.

As of December 31, 2006, there were two interest rate swap agreements outstanding for a total notional amount of \$100.0 million, designated as fair value hedges on part of the Company's \$150.0 million 6.25% Notes due June 1, 2008. One \$50 million interest rate swap exchanges fixed-rate interest for variable-rate interest. The other \$50 million swap is designated in foreign currency and exchanges fixed-rate interest for variable-rate interest, and also hedges a portion of the Company's net investment in foreign operations. The swap agreements have reduced the effective interest rate on the notes to 5.78%. There is no hedge ineffectiveness. The fair value of the interest rate swaps outstanding as of December 31, 2006 was determined through market quotation.

10. Equity and Performance Incentive Program

2005 Equity and Cash Incentive Plan

On April 20, 2004, the stockholders approved the Dover Corporation 2005 Equity and Cash Incentive Plan (the "2005 Plan") to replace the 1995 Incentive Stock Option Plan and 1995 Cash Performance Program (the "1995 Plan"), which expired on January 30, 2005. Under the 2005 Plan, a maximum aggregate of 20 million shares are reserved for grants (non-qualified and incentive stock options, stock-settled stock appreciation rights ("SSARs"), and restricted stock) to key personnel between February 1, 2005 and January 31, 2015, provided that no incentive stock options shall be granted under the plan after February 11, 2014 and a maximum of one million shares may be granted as restricted stock. The exercise price of options and SSARs 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 SSARs 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 SSARs 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 SSARs 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 fair market value of Dover stock on that day. New common shares are issued when options or SSARs are exercised.

In 2006, the Company issued 1,886,989 SSARs under the 2005 Plan. No stock options were issued in 2006 and the Company does not anticipate issuing stock options in the future. The fair value of each grant was estimated on the date of grant using a Black-Scholes option-pricing model with the following assumptions:

	For the Years Ended December 31,		
	2006 Grant SSARs	2005 Grant Options	2004 Grant Options
Risk-free interest rate	4.63%	3.97%	3.71%
Dividend yield	1.52%	1.70%	1.46%
Expected life	8	8	8
Volatility	30.73%	31.15%	31.54%
Option grant price	\$ 46.00	\$ 38.00	\$ 41.25
Fair value of options granted	\$ 17.01	\$ 13.24	\$ 14.89

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of activity for SSARs and stock options for the years ended December 31, 2006, 2005, and 2004 is as follows:

	SSARs				Stock Options			
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Outstanding at 1/1/2004					11,383,082	\$ 30.99		
Granted					2,248,801	41.25		
Forfeited					(319,165)	19.50		
Exercised					(697,974)	31.68	\$ 15,180,935	
Outstanding at 12/31/2004					<u>12,614,744</u>	33.45		98,412,918
Exercisable at December 31, 2004 through February 8, 2011					<u>5,386,255</u>	\$ 33.98		
Outstanding at 1/1/2005					12,614,744	\$ 33.45		
Granted					2,519,736	38.00		
Forfeited					(774,239)	25.26		
Exercised					(761,408)	35.53	\$ 10,446,412	
Outstanding at 12/31/2005					<u>13,598,833</u>	34.61		59,389,259
Exercisable at December 31, 2005 through February 14, 2012					<u>6,093,240</u>	\$ 36.13		
Outstanding at 1/1/2006		\$ —			13,598,833	\$ 34.61		
Granted	1,886,989	46.00			—	—		
Forfeited	(171,479)	46.00			(336,319)	38.73		
Exercised	—	—	\$ —		(2,485,219)	30.71	\$ 42,055,643(A)	
Outstanding at 12/31/2006	<u>1,715,510</u>	46.00	5,524,224	9.10	<u>10,777,295</u>	35.38	149,127,629	5.66
Exercisable at December 31, 2006 through:								
2007	—	\$ —	\$ —	—	138,926	\$ 24.72	\$ 3,403,876	
2008	—	—	—	—	385,574	35.00	5,482,926	
2009	—	—	—	—	705,717	31.00	12,858,279	
2010	—	—	—	—	549,464	39.05	5,589,612	
2011	—	—	—	—	1,234,299	40.99	10,164,640	
2012	—	—	—	—	1,401,903	37.94	15,816,382	
2013	—	—	—	—	2,292,186	24.60	56,438,339	
Total exercisable	<u>—</u>	—	—	—	<u>6,708,069</u>	32.86	109,754,054	4.46

(A) Cash received by the Company for stock options exercised during the year ended December 31, 2006 totaled \$77.4 million.

Unrecognized compensation expense related to non-vested shares was \$27.7 million at December 31, 2006. This cost is expected to be recognized over a weighted average period of 1.7 years.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additional Detail

Range of Exercise Prices	SSARs Outstanding			SSARs Exercisable		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$46.00	1,715,510	\$ 46.00	9.10	—	\$ —	—

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	3,136,029	\$ 26.01	4.95	3,136,029	\$ 26.01	4.95
\$33.00-\$39.00	4,464,356	37.86	5.96	2,330,391	37.73	3.99
\$39.40-\$46.00	3,176,910	41.15	5.95	1,241,649	41.01	4.11

During the fourth quarter of 2006, the Company did not purchase any shares of common stock in the open market. During the twelve months ended December 31, 2006, the Company purchased a total of 900,000 shares of common stock in the open market at an average price of \$47.12.

The Company also has a restricted stock program (as part of the 2005 Plan), under which common stock of the Company may be granted at no cost to certain officers and key employees. In general, restrictions limit the sale or transfer of these shares during a two or three year period, and restrictions lapse proportionately over the two or three year period. The Company did not grant any restricted shares in 2006. Restricted shares granted in 2005 and 2004 were 6,000, and 4,000, respectively.

In addition, the Company has a stock compensation plan under which non-employee directors are granted shares of Dover's common stock each year as more than half of their compensation for serving as directors. During 2006, the Company issued an aggregate of 15,232 shares of its common stock to ten outside directors (after withholding 3,958 additional shares to satisfy tax obligations). During 2005, the Company issued an aggregate of 12,860 shares of its common stock to ten outside directors (after withholding an aggregate of 3,790 additional shares to satisfy tax obligations), as partial compensation for serving as directors of the Company during 2005. During 2004, the Company issued an aggregate of 9,120 shares of its common stock to eight outside directors (after withholding an aggregate of 3,904 additional shares to satisfy tax obligations), as partial compensation for serving as directors of the Company during 2004.

11. Income Taxes

Total income taxes were as follows:

	For the Years Ended December 31,		
	2006	2005	2004
	(In thousands)		
Taxes on income from continuing operations	\$ 219,541	\$ 161,138	\$ 129,697
Credit to Stockholders' equity, for tax benefit related to stock option exercises	(15,316)	(3,628)	(4,959)
	<u>\$ 204,225</u>	<u>\$ 157,510</u>	<u>\$ 124,738</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Income tax expense (benefit) for the years ended December 31, 2006, 2005 and 2004 is comprised of the following:

	For the Year Ended December 31,		
	2006	2005 (In thousands)	2004
Current:			
U.S. Federal	\$ 154,470	\$ 83,316	\$ 78,583
State and local	11,175	14,686	2,390
Foreign	63,381	38,059	35,935
Total current — continuing	229,026	136,061	116,908
Deferred:			
U.S. Federal	(14,912)	23,219	8,784
State and local	1,463	(1,611)	3,363
Foreign	3,964	3,469	642
Total deferred — continuing	(9,485)	25,077	12,789
Total expense — continuing	\$ 219,541	\$ 161,138	\$ 129,697

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,		
	2006	2005 (In thousands)	2004
Domestic	\$ 488,413	\$ 396,664	\$ 368,829
Foreign	334,456	210,669	123,286
	\$ 822,869	\$ 607,333	\$ 492,115

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The primary reasons for the difference between the effective income tax rate and the U.S. Federal income statutory rate are as follows:

	<u>For the Years Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
U.S. Federal income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of Federal income tax benefit	1.0	1.3	0.8
Foreign operations tax effect	(6.9)	(5.1)	(5.4)
Subtotal	(5.9)	(3.8)	(4.6)
R&E tax credits	(0.7)	(0.6)	(1.1)
Foreign export program benefits	(0.3)	(0.3)	(2.8)
Domestic manufacturing deduction	(0.4)	(0.6)	—
Foreign tax credits	(0.2)	(0.3)	(0.1)
Branch losses	(0.5)	(1.0)	(0.9)
Settlement of tax contingencies	(1.3)	(4.2)	(0.8)
Repatriation of foreign earnings	—	1.6	—
Other, principally non-tax deductible items	1.0	0.7	1.7
Effective rate from continuing operations	<u>26.7%</u>	<u>26.5%</u>	<u>26.4%</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	At December 31,	
	2006	2005
	(In thousands)	
Deferred Tax Assets:		
Accrued insurance	\$ 14,718	\$ 11,672
Accrued compensation, principally postretirement benefits and other employee benefits	125,914	78,546
Accrued expenses, principally for interest and warranty	25,673	19,394
Long-term liabilities, principally warranty, environmental, and exit costs	3,400	292
Inventories, principally due to reserves for financial reporting purposes and capitalization for tax purposes	21,435	20,014
Net operating loss and other carryforwards	106,129	80,676
Accounts receivable, principally due to allowance for doubtful accounts	6,861	6,620
Other assets	19,835	9,161
Total gross deferred tax assets	323,965	226,375
Valuation allowance	(57,767)	(51,856)
Total deferred tax assets	\$ 266,198	\$ 174,519
Deferred Tax Liabilities:		
Accounts receivable	\$ (17,572)	\$ (19,476)
Plant and equipment, principally due to differences in depreciation	(39,785)	(28,390)
Intangible assets, principally due to different tax and financial reporting bases and amortization lives	(505,129)	(379,833)
Prepaid pension assets	(1,977)	(54,365)
Other liabilities		
Total gross deferred tax liabilities	\$ (564,463)	\$ (482,064)
Net deferred tax liability	\$ (298,265)	\$ (307,545)

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

Net current deferred tax asset	\$ 65,769	\$ 46,881
Net non-current deferred tax liability	(364,034)	(354,426)

The Company has loss carryovers for federal and foreign purposes as of December 31, 2006 of \$81.8 million and \$123.4 million, respectively, and as of December 31, 2005 \$46.3 million and \$147.6 million, respectively. The federal loss carryovers are available for use against the Company's consolidated federal taxable income and expire in 2024 and 2025. The entire balance of the foreign losses is available to be carried forward, with \$13.6 million of these losses beginning to expire during the years 2007 through 2013. The remaining \$109.8 million of such losses can be carried forward indefinitely.

The Company has foreign tax credit carryovers of \$30.5 million at December 31, 2006 and \$26.4 million at December 31, 2005 that are available for use by the Company between 2007 and 2015.

The Company has research and development credits of \$3.7 million at December 31, 2006 and \$1.7 million at December 31, 2005 that are available for use by the Company between 2007 and 2026.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2006 the Company had available alternative minimum tax credits of \$3.1 million, which are available for use by the Company indefinitely, and alternative minimum tax foreign tax credits of \$11.7 million, that are available for use by the Company between 2007 and 2026.

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

The Company has not provided for U.S. federal income taxes or tax benefits on the undistributed earnings of its international subsidiaries because such earnings are reinvested and it is currently intended that they will continue to be reinvested indefinitely. At December 31, 2006, the Company has not provided for federal income taxes on earnings of approximately \$387.8 million from its international subsidiaries.

On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the "Act"). The Act creates a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85 percent dividends received deduction for certain dividends from controlled foreign corporations. During the second half of 2005, the Company recorded a net U.S. tax provision of \$9.5 million related to the repatriation of \$373.7 million of foreign dividends under the provisions of the Act.

In 2006, the Company recognized an \$11.0 million tax benefit related to the resolution of a state income tax issue. During 2005, the Company recognized a \$25.5 million tax benefit, primarily related to the resolution of U.S. tax issues, including \$5.5 million related to a favorable tax court decision.

Dover is continuously undergoing examination of its federal income tax returns by the Internal Revenue Service (the "IRS"). The Company and the IRS have settled tax years through 1997. The Company expects to resolve open years in litigation (1998-2002) in the near future, all within the amounts paid and/or reserved for these liabilities. The IRS is currently examining the Company's 2003 and 2004 federal income tax returns. Additionally, the Company is routinely involved in state and local income tax audits, and on occasion, foreign jurisdiction tax audits.

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 very unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the financial position, results of operations, cash flows or competitive position of the Company.

The Company leases certain facilities and equipment under operating leases, many of which contain renewal options. Total rental expense, net of insignificant sublease rental income, on all operating leases was \$55.5 million, \$53.8 million and \$35.4 million for the years ended December 31, 2006, 2005, and 2004, respectively. Contingent

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

rentals under the operating leases were not significant. Aggregate future minimum lease payments for operating leases as of December 31, 2006 are \$43.0 million in 2007, \$34.1 million in 2008, \$25.4 million in 2009, \$18.3 million in 2010 and \$53.7 million thereafter.

Aggregate future minimum lease payments for capital leases as of December 31, 2006 are \$2.6 million in 2007, \$2.4 million in 2008, \$1.8 million in 2009, \$1.3 million in 2010 and \$8.6 million thereafter.

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

	2006	2005
	(In thousands)	
Beginning Balance January 1	\$ 37,749	\$ 34,918
Provision for warranties	25,002	17,587
Increase from acquisitions	3,366	1,323
Settlements made	(17,224)	(15,202)
Other adjustments	83	(877)
Ending Balance December 31	<u>\$ 48,976</u>	<u>\$ 37,749</u>

13. Employee Benefit Plans

The Company and most of its subsidiaries offer a defined contribution plan to their employees. The Company also has defined benefit pension plans (the "plans") covering certain employees of Dover and its subsidiaries. The plans' benefits are generally based on years of service and employee compensation. The Company's funding policy is consistent with the funding requirements of ERISA and applicable foreign law. Dover uses a measurement date of September 30th for the majority of its pension and other postretirement benefit plans.

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

The primary financial objective of the plans is to secure participant retirement benefits. Accordingly, the key objective in the plans' financial management is to promote stability and, to the extent appropriate, growth in 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 Asset Assumption used for pension expense was developed through analysis of historical market returns, current market conditions, and the past experience of plan asset investments. In developing the Expected Return on Asset Assumption, estimates of future market returns by asset category are less than actual long-term historical returns in order to best anticipate future experience. Overall, it is projected that the investment of plan assets will achieve an 8.0% net return over time from the asset allocation strategy.

Dover's discount rate assumption is determined by constructing a portfolio of bonds to match the expected benefit stream to be paid from the plans. The benefit payment stream is assumed to be funded from bond coupons and maturities, as well as interest on the excess cash flows from the bond portfolio.

DOVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 has reflected the acquisition of the Markem Corporation United Kingdom defined benefit plan and its liabilities in its financial statements, effective December 6, 2006. In accordance with purchase accounting rules, the Company recorded the unfunded pension benefit obligation (“PBO”) of \$50.5 million along with the related plan assets of \$29.5 million as of the merger date.

In addition, Dover has reflected the acquisition of the Markem Corporation post-retirement defined benefit plan and its liabilities. In accordance with purchase accounting rules, the Company recorded the unfunded accrued post-retirement benefit of \$5.4 million as of the merger date.

During 2005, Dover reflected the acquisition of the Knowles Electronics Holdings Inc. defined benefit plan and its liabilities in its financial statements, effective September 27, 2005. Accordingly, Dover recorded the PBO of \$96.2 million along with related plan assets of \$68.5 million as of the merger date. Subsequent to the acquisition date of the defined benefit plan, Dover made a contribution of \$18 million in the third quarter of 2005.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Obligations and Funded Status

	Qualified Defined Benefits		Non Qualified Supplemental Benefits		Post-Retirement Benefits	
	2006	2005	2006	2005	2006	2005
	(In thousands)					
Change in benefit obligation						
Benefit obligation at beginning of year	\$ 464,332	\$ 326,135	\$ 145,131	\$ 123,559	\$ 21,999	\$ 23,910
Benefits earned during the year	15,782	11,834	6,890	5,488	221	326
Interest cost	25,010	17,979	8,323	7,377	928	1,198
Plan participants' contributions	266	314	—	—	166	281
Benefits paid	(34,842)	(28,274)	(7,779)	(20,205)	(1,464)	(1,647)
Actuarial (gain) loss	(24,958)	39,410	30	23,510	(2,696)	1,034
Amendments	1,176	4,227	7,320	5,402	—	(2,642)
Acquisitions	50,493	97,143	—	—	5,410	—
Divestitures	—	—	—	—	(4,768)	—
Settlements and curtailments	(1,344)	84	—	—	23	(461)
Currency rate changes	5,651	(4,520)	—	—	—	—
Benefit obligation at end of year	<u>501,566</u>	<u>464,332</u>	<u>159,915</u>	<u>145,131</u>	<u>19,819</u>	<u>21,999</u>
Change in Plan Assets						
Fair value of plan assets at beginning of year	425,114	314,898	—	—	—	—
Actual return on plan assets	66,260	50,615	—	—	—	—
Company contributions	3,004	19,709	7,779	20,205	1,298	1,366
Employee contributions	266	314	—	—	166	281
Benefits paid	(35,175)	(28,252)	(7,779)	(20,205)	(1,464)	(1,647)
Acquisitions	—	69,134	—	—	—	—
Divestitures	14	—	—	—	—	—
Settlements and curtailments	—	—	—	—	—	—
Currency rate changes	3,258	(1,304)	—	—	—	—
Fair value of plan assets at end of year	<u>462,741</u>	<u>425,114</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Funded status	<u>(38,825)</u>	<u>(39,218)</u>	<u>(159,915)</u>	<u>(145,131)</u>	<u>(19,819)</u>	<u>(21,999)</u>
Unrecognized actuarial loss	—	132,136	—	23,642	—	2,374
Unrecognized prior service cost	—	11,751	—	73,221	—	(3,327)
Unrecognized initial transition gain	—	(1,653)	—	—	—	—
Employer contributions from 10/1 to 12/31	—	268	6,492	2,038	—	—
Prepaid (accrued) benefit cost	<u>\$ (38,825)</u>	<u>\$ 103,284</u>	<u>\$ (153,423)</u>	<u>\$ (46,230)</u>	<u>\$ (19,819)</u>	<u>\$ (22,952)</u>
Amounts recognized in the statement of financial position consist of:						
Assets and Liabilities						
Other assets and deferred charges	\$ 12,162	\$ 125,800	\$ —	\$ —	\$ —	\$ —
Accrued Compensation and Employee Benefits	(3,305)	(24,347)	(12,960)	(15,390)	(1,592)	—
Other deferrals (principally compensation)	(47,682)	(4,351)	(140,463)	(74,402)	(18,227)	(22,952)
Intangible asset	—	299	—	43,529	—	—
Total Assets and Liabilities	<u>(38,825)</u>	<u>97,401</u>	<u>(153,423)</u>	<u>(46,263)</u>	<u>(19,819)</u>	<u>(22,952)</u>
Accumulated other comprehensive (earnings) loss	—	5,883	—	33	—	—
Net amount recognized at December 31, 2005	<u>\$ (38,825)</u>	<u>\$ 103,284</u>	<u>\$ (153,423)</u>	<u>\$ (46,230)</u>	<u>\$ (19,819)</u>	<u>\$ (22,952)</u>
Net actuarial (gains)/losses	90,543	—	22,767	—	(1,780)	—
Prior service (credit)/cost	12,387	—	74,065	—	(1,572)	—
Net asset at transition, other	(204)	—	—	—	—	—
Deferred Taxes	(35,816)	—	(33,891)	—	1,261	—
Total Accumulated other comprehensive (earnings) loss, net of tax	<u>66,910</u>	<u>—</u>	<u>62,941</u>	<u>—</u>	<u>(2,091)</u>	<u>—</u>
Net amount recognized at December 31, 2006	<u>\$ 28,085</u>	<u>\$ (39,218)</u>	<u>\$ (90,482)</u>	<u>\$ (46,230)</u>	<u>\$ (19,819)</u>	<u>\$ (22,952)</u>
Accumulated benefit obligations	<u>\$ 406,396</u>	<u>\$ 416,756</u>	<u>\$ 101,946</u>	<u>\$ 91,831</u>	<u>\$ 19,819</u>	<u>\$ 21,999</u>
Information for plans with accumulated benefit obligations in excess of plan assets:						
ABO	\$ 62,493	\$ 56,743	\$ 101,946	\$ 91,831	\$ 19,819	\$ 21,999
PBO	68,117	61,564	159,915	145,131	—	—
Fair value of plan assets	38,621	19,450	—	—	—	—

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net Periodic Cost

	Defined Benefits			Supplemental Benefits			Post-Retirement Benefits		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Expected return on plan assets	\$ (31,238)	\$ (27,242)	\$ (29,415)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Service Cost	15,782	11,834	11,133	6,890	5,488	3,939	221	326	640
Interest Cost	25,010	17,979	19,022	8,323	7,378	5,985	928	1,198	1,710
Amortization of:									
Prior service cost (income)	1,403	1,116	1,126	6,476	5,984	3,766	(239)	(271)	338
Transition obligation	(1,093)	(1,087)	(1,125)	—	—	—	—	—	—
Recognized actuarial (gain) loss	10,252	5,333	3,784	1,014	9	8	(36)	85	24
Settlement and curtailments (gain) loss	—	84	—	—	—	—	(4,766)	(501)	(1,019)
Total net periodic benefit cost	\$ 20,116	\$ 8,017	\$ 4,525	\$ 22,703	\$ 18,859	\$ 13,698	\$ (3,892)	\$ 837	\$ 1,693

Assumptions

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

	Defined Benefits		Supplemental Benefits		Post-Retirement Benefits	
	2006	2005	2006	2005	2006	2005
Discount rate	5.40%	5.40%	5.50%	5.50%	5.75%	5.50%
Average wage increase	4.10%	4.10%	4.00%	6.00%	—	—
Ultimate medical trend rate	—	—	—	—	5.00%	4.50%

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

	Defined Benefits			Supplemental Benefits			Post-Retirement Benefits		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Discount rate	5.40%	5.60%	6.00%	5.50%	5.75%	6.00%	5.50%	5.75%	6.00%
Average wage increase	4.10%	4.40%	4.00%	6.00%	6.00%	6.00%	—	—	—
Expected return on plan assets	7.90%	8.40%	8.50%	—	—	—	—	—	—
Ultimate medical trend rate	—	—	—	—	—	—	4.50%	5.50%	5.50%

Plan Assets

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

	September 2006	September 2005	Current Target
Equity — domestic	36%	41%	35%
Equity — international	24%	21%	23%
Fixed income — domestic	33%	30%	35%
Real estate	7%	7%	7%
Other	0%	1%	0%
Total	100%	100%	100%

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Future Estimates

Benefit Payments

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

	<u>Defined Benefits</u>	<u>Supplemental Benefits</u> (In thousands)	<u>Post-Retirement Benefits</u>
2007	\$ 29,000	\$ 13,000	\$ 2,000
2008	30,000	12,000	2,000
2009	30,000	15,000	2,000
2010	32,000	31,000	2,000
2011	33,000	11,000	2,000
2012-2016	174,000	89,000	8,000

Contributions

Estimated contributions to be made during 2007 are as follows:

	<u>Defined Benefit</u>	<u>Supplemental Benefit</u> (In thousands)
To plan assets	\$ —	\$ —
To plan participants	—	13,000

2007 Amortization Expense

Estimated amortization expense for 2007 related to amounts in Accumulated Other Comprehensive Earnings (Loss) at December 31, 2006 is as follows:

	<u>Defined Benefits</u>	<u>Supplemental Benefits</u> (In thousands)	<u>Post Retirement</u>
Amortization of:			
Prior service cost (income)	\$ 1,500	\$ 7,100	\$ (200)
Transition obligation	(200)	—	—
Recognized actuarial (gain) loss	10,000	900	(100)
Total	\$ 11,300	\$ 8,000	\$ (300)

Pension cost for all defined contribution, defined benefit, and supplemental plans was \$70.5 million for 2006, \$48.0 million for 2005, and \$33.2 million for 2004.

For post-retirement benefit measurement purposes, an 11% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rates) was assumed for 2007; the rate was assumed to decrease gradually to 5.00% by the year 2013 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, 2006, by \$0.7 million (\$0.6 million) and the net post-retirement benefit cost for 2006 by approximately \$0.1 million (\$0.1 million).

The post-retirement benefit plans cover approximately 2,200 participants, approximately 750 of whom are eligible for medical benefits. The plans are effectively closed to new entrants. The post-retirement benefit obligation amounts at December 31, 2006 and 2005 include approximately \$4.3 million and \$9.1 million in obligations, respectively, recorded in discontinued operations.

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. Segment Data

On January 1, 2005, the Company realigned its segment structure from four to six segments. All years presented have been conformed to the current year presentation.

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

Dover's six reportable segments are briefly described below:

Diversified builds sophisticated products for use in the defense, aerospace and automotive industries, heat transfer equipment, specialized bearings, construction and agricultural cabs, as well as color measurement and control systems for printing presses.

Electronics manufactures advanced micro-component products for the hearing aid and consumer electronics industries, quick disconnect couplings for a wide variety of biomedical and commercial applications, high frequency capacitors, microwave electro-magnetic switches, radio frequency and microwave filters, electromagnetic products, and frequency control/select components. In addition, this segment manufactures ATM hardware and software for retail and financial institutions and chemical proportioning and dispensing systems for the food service, health care, supermarket, industrial and other various markets.

Industries makes equipment and components for use in waste handling, bulk transport, automotive service, and construction equipment industries.

Resources manufactures products primarily for the petroleum fluid handling, and material handling industries.

Systems manufactures refrigeration systems, display cases, walk in coolers, food service cooking equipment and other products for the supermarket/restaurant industries. In addition, this segment manufactures can making equipment, and machinery used in meat and poultry packaging.

Technologies builds sophisticated automated assembly and testing equipment for the electronics industry, and industrial printers for coding and marking.

Selected information by geographic regions is presented below:

	Revenue			Long-Lived Assets	
	For the Years Ended December 31,			At December 31,	
	2006	2005	2004	2006	2005
United States	\$ 3,716,388	\$ 3,202,444	\$ 2,646,619	\$ 573,252	\$ 478,487
Europe	1,199,861	973,607	841,125	158,177	139,913
Other Americas	549,380	445,024	336,600	28,794	28,984
Total Asia	888,182	593,939	539,183	86,627	59,015
Other	157,812	118,324	115,863	9,949	345
	<u>\$ 6,511,623</u>	<u>\$ 5,333,338</u>	<u>\$ 4,479,390</u>	<u>\$ 856,799</u>	<u>\$ 706,744</u>
U.S. Exports	<u>\$ 1,165,231</u>	<u>\$ 954,097</u>	<u>\$ 748,520</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. Dover's businesses serve thousands of customers, none of which accounted for more than 10% of consolidated

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

revenue. Accordingly, it is impracticable to provide revenue from external customers for each product and service sold by segment.

Selected financial information by market segment is as follows:

	For the Years Ended December 31,		
	2006	2005 (In thousands)	2004
REVENUE			
Diversified	\$ 778,125	\$ 722,054	\$ 574,960
Electronics	880,685	546,043	403,856
Industries	876,494	817,947	748,082
Resources	1,841,491	1,518,939	1,240,255
Systems	834,854	705,377	619,434
Technologies	1,313,546	1,033,853	902,283
Intramarket eliminations	(13,572)	(10,875)	(9,480)
Total consolidated revenue	<u>\$ 6,511,623</u>	<u>\$ 5,333,338</u>	<u>\$ 4,479,390</u>
EARNINGS FROM CONTINUING OPERATIONS			
Segment Earnings:			
Diversified	\$ 90,055	\$ 87,617	\$ 69,050
Electronics	119,425	46,888	35,293
Industries	123,982	104,282	88,967
Resources	316,328	260,671	206,256
Systems	114,113	100,088	73,479
Technologies	206,728	134,963	129,058
Total segments	970,631	734,509	602,103
Corporate expense/other	(70,778)	(54,945)	(48,845)
Net interest expense	(76,984)	(72,231)	(61,143)
Earnings from continuing operations before provision for income taxes and discontinued operations	822,869	607,333	492,115
Provision for taxes	219,541	161,138	129,697
Earnings from continuing operations — total consolidated	<u>\$ 603,328</u>	<u>\$ 446,195</u>	<u>\$ 362,418</u>
OPERATING MARGINS (pre-tax)			
Segments:			
Diversified	11.6%	12.1%	12.0%
Electronics	13.6%	8.6%	8.7%
Industries	14.1%	12.7%	11.9%
Resources	17.2%	17.2%	16.6%
Systems	13.7%	14.2%	11.9%
Technologies	15.7%	13.1%	14.3%
Total Segment Margin	14.9%	13.8%	13.4%
Earnings from continuing operations before provision for income taxes and discontinued operations	12.6%	11.4%	11.0%

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Selected financial information by market segment (continued):

TOTAL ASSETS AT DECEMBER 31:	<u>2006</u>	<u>2005</u> (In thousands)	<u>2004</u>
Diversified	\$ 718,611	\$ 726,667	\$ 627,043
Electronics	1,515,401	1,441,241	447,666
Industries	508,633	522,848	560,382
Resources	1,929,849	1,459,598	1,434,318
Systems	283,461	251,548	242,282
Technologies	2,067,714	1,190,790	1,182,816
Corporate (principally cash and equivalents and marketable securities)	495,046	311,060	391,904
Total continuing assets	<u>7,518,715</u>	<u>5,903,752</u>	<u>4,886,411</u>
Assets from discontinued operations	107,943	676,740	891,442
Consolidated total	<u>\$ 7,626,658</u>	<u>\$ 6,580,492</u>	<u>\$ 5,777,853</u>

DEPRECIATION and AMORTIZATION (continuing)	<u>For the Years Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Diversified	\$ 20,697	\$ 20,938	\$ 20,619
Electronics	60,488	31,026	19,333
Industries	12,272	11,650	13,446
Resources	58,708	47,853	43,410
Systems	9,975	10,040	11,835
Technologies	38,118	32,317	24,911
Corporate	1,243	1,223	1,177
Consolidated total	<u>\$ 201,501</u>	<u>\$ 155,047</u>	<u>\$ 134,731</u>

CAPITAL EXPENDITURES (continuing)			
Diversified	\$ 27,816	\$ 18,963	\$ 15,151
Electronics	47,894	28,130	12,899
Industries	4,353	10,655	10,339
Resources	74,947	37,677	26,479
Systems	17,289	12,426	6,784
Technologies	21,736	20,002	15,885
Corporate	700	2,639	320
Consolidated total	<u>\$ 194,735</u>	<u>\$ 130,492</u>	<u>\$ 87,857</u>

DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. Quarterly Data (Unaudited)

Quarter	Revenue	Gross Profit	Earnings From Continuing Operations			Net Earnings
			Amount	Per Share - Basic	Per Share - Diluted	
2006						
First	\$ 1,500,042	\$ 547,908	\$ 131,291	\$ 0.65	\$ 0.64	\$ 203,828
Second	1,649,607	614,944	158,760	0.78	0.77	71,910
Third	1,647,322	581,862	157,142	0.77	0.77	167,524
Fourth	1,714,652	603,328	156,135	0.76	0.76	118,520
	<u>\$ 6,511,623</u>	<u>\$ 2,348,042</u>	<u>\$ 603,328</u>	2.96	2.94	<u>\$ 561,782</u>
2005						
First	\$ 1,217,141	\$ 430,146	\$ 91,963	\$ 0.45	\$ 0.45	\$ 98,135
Second	1,325,748	467,556	109,356	0.54	0.54	173,201
Third	1,358,599	481,340	123,232	0.61	0.60	122,680
Fourth	1,431,850	499,662	121,644	0.60	0.60	116,126
	<u>\$ 5,333,338</u>	<u>\$ 1,878,704</u>	<u>\$ 446,195</u>	2.20	2.19	<u>\$ 510,142</u>

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

16. Subsequent Events

On January 31, 2007 and on February 28, 2007, the Company finalized the sales of two previously discontinued business resulting in gross proceeds of \$30.3 million.

On February 27, 2007, the acquisition of Pole/Zero Corporation was completed by the Microwave Products Group in Dover Electronics' Components Group.

DOVER CORPORATION

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2006, 2005, and 2004 (In thousands)

	<u>Balance at Beginning of Year</u>	<u>Acquired by Purchase or Merger</u>	<u>Charged to Cost and Expense</u>	<u>Accounts Written Off</u>	<u>Credit to Income</u>	<u>Balance at End of Year</u>
Year Ended December 31, 2006 Allowance for Doubtful Accounts	\$ 26,158	3,135	6,521	(5,251)	(1,931)	\$ 28,632
Year Ended December 31, 2005 Allowance for Doubtful Accounts	\$ 24,184	1,882	8,223	(4,021)	(4,110)	\$ 26,158
Year Ended December 31, 2004 Allowance for Doubtful Accounts	\$ 24,144	2,662	3,823	(4,114)	(2,331)	\$ 24,184
	<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, 2006						
Deferred Tax Valuation Allowance	\$ 51,856	13,829	5,774	(10,362)	(3,330)	\$ 57,767
Year Ended December 31, 2005						
Deferred Tax Valuation Allowance	\$ 43,540	22,637	4,478	(14,795)	(4,004)	\$ 51,856
Year Ended December 31, 2004						
Deferred Tax Valuation Allowance	\$ 50,151	9,411	1,707	(21,896)	4,167	\$ 43,540
	<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, 2006						
Inventory Reserves	\$ 85,141	11,150	17,478	(29,891)	1,118	\$ 84,996
Year Ended December 31, 2005						
Inventory Reserves	\$ 89,629	4,621	24,286	(28,320)	(5,075)	\$ 85,141
Year Ended December 31, 2004						
Inventory Reserves	\$ 88,388	9,964	11,952	(24,671)	3,996	\$ 89,629
	<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, 2006						
Lifo Reserve	\$ 38,805	—	9,442	—	—	\$ 48,247
Year Ended December 31, 2005						
Lifo Reserve	\$ 35,009	—	3,796	—	—	\$ 38,805
Year Ended December 31, 2004						
Lifo Reserve	\$ 29,018	—	5,991	—	—	\$ 35,009

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, 2006 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 2006, 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 of the Company required to be included pursuant to this Item 10 is included under the caption “1. Election of Directors” in the 2007 Proxy Statement relating to the 2007 Annual Meeting of Stockholders which will be filed with the Securities and Exchange Commission pursuant to Rule 14a-6 under the Exchange Act of 1934 in accordance with applicable SEC deadlines, and is incorporated in this Item 10 by reference. The information with respect to the executive officers of the Company required to be included pursuant to this Item 10 is included under the caption “Executive Officers of the Registrant” in Part I of this Annual Report on Form 10-K and is incorporated in this Item 10 by reference.

The information with respect to Section 16(a) reporting compliance required to be included in this Item 10 is included under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in the 2007 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 under the caption “Executive Compensation” in the 2007 Proxy Statement and is incorporated in this Item 11 by reference.

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

The information regarding security ownership of certain beneficial owners and management that is required to be included pursuant to this Item 12 is included under the caption “Security Ownership of Certain Beneficial Owners and Management” in the 2007 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, 2006:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	12,492,805	\$ 36.84	16,097,333
Equity compensation plans not approved by stockholders	—	—	—
Total	12,492,805	\$ 36.84	16,097,333

The Company has three compensation plans under which equity securities of the Company have been authorized for issuance and have been issued to employees and to non-employee directors. These are the 1995 Incentive Stock Option Plan and 1995 Cash Performance Program (the “1995 Plan”), the 2005 Equity and Cash Incentive Plan (the “2005 Plan”) and the 1996 Non-Employee Directors’ Stock Compensation Plan (the “Directors’

Plan”). The information regarding the 2005 Plan and the Directors’ Plan that is required to be included pursuant to this Item 12 is included under the captions “Equity Plans” (following the table entitled “Outstanding Equity Awards at Fiscal Year-End”) and “Directors’ Compensation,” respectively, in the 2007 Proxy Statement and is incorporated in this Item 12 by reference. The table above does not reflect shares eligible for issuance under the 1996 Non-Employee Directors’ Stock Compensation Plan, which does not specify a maximum number of shares issuable under it.

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

The 1995 Plan was intended to promote the medium-term and long-term success of Dover by providing salaried officers and other key employees of Dover and its subsidiaries with medium-range and long-range inducements to remain with Dover and to encourage them to increase their efforts to make Dover successful. Options granted under the 1995 Plan were all designated as non-qualified stock options.

The exercise price of options is the fair market value on the date of grant as determined in good faith by the Compensation Committee. Options granted under this plan may not be sold, transferred, hypothecated, pledged or otherwise disposed of by any of the holders except by will or by the laws of descent and distribution except that a holder may transfer any non-qualified option granted under this plan to members of the holder’s immediate family, or to one or more trusts for the benefit of such family members provided that the holder does not receive any consideration for the transfer.

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

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

The information with respect to any reportable transaction, business relationship or indebtedness between the Company and the beneficial owners of more than 5% of the Common Stock, the directors or nominees for director of the Company, the executive officers of the Company or the members of the immediate families of such individuals that are required to be included pursuant to this Item 13 is included in Dover’s 2007 Proxy Statement under the caption “1. Election of Directors” in the sections entitled “Board of Directors and Committees,” “Corporate Governance,” “Dover Independence Standards” and “Procedures for Approval of Related Person Transactions” and is incorporated in this Item 13 by reference.

Item 14. *Principal Accountant Fees and Services*

The information set forth under the caption “Relationship with Independent Registered Public Accounting Firm” in the 2007 Proxy Statement is incorporated in this Item 14 by reference.

The information with respect to audit committee pre-approval policies and procedures required to be included pursuant to this Item 14 is included under the caption “Pre-Approval of Services by Independent Registered Public Accounting Firm” in the 2007 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, 2006, 2005 and 2004.
- (B) Consolidated Balance Sheets as of December 31, 2006 and 2005.
- (C) Consolidated Statements of Stockholders’ Equity and Comprehensive Earnings for the years ended December 31, 2006, 2005, and 2004.

(D) Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004.

(E) Notes to consolidated financial statements.

(2) Financial Statement Schedule

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

- Schedule II — Valuation and Qualifying Accounts

All other schedules are not required and have been omitted.

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

Quarterly financial data (unaudited)

(4) See (b) below.

(b) Exhibits:

- (3)(i)(a) Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Period Ended June 30, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (3)(i)(b) Certificate of Correction to the Restated Certificate of Incorporation dated as of January 24, 2003, filed as Exhibit 3(i) to the Company's Current Report on Form 8-K filed February 28, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (3)(ii) By-Laws of the Company, filed as Exhibit 3(ii) to the Company's Quarterly Report on Form 10-Q for the Period Ended September 30, 2004 (SEC File No. 001-04018), are incorporated by reference.
- (4.1) Indenture, dated as of June 8, 1998 between Dover Corporation and The First National Bank Chicago, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
- (4.2) Form of 6.25% Notes due June 1, 2008 (\$150,000,000 aggregate principal amount), filed as Exhibit 4.3 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 6.65% 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.
- (4.4) 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.
- (4.5) 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.
- (4.6) First Supplemental Indenture among Dover Corporation, J.P. Morgan Trust Company, National Association, as original trustee, and The Bank of New York, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
- (4.7) 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.
- (4.8) 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. 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, included as Exhibit A to the Proxy Statement, dated March 17, 2003 (SEC File No. 001-04018), is incorporated by reference.*
- (10.4) Form of Executive Severance Agreement.*
- (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.*
- (10.6) Deferred Compensation Plan, as amended as of December 31, 2001, filed as Exhibit 10 to the Company's Current Report on Form 8-K filed February 28, 2002 (SEC File No. 001-04018), is incorporated by reference.*
- (10.7) 2005 Equity and Cash Incentive Plan, as amended as of May 4, 2006.*
- (10.8) Form of award grant letters for stock option and cash performance grants made under 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.*
- (10.9) Form of award grant letter for SSARs and cash performance awards made under the 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.9 to Annual Report on Form 10-K for the year ended December 31, 2005 (SEC File No. 001-04018) is incorporated by reference.*
- (10.10) Five-year Credit Agreement dated as of October 26, 2005 by and among Dover Corporation, the Lenders listed therein, the Borrowing Subsidiaries party thereto, J.P. Morgan 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 October 26, 2005 (SEC File No. 001-04018), is incorporated by reference, as amended by First Amendment dated as of March 1, 2006, filed as exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed April 27, 2006 (SEC File No. 001-04018Z) and incorporated by reference herein.
- (10.11) Supplemental Executive Retirement Plan, filed as exhibit 10.12 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.*
- (10.12) Stock Purchase Agreement dated as of August 21, 2005, by and among Knowles Electronics Holdings, Inc., Key Acquisition, L.L.C., the Other Stockholders of Knowles Electronics Holdings, Inc., Dover Electronics, Inc. and Dover Corporation, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 3, 2005 (SEC File No. 001-04018), is incorporated by reference.
- (10.13) Summary of amendments to the Deferred Compensation Plan and Supplemental Executive Retirement Plan generally effective as of January 1, 2005, filed as Exhibit 10.13 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.
- (14) Dover Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers, filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (21) Subsidiaries of Dover.
- (23.1) Consent of Independent Registered Public Accounting Firm.
- (24) Power of Attorney (included in signature page).
- (31.1) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert G. Kuhbach.
- (31.2) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Ronald L. Hoffman.
- (32) Certification pursuant to 18 U.S.C. Section 1350, signed and dated by Robert G. Kuhbach and Ronald L. Hoffman.

* Executive compensation plan or arrangement.

(d) Not applicable.

[Table of Contents](#)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ JEAN-PIERRE M. ERGAS _____ Jean-Pierre M. Ergas	Director	February 28, 2007
/s/ KRISTIANE C. GRAHAM _____ Kristiane C. Graham	Director	February 28, 2007
/s/ JAMES L. KOLEY _____ James L. Koley	Director	February 28, 2007
/s/ RICHARD K. LOCHRIDGE _____ Richard K. Lochridge	Director	February 28, 2007
/s/ BERNARD G. RETHORE _____ Bernard G. Rethore	Director	February 28, 2007
/s/ MICHAEL B. STUBBS _____ Michael B. Stubbs	Director	February 28, 2007
/s/ MARY A. WINSTON _____ Mary A. Winston	Director	February 28, 2007

EXHIBIT INDEX

- (3)(i)(a) Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Period Ended June 30, 1998 (SEC File No. 001-04018), is incorporated by reference.
 - (3)(i)(b) Certificate of Correction to the Restated Certificate of Incorporation dated as of January 24, 2003, filed as Exhibit 3(i) to the Company's Current Report on Form 8-K filed February 28, 2003 (SEC File No. 001-04018), is incorporated by reference.
 - (3)(ii) By-Laws of the Company, filed as Exhibit 3(ii) to the Company's Quarterly Report on Form 10-Q for the Period Ended September 30, 2004 (SEC File No. 001-04018), are incorporated by reference.
 - (4.1) Indenture, dated as of June 8, 1998 between Dover Corporation and The First National Bank Chicago, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 12, 1998 (SEC File No. 001-04018), is incorporated by reference.
 - (4.2) Form of 6.25% Notes due June 1, 2008 (\$150,000,000 aggregate principal amount), filed as Exhibit 4.3 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 6.65% 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.
 - (4.4) 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.
 - (4.5) 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.
 - (4.6) First Supplemental Indenture among Dover Corporation, J.P. Morgan Trust Company, National Association, as original trustee, and The Bank of New York, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 12, 2005 (SEC File No. 001-04018) is incorporated by reference.
 - (4.7) 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.
 - (4.8) 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. 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, included as Exhibit A to the Proxy Statement, dated March 17, 2003 (SEC File No. 001-04018), is incorporated by reference.*
 - (10.4) Form of Executive Severance Agreement.*
 - (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.*
 - (10.6) Deferred Compensation Plan, as amended as of December 31, 2001, filed as Exhibit 10 to the Company's Current Report on Form 8-K filed February 28, 2002 (SEC File No. 001-04018), is incorporated by reference.*
 - (10.7) 2005 Equity and Cash Incentive Plan, as amended as of May 4, 2006.*
 - (10.8) Form of award grant letters for stock option and cash performance grants made under 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (SEC File No. 001-04018) is incorporated by reference.*
-

[Table of Contents](#)

- (10.9) Form of award grant letter for SSARs and cash performance awards made under the 2005 Equity and Cash Incentive Plan, filed as Exhibit 10.9 to Annual Report on Form 10-K for the year ended December 31, 2005 (SEC File No. 001-04018) is incorporated by reference.*
- (10.10) Five-year Credit Agreement dated as of October 26, 2005 by and among Dover Corporation, the Lenders listed therein, the Borrowing Subsidiaries party thereto, J.P. Morgan 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 October 26, 2005 (SEC File No. 001-04018), is incorporated by reference, as amended by First Amendment dated as of March 1, 2006, filed as exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed April 27, 2006 (SEC File No. 001-04018Z) and incorporated by reference herein.
- (10.11) Supplemental Executive Retirement Plan, filed as exhibit 10.12 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.*
- (10.12) Stock Purchase Agreement dated as of August 21, 2005, by and among Knowles Electronics Holdings, Inc., Key Acquisition, L.L.C., the Other Stockholders of Knowles Electronics Holdings, Inc., Dover Electronics, Inc. and Dover Corporation, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 3, 2005 (SEC File No. 001-04018), is incorporated by reference.
- (10.13) Summary of amendments to the Deferred Compensation Plan and Supplemental Executive Retirement Plan generally effective as of January 1, 2005, filed as Exhibit 10.13 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.
- (14) Dover Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers, filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (SEC File No. 001-04018), is incorporated by reference.
- (21) Subsidiaries of Dover.
- (23.1) Consent of Independent Registered Public Accounting Firm.
- (24) Power of Attorney (included in signature page).
- (31.1) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Robert G. Kuhbach.
- (31.2) Certification pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, signed and dated by Ronald L. Hoffman.
- (32) Certification pursuant to 18 U.S.C. Section 1350, signed and dated by Robert G. Kuhbach and Ronald L. Hoffman.

* Executive compensation plan or arrangement.

(d) Not applicable.

EXECUTIVE SEVERANCE AGREEMENT

AGREEMENT made as of this _____ day of _____, 200____ by and between DOVER CORPORATION, a Delaware corporation (the "Corporation"), and _____ (the "Executive");

WITNESSETH:

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

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

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

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

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

NOW, THEREFORE, the parties hereto agree as follows:

1. Services During Certain Events.

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

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

2. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Termination After Change of Control.

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

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

(ii) The termination by the Executive of the Executive's employment for Good Reason. **Good Reason** shall be deemed to exist upon the occurrence, without the Executive's express written consent, of any of the following events:

(A) A significant reduction or alteration in the duties and responsibilities held by the Executive prior to the Change of Control, or a change in the Executive's reporting responsibilities, titles or status in effect immediately prior to the Change of Control, or any removal of the Executive from or any failure to reelect the Executive to any positions held by the Executive immediately prior to the Change of Control, except in connection with the termination of the Executive's employment for Cause, Disability or death; or

(B) The reduction of the Executive's base salary and/or incentive compensation opportunity from that in effect immediately prior to the Change of Control or as the same may be increased thereafter from time to time, which is not remedied within 30 days after receipt by the Corporation of written notice from the Executive; or the Executive's being required to be based in any location that is more than thirty (30) miles from the location at which the Executive was based immediately prior to the Change of Control, except for required travel on business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change of Control; or

(C) The failure by the Corporation to continue in effect any benefit or compensation plan in which the Executive is participating immediately prior to the Change of Control, the taking of any action by the Corporation which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any of such plans, or deprive the Executive of any material fringe benefit enjoyed by the Executive prior to the Change of Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan and the Executive's participation therein, or the failure by the Corporation to provide the Executive with vacation time to which the Executive is then entitled in accordance with the Corporation's normal vacation policy in effect on the date hereof; or

(D) the failure by the Corporation to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Corporation, within five (5) days of the date such compensation is due; or

(E) any purported termination of the Executive's employment which is not effected pursuant to a written notice of termination; or

(F) failure of the Corporation to obtain assumption of this Agreement by any successor to the Corporation.

(b) A Termination also shall have occurred if the Executive's employment with the Corporation or a Subsidiary, as the case may be, is terminated for any reason other than Cause (as defined herein), death or Disability (as defined herein) after a Potential Change of Control has occurred, provided the Termination is at the direction of the acquiring entity or other third party otherwise involved in the event causing the Potential Change of Control and the Termination occurs within the six (6) month period preceding the actual occurrence of a Change of Control.

(c) The termination of the Executive's employment shall be deemed to have been for **Cause** only if the termination shall have been based on (i) the Executive having willfully and continually failed to perform substantially his or her duties with the Corporation (other than such

failure resulting from incapacity due to physical or mental illness, death or Disability) after not less than twenty (20) days have expired following a written demand for substantial performance has been delivered to the Executive by the Board or the President of the Corporation which specifically identifies the manner in which the Executive is not substantially performing his or her duties; or (ii) the Executive having willfully engaged in conduct which is materially and demonstrably injurious to the Corporation. For purposes of this section, no act, or failure to act, on the part of the Executive shall be considered "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that such action or omission was in, or not opposed to, the best interests of the Corporation. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel to the Corporation shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Corporation. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a written resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting called and held for that purpose after reasonable notice to and opportunity for the Executive and the Executive's counsel to be heard by the Board, finding that the Executive was guilty of the conduct set forth above in (i) or (ii) and specifying the particulars thereof in detail.

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

4. Severance Benefits.

Upon Termination and upon the written demand of the Executive, the Executive shall be entitled to, and the Corporation shall provide the Executive immediately with, the following severance benefits (the "**Severance Benefits**"):

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

(b) The Executive's participation in the life, accident and health insurance plans of the Corporation prior to the Change of Control shall be continued without interruption, or equivalent benefits provided by the Corporation, at no direct cost to the Executive, for a period of three years from the date of Termination.

5. Stock Option and Other Plans.

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

6. Term.

This Agreement shall commence on the date hereof and shall continue in effect until the one year anniversary thereof; provided, however, that commencing on the date of such anniversary, the term of this Agreement shall automatically be extended for one additional year unless at least 180 days prior to the last day of any term, the Corporation or the Executive shall have given notice that this Agreement shall not be extended; and provided, further, that this Agreement shall continue in effect for a period of eighteen months beyond the term provided herein if a Change of Control of the Corporation shall have occurred during such term.

7. Indemnification.

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

8. Confidentiality.

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

9. Taxes.

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

the Reimbursable Excise Tax (as defined below) (and any interest and penalties imposed with respect thereto).

As used herein, (i) **Excise Tax** shall mean the tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (“Code”) or any successor provision of the Code, together with any interest and penalties with respect thereto; (ii) **Reimbursable Excise Tax** shall be the amount of the Excise Tax on the Taxable Amount (as defined below) determined as if the Taxable Amount were the only portion of the Total Payments on which the Excise Tax is imposed; and (iii) **Taxable Amount** shall be the Lump Sum Amount as reduced by the “base amount” determined pursuant to Section 280G(b)(3) of the Code.

In the event that the Executive and the Corporation dispute whether there should be any reduction in payments pursuant to this Section 9, the determination of whether such reduction is necessary shall be made by an independent accounting firm or law firm mutually acceptable to the Executive and the Corporation and such determination shall be conclusive and binding on the Corporation and the Executive.

10. General.

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

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

(c) Successors: Binding Agreement.

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

(ii) This Agreement shall be binding upon and inure to the benefit of the Executive

and his or her estate and to the benefit of the Corporation and any successor to the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by the Executive.

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

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

(f) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to the other party, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the respective party at the address stated below or to such other address as the addressee may have given by a similar notice:

If to the Executive:

If to the Corporation:

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

(g) Amendment. This Agreement may be modified or amended only by an agreement in writing executed by both of the parties hereto.

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

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

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

(j) Conflict in Benefits. This Agreement is not intended to and shall not repeal or terminate any other written agreement between the Executive and the Corporation presently in effect or hereafter executed. Any benefits provided hereunder and not provided under any other written agreement shall be in addition to the benefits provided by any other written agreement. In the event that the same type of benefits are covered under this Agreement and under any other written agreement, the Executive shall have the right to elect which benefits the Executive shall receive. Such election shall be made in writing at the same time that the Executive makes written demand under Section 4 of this Agreement.

(k) Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and arrangements, whether written or oral, between the parties hereto with respect to the subject matter hereof.

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

Executive

DOVER CORPORATION

By: _____
Name:

DOVER CORPORATION
1995 INCENTIVE STOCK OPTION PLAN
AND
1995 CASH PERFORMANCE PROGRAM
(as amended effective May 4, 2006 with respect to any awards then outstanding)

A. PURPOSE AND SCOPE OF PLAN AND PROGRAM

1. *Purpose.* The 1995 Incentive Stock Option Plan (the "Plan") and 1995 Cash Performance Program (the "Program") are intended to promote the long-term success of Dover Corporation by providing salaried officers and other key employees of Dover Corporation and its subsidiaries, on whom major responsibility for the present and future success of Dover Corporation rests, with a long-range inducement to remain with the organization and to encourage them to increase their efforts to make Dover Corporation successful. The term "Corporation" shall mean Dover Corporation and any present or future corporation which is or would be a "subsidiary corporation" of Dover Corporation as defined in Section 424 of the Internal Revenue Code of 1986, as amended (the "Code"), unless the context requires otherwise.

2. *Successor Plan and Program.* The Plan and the Program are successors to the 1984 Incentive Stock Option Plan and Cash Performance Program (hereinafter the "Predecessor Plans"). No further grants of options or incentive awards may be made under the Predecessor Plans. Options and incentive awards under the Predecessor Plans shall be administered pursuant to the provisions of those respective Plans.

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

4. *Eligibility.* Grants may be made to any employee of the Corporation who is a salaried officer or other key employee, including salaried members of the Board of Directors (hereinafter sometimes referred to as "participants"). The Committee shall select the participants eligible and determine the terms of the grants and participations to each.

5. *Shares Available for Grant.* 20,000,000 shares of Common Stock of Dover Corporation (the "Common Stock") will be reserved for issuance upon exercise of options to purchase Common Stock granted under the Plan, which options may be granted at any time prior to January 30, 2005, and for awards of restricted stock. These maximum numbers are subject to appropriate adjustment resulting from future stock splits, stock dividends, recapitalizations, reorganizations and other similar changes to be computed in the same manner as that provided for in Paragraph 14 below. If any option or award of restricted stock granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of unpurchased shares under such option or restricted stock under such award will again be available for the purpose of the Plan.

B. STOCK OPTION AWARDS

6. *Stock Options.* Options granted under the terms of this Plan shall be designated as either "non-qualified" stock options or "incentive" stock options within the meaning of Section 422 of the Code, and shall contain such terms and conditions as the Committee may from time to time determine, subject to the following limitations:

(a) *Option Price.* The fair market value of a share of Common Stock on the date the option is granted shall be determined in good faith by the Committee on the basis of such considerations as the Committee deems appropriate from time to time, including, but not limited to, such factors as the closing price for a share of Common Stock on such day (or, if such day is not a trading day, on the next trading day) on the New York Stock Exchange (the "Exchange"), the average of the closing bid and asked prices for a share of Common Stock on the Exchange on the date the option is granted by the Committee or the average of the high and low sales price of a share of Common Stock on the Exchange on the date the option is granted by the Committee. The Committee shall be authorized, in its discretion, to round the fair market value of a share of Common Stock to the nearest whole number or quarterly fraction thereof.

(b) *Option Exercise Period.* The term of each option will be for such period as the Committee may determine, but in no event may an option be exercised more than 10 years following the granting thereof.

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

(d) *Limits on Individuals.* Options on a maximum number of 600,000 shares may be granted each year to a single participant. The aggregate fair market value (determined on

the date of grant) of Common Stock with respect to which a participant is granted incentive stock options (including incentive stock options granted under any Predecessor Plan) which first become exercisable during any given calendar year shall not exceed \$100,000.

7. *Exercise of Option.* Stock options may be exercised at such time or times and subject to such terms and conditions as the Committee shall determine and are specified in the option instrument, not inconsistent with the terms of the Plan; provided, however, that except as set forth in Paragraphs 11, 14 and 36, no option may be exercised prior to the third anniversary of such Option grant and any partial exercise of an option shall be for not less than 500 shares. To exercise an option, the option holder must give written notice to the Corporation of the number of shares to be purchased accompanied by payment of the full purchase price of such shares as set forth in Paragraph 8. The date of actual receipt by the Corporation of such notice and payment shall be deemed the date of exercise of the option with respect to the shares being purchased and the stock certificates therefor shall be issued as soon as practicable thereafter. The shares to be issued upon exercise of an option will be either treasury or authorized and unissued stock, in the sole discretion of the Corporation.

8. *Payment.* Payment of the option exercise price must be made in full at the time of exercise (a) by check made payable to the Corporation, (b) if available, through the Loan Program (as hereinafter described), (c) by transfer to the Corporation of shares of Common Stock owned by the participant or (d) with a combination of the foregoing. If payment is made by the transfer of shares, the value per share of the shares so transferred to the Corporation to be credited toward the purchase price will be the average between the high and the low sales price per share of Common Stock on the Exchange on the date the option is exercised or, if no sales have occurred on that date, such value will be the closing price per share on the Exchange on the next trading day following the exercise of the option. The shares transferred to Dover will be added to the Corporation's treasury shares or canceled and become authorized and unissued shares.

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

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

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

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

If the employment of a holder of an option terminates for any reason other than (i) the reasons specified above or (ii) termination for "cause" (as defined below), and one of the following sets of circumstances is applicable: (a) the holder has at least 10 years of service with the Corporation (including service with any subsidiary corporation of the Corporation while it is owned by the Corporation), the sum of the holder's years of service plus his or her age on the date of such termination equals at least 65 and the holder satisfies the notice requirements set forth below ("Early Retirement I"), (b) the holder has at least 15 years of service with the Corporation (including service with any subsidiary corporation of the Corporation while it is owned by the Corporation), the sum of the holder's years of service plus his or her age on the date of such termination equals at least 70 and the holder satisfies the notice requirements set forth below ("Early Retirement II"), or (c) such holder's employment with the Corporation terminates due to the sale of stock or assets of the subsidiary corporation (or line of business) by which the holder is employed and the holder is so employed in good standing by the subsidiary or line of business through the date of such sale ("Early Retirement III"; each of Early Retirement I, II and III from time to time being referred to herein as "Early Retirement"), the holder shall have the right (subject to the provisions of Paragraph 37 below), (x) in the event of Early Retirement I, on or before the earlier of the expiration date of the option or twenty-four (24) months following the date of such Early Retirement, to exercise, and acquire shares under, any options which at such termination are, or within twenty-four (24) months following such termination become, exercisable, (y) in the event of Early Retirement II, on or before the earlier of the expiration date of the option or thirty-six (36) months following the date of such Early Retirement, to exercise, and acquire shares under, any options which at such termination are, or within thirty-six (36) months following such termination become, exercisable, or (z) in the event of Early Retirement III, on or before the earlier of the expiration date of the option or twelve (12) months following the date of such Early Retirement, to exercise, and acquire shares under, any options which at such termination are, or within twelve (12) months following such termination become, exercisable. Notwithstanding the above, if a holder taking Early Retirement III would also qualify for Early Retirement I or II excluding the notice requirement, the holder shall be entitled to the benefits of Early Retirement I or II, as appropriate.

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

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

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

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

15. *Loan Program.* Except in unusual circumstances, it is the Corporation's expectation that shares acquired through the exercise of options are to be held by participants for the duration of their employment with the Corporation. In order to help participants finance the exercise of their options and resulting income taxes, if any, the Corporation may provide for loans to Plan participants at any time and from time to time after May 1, 1995. If established by the Board, any loan program will be administered by the Committee and may apply to all existing unexercised options, with the exception of incentive options, and/or all future option grants, as the Committee shall decide. The terms of any loans shall be specified by the Committee, as they may deem appropriate, provided that the following terms shall apply:

(a) The maximum amount of any loan cannot be greater than the option exercise price of the acquired stock, together with the amount of any taxes due as a result of such exercise, and in any event cannot exceed the fair market value of the acquired stock. In the event the participant chooses to satisfy all or a portion of the option exercise price by surrender, at fair market value, of other Common Stock already owned by the participant, the maximum amount of the loan will be reduced by the value of the stock surrendered.

(b) Loans will be evidenced by promissory notes having a term of not more than ten (10) years, which notes shall be subject to further extension for additional periods of time not exceeding ten (10) years at each such extension. Prepayment of loan principal may not be required during the participant's employment with the Corporation and/or subsidiaries. Repayment in full must be made within one (1) month of termination of employment; however, this period is extended to six (6) months if employment ceases due to death, permanent disability or retirement. Loan prepayment may be made by the participant at the participant's discretion but, once reduced, the loan may not be subsequently increased.

(c) The Corporation shall have the right to hold as collateral all stock acquired under a particular option instrument, regardless of the amount of the loan, until the loan is fully repaid. Such stock will be registered in the participant's name (or such other name as the Plan permits) so that the participant may vote the stock and receive the dividends applicable thereto, provided the loan is current.

(d) The participant will be responsible for the full repayment of the loan, regardless of the value of the stock. However, no additional collateral for the loan will be required regardless of the fair market value of the stock.

(e) Interest on the loan balance will be due quarterly, in arrears, and will be at a sufficient rate so as not to result in any imputed income to the participant under the terms of the Code.

16. *Change in Control.* Options and grantees of options shall be subject to the terms of Paragraph 36 below related to a change in control of the Corporation.

C. RESTRICTED STOCK AWARDS

17. *Grant.* Subject to the provisions and as part of the Plan, the Committee shall have sole and complete discretion and authority to determine the eligible persons who shall receive shares of Common Stock which are subject to certain forfeiture restrictions during the restriction

period and subject to the terms of the Plan ("restricted stock"). Awards of restricted stock shall contain such terms and conditions as the Committee may from time to time determine, subject to the following limitations.

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

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

20. *Dividends and Voting Rights.* In the discretion of the Committee, dividends which become payable with respect to restricted stock during the restriction period will be reinvested in additional shares of restricted stock for the account of the award recipient, accumulated for later distribution to vested participants (in which case this treatment may be put in a separate agreement in order for such treatment not to be subject to Section 409A of the Code), or distributed to the award recipient as paid. An employee who receives an award of restricted stock may also in the discretion of the Committee be entitled, during the restriction period, to exercise voting rights with respect to such restricted stock.

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

22. *Termination of Employment.* In the case of a participant's permanent disability, death, termination of employment by the Corporation other than for cause (as defined in Paragraph 13 above) or special circumstances, as determined by the Committee, any purely temporal restrictions remaining with respect to shares of restricted stock as of the date of such disability, death or termination of employment shall lapse and, if any performance objectives are applicable, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until the prescribed time for determining attainment of performance objectives has passed and the appropriate determination has been made. If the participant's employment with the Corporation is terminated as a result of (a) the retirement of the participant

at or after age 62, or (b) an Early Retirement, subject to the provisions of Paragraph 37 below, then, in either such case, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until such time as the remaining temporal restrictions lapse and, if any performance objectives are applicable, the prescribed time for determining attainment of performance objectives has passed and the appropriate determination has been made. If a participant's employment with the Corporation is voluntarily or involuntarily terminated for any other reason during the restriction period, the shares of restricted stock shall be forfeited.

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

24. *Change in Control.* Awards of restricted stock and persons who are awarded restricted stock shall be subject to the terms of Paragraph 36 below.

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

D. CASH PERFORMANCE AWARDS

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

27. *Determination of Payment Amount.* The aggregate maximum cash payout for any business unit within the Corporation or the Corporation as a whole shall not exceed a fixed

percentage of the annual average earnings increase of the relevant entity during the performance period, such percentages and dollar amounts to be determined by the Committee annually when performance goals are established. In no event can an individual receive an annual payment which exceeds \$2 million. A performance payment shall be payable with respect to a performance period only if the Committee shall have certified that the applicable performance target has been attained. The Committee shall also have the power to approve proportional or adjusted payments under the Program to address situations where participants join the Corporation, or transfer within the Corporation, during a performance period. The Committee shall have the discretion to decrease the amount payable upon attainment of the performance goal (as determined under such formula or standard) to take into account the effect of any unusual, non-recurring circumstance, but shall have the discretion to increase the amount payable to take into account any such effect only if such discretion would not cause such compensation to fail to qualify as "qualified performance-based compensation" for purposes of Section 162(m) of the Code. Cash performance awards shall be paid no later than March 15 of the year following the year in which the Committee certifies that the performance criteria have been met.

28. *Effect of Death, Disability or Other Early Termination of Employment.* If a participant in the Plan holding a cash performance award dies or becomes permanently disabled while employed by the Corporation, then, subject to the provisions of Paragraph 37 below, the participant (or the participant's estate or the legatees or distributees of the participant's estate, as the case may be) shall be entitled to receive on the payment date the cash payment which the participant would have earned had the participant then been an employee of the Corporation, multiplied by a fraction, the numerator of which is the number of months the participant was employed by the Corporation during the performance measurement period and the denominator of which is the number of months of the performance measurement period (treating fractional months as whole months in each case).

If the participant in the Plan is the subject of Early Retirement I or Early Retirement II (as defined in Paragraph 11) and on the date of such Early Retirement the participant holds one or more outstanding cash performance awards, the Committee, or if the Committee delegates to the Corporation's Chief Executive Officer such authority, the Corporation's Chief Executive Officer, shall determine in its sole discretion whether the participant shall receive any payment and, if so, the amount thereof on the date or dates following the date of the participant's Early Retirement on which the Corporation pays cash performance awards for the performance measurement period relating to any such outstanding cash performance award held by such participant. Any such payment to the participant shall be subject to the provisions of Paragraph 37 below and may not exceed the amount that the participant would have been entitled to receive had the participant been an employee of the Corporation on such payment date. Except as provided in this Paragraph 28, if the participant is the subject of Early Retirement I or II, all cash performance awards held by such participant shall be canceled and all of the participant's awards thereunder shall terminate as of the effective date of such Early Retirement. If the participant in the Plan is the subject of Early Retirement III, all cash performance awards held by such participant shall be cancelled and all of the participant's rights thereunder shall terminate as of the effective date of such Early Retirement.

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

amount of cash which the participant would have earned had such participant then been an employee of the Corporation as of such date.

30. Effect of Other Terminations of Employment.

(a) *General Termination.* If a participant's employment with the Corporation is terminated for any reason, whether voluntary, involuntary, or for cause (as defined as Paragraph 13 above), other than those described in Paragraphs 28 or 29 above or in Paragraph 30 (b) below, then his or her participation shall be canceled and all of the participant's rights under the grant shall terminate as of the effective date of the termination of such employment.

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

31. Change in Control. The terms of a performance goal and each participant in the Cash Performance Program shall be subject to the terms of Paragraph 36 below.

E. GENERAL PROVISIONS

32. Legal Compliance. It is the intent of the Corporation that the Plan comply in all respects with applicable provisions of the Exchange Act, including Section 16 and Rule 16b-3, so that any grant of options or restricted stock to, or other transaction by, a participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act shall not result in short-swing profits liability under Section 16(b) (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction). It is also the intent of the Corporation that any compensation income realized in connection with options or restricted stock and any performance payments made under the Plan and Program constitute "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code so that any deduction to which the Corporation is entitled in connection with such compensation will not be subject to the limitations of Section 162(m)(1) of the Code. Accordingly, if any provision of the Plan or Program or any agreement relating to an option, grant of restricted stock or participation does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction so that such a participant would be subject to Section 16(b) liability (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction), or if any provision of the Plan or Program or any agreement relating to an option, grant of restricted stock or participation would limit, under Section 162(m)(1) of the Code, the amount of compensation income to an optionee or participant that the Corporation would otherwise be entitled to deduct, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, or to eliminate such deductibility limitation, and the participant shall be deemed to have consented to such construction or amendment.

33. *Withholding Taxes.* The Corporation shall make arrangements for the collection of any Federal, State or local taxes of any kind required to be withheld with respect to any transactions effected under the Plan or the Program. The obligations of the Corporation under the Plan and the Program shall be conditional on satisfaction of such obligations and the Corporation, to the extent permitted by law, shall have the right to deduct any such taxes from any payment of any kind otherwise due to a participant. A participant shall be solely responsible for any tax or other amounts payable with respect to amounts included in participant's income under Section 409A of the Code in respect of awards received under the Plan, including penalties or interest.

34. *Effect of Recapitalization or Reorganization.* The obligations of the Corporation with respect to an option or restricted stock granted under the Plan or a participation under the Program shall be binding upon the Corporation, its successors or assigns, including any successor or resulting company either in liquidation or merger of the Corporation into another company owning all the outstanding voting stock of the Corporation or in any other transaction whether by merger, consolidation or otherwise under which such succeeding or resulting company acquires all or substantially all the assets of the Corporation and assumes all or substantially all its obligations unless options are terminated in accordance with Paragraph 14.

35. *Employment Rights and Obligations.* Neither the granting of any option or award of restricted stock under the Plan or participation under the Program nor the provisions related to a change in control of the Corporation (as defined below) or a Person seeking to effect a change in control of the Corporation shall alter or otherwise affect the rights of the Corporation to change any and all the terms and conditions of employment of any participant including, but not limited to, the right to terminate such participant's employment.

36. *Change in Control.*

(a) Each participant, upon acceptance of a grant of options or restricted stock or the opportunity to earn a cash performance payment, and as a condition to such grant, shall be deemed to have agreed that, in the event any Person begins a tender or exchange offer, circulates a proxy to shareholders, or takes other steps seeking to effect a change in control of the Corporation (as defined below), such participant will not voluntarily terminate his or her employment with the Corporation or with a direct or indirect subsidiary of the Corporation, as the case may be, and, unless terminated by the Corporation or such subsidiary, will continue to render services to the Corporation or such subsidiary until such Person has abandoned or terminated efforts to effect a change in control.

(b) In the event of a change in control,

- (i) all options to purchase shares of common stock of the Corporation shall immediately vest and become exercisable in accordance with the terms of the appropriate stock option agreement;
- (ii) all outstanding restrictions with respect to any restricted stock shall immediately expire;

(iii) with respect to performance awards under the Cash Performance Program:

(A) all performance awards outstanding shall immediately vest and become immediately due and payable;

(B) the performance measurement period of all performance awards outstanding shall terminate on the last day of the month prior to the month in which the change in control occurs;

(C) the participant shall be entitled to a cash payment the amount of which shall be determined in accordance with the terms and conditions of the Program and the appropriate program award agreement, which amount shall be multiplied by a fraction, the numerator of which is the actual number of months in the performance measurement period (as determined in accordance with clause (iii)(B) above) and the denominator of which is 36 (or 48 if the performance measurement period established at the date of grant is four years or more); and

(D) the Continuing Directors (as defined in Article Fourteenth of the Corporation's Certificate of Incorporation) shall promptly determine whether the participant is entitled to any performance award, and any performance award payable shall be paid to the participant promptly but in no event more than five days after a change in control;

(iv) the Continuing Directors shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of the terms and conditions of any grant or participation under the Plan or the Program, and their decisions shall be binding and conclusive upon all interested parties; and

(v) other than as set forth above, the terms and conditions of all grants and participations shall remain unchanged.

(c) A "change in control" shall be deemed to have taken place upon the occurrence of any of the following events (capitalized terms are defined below):

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

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on February 1, 1995, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was

approved or recommended by a vote of at least two-thirds (2/3) of the directors in office at the time of such approval or recommendation who either were directors on February 1, 1995 or whose appointment, election or nomination for election was previously so approved or recommended; or

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

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such transaction or series of transactions.

(d) For purposes of this Paragraph 36, the following terms shall have the meanings indicated:

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

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

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

(iv) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a

corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

(v) To the extent deemed necessary or advisable by the Committee to comply with the provisions of Section 409A of the Code, the Committee is authorized to use the definition of "change in the ownership or effective control of a corporation or a change in the ownership of a substantial portion of the assets of the corporation" in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder in lieu of the definition of "change in control" in this Paragraph 36 with respect to all or a portion of options, restricted stock awards or cash performance awards outstanding under the Plan.

37. *Non-compete.* (a) Any Early Retirement taken by any participant and the benefits thereof, as contemplated in Paragraphs 11, 22 and 28, unless such benefits are waived in writing by the participant, shall be subject to the provisions of this Paragraph 37. Any participant who is the beneficiary of any such Early Retirement shall be deemed to have expressly agreed not to compete with the Corporation or any subsidiary of the Corporation at which such participant was employed at any time in the three years immediately prior to termination of employment, as the case may be, in the geographic area in which the Corporation or such subsidiary actively carried on business at the end of the participant's employment there, for the period with respect to which such Early Retirement affords the participant enhanced benefits, which period shall be, (a) with respect to stock options, the additional period allowed the participant for the vesting and exercise of options outstanding at termination of employment, (b) with respect to restricted stock, the period remaining after the participant's termination of employment until the end of the original restriction period for such restricted stock, and (c) with respect to performance awards under the Cash Performance Program, the period until the payment date following the end of the last applicable performance period.

(b) In the event that a participant shall fail to comply with the provisions of this Paragraph 37, the Early Retirement shall be automatically rescinded and the participant shall forfeit the enhanced benefits referred to above and shall return to the Corporation the economic value theretofore realized by reason of such benefits as determined by the Committee. If the provisions of this Paragraph 37, or the corresponding provisions of a grant, award or participation agreement, shall be unenforceable as to any participant, the Committee may rescind the benefits of any Early Retirement with respect to such participant.

(c) If any provision of this Paragraph 37, or the corresponding provisions of a grant, award or participation agreement, is determined by a court to be unenforceable because of its scope in terms of geographic area or duration in time or otherwise, the Corporation and the participant agree that the court making such determination is specifically authorized to reduce the duration and/or geographical area and/or other scope of such provision and, in its reduced form, such provision shall then be enforceable; and in every case the remainder of this Paragraph 37, or the corresponding provisions of a grant, award or participation agreement, shall not be affected thereby and shall remain valid and enforceable, as if such affected provision were not contained herein or therein.

38. *Interpretation.* The Committee shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of

the terms and conditions of the Plan and the Program, of any stock option agreement, loan or restricted stock award agreement entered into pursuant to the Plan, or of any participation under the Program, and its decisions shall be binding and conclusive upon all interested parties.

39. *Amendment.* Except as expressly provided in the next sentence, the Board of Directors may amend the Plan or Program in any manner it deems necessary or appropriate (including any of the terms, conditions or definitions contained herein), or terminate the Plan and/or Program at any time prior to January 30, 2005; provided, however, that any such termination will not affect the validity of any then outstanding options or restricted stock awards previously granted under the Plan or outstanding participations under the Program, as the case may be. Without the approval of the Corporation's stockholders, the Board cannot: (a) increase the maximum number of shares covered by the Plan or change the class of employees eligible to receive options or restricted stock awards; (b) reduce the option price below the fair market value of the Common Stock on the date of the option grant; or (c) extend beyond 120 months from the date of the grant the period within which an option may be exercised.

40. *Effectiveness, and Termination of Plan.* The Plan and the Program will become effective on the date of their adoption by the Board of Directors, subject to ratification of the adoption of the Plan and the Program by affirmative vote of holders of a majority of the issued and outstanding shares of Common Stock. The Plan and Program will both terminate on January 30, 2005 and no option or restricted stock award grant or participation grant, as the case may be, may be made on or after such date. The amendments to the Plan adopted November 3, 2005 and February 2, 2006 shall become effective January 1, 2006.

41. *Foreign Jurisdictions.* The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan and the Program, as it may deem necessary or desirable to make available tax or other benefits of the laws of foreign jurisdictions to participants who are subject to such laws.

42. *Governing Law.* The Plan, the Program and all grants, options, awards and payments made hereunder shall be governed by and interpreted in accordance with the internal laws of the State of New York, without regard to conflicts of law principles.

DOVER CORPORATION
2005 EQUITY AND CASH INCENTIVE PLAN
(as amended effective May 4, 2006)

A. PURPOSE AND SCOPE OF THE PLAN

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

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

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

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

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

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

B. STOCK OPTION AND SSAR GRANTS

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

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

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

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

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

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

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

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

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

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

SSAR. To exercise an SSAR, the SSAR holder must give written notice to the Corporation of the number of SSARs being exercised as provided in the SSAR agreement. No payment shall be required to exercise an SSAR. The date of actual receipt by the Corporation of such notice shall be deemed to be the date of exercise of the SSAR and the stock certificates issued in settlement of such exercise therefor shall be issued as soon as practicable thereafter. Upon the exercise of an SSAR, the SSAR holder shall be entitled to receive from the Corporation for the SSARs being exercised that number of whole shares of Common Stock

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

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

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

10. *Registration.* The Corporation will stamp stock certificates delivered to the stockholder with an appropriate legend if the shares are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or are otherwise not free to be transferred by the holder and will issue appropriate stop-order instructions to the transfer agent for the Common Stock, if and to the extent such stamping or instructions may then be required by the Securities Act or by any rule or regulation of the Securities and Exchange Commission issued pursuant to the Securities Act.

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

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

In order to be eligible for Early Retirement I or II, the holder must give six (6) months advance notice of retirement and must continue to be employed by the Corporation (or any subsidiary corporation provided such subsidiary corporation continues to be owned by the Corporation throughout the notice period) and perform his or her duties throughout such notice period. Failure to satisfy the notice requirement will render the holder ineligible for Early Retirement I

or II notwithstanding the satisfaction by the holder of all other applicable requirements. Dover's Chief Executive Officer shall have the authority to reduce or waive the required notice period.

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

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

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

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

C. RESTRICTED STOCK AWARDS

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

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

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

19. *Dividends and Voting Rights.* In the discretion of the Committee, dividends which become payable with respect to restricted stock during the restriction period will be reinvested in additional shares of restricted stock for the account of the award recipient, accumulated for later distribution to vested participants (in which case this treatment may be put in a separate agreement in order for such treatment not to be subject to Section 409A of the Code), or distributed to the award recipient as paid. An employee who receives an award of restricted stock may also in the discretion of the Committee be entitled, during the restriction period, to exercise voting rights with respect to such restricted stock.

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

21. *Termination of Employment.* In the case of a participant's permanent disability, death, termination of employment by the Corporation other than for cause (as defined in Paragraph 13 above) or special circumstances, as determined by the Committee, any purely temporal restrictions remaining with respect to shares of restricted stock as of the date of such disability, death or termination of employment shall lapse and, if any performance objectives are applicable, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until the prescribed time for determining attainment of performance objectives has passed and the appropriate determination has been made. If the participant's employment with the Corporation is terminated as a result of (a) the retirement of the participant at or after age 62, or (b) an Early Retirement, subject to the provisions of Paragraph 36 below, then, in either such case, the shares of restricted stock shall continue to vest as if the participant's employment had not terminated until such time as the remaining temporal restrictions lapse and, if any performance objectives are applicable, the prescribed time for determining attainment of performance objectives has passed and the appropriate determination has been made. If a participant's employment with the Corporation is voluntarily or involuntarily terminated for any other reason during the restriction period, the shares of restricted stock shall be forfeited.

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

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

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

D. CASH PERFORMANCE AWARDS

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

as they apply to the Corporation as a whole or to a subsidiary or a division: (a) earnings per share, (b) operating earnings, (c) return on equity, and (d) return on investment. The performance criteria with respect to a performance period will be the same for all persons within the same business unit. The material terms of the performance criteria shall be subject to stockholder approval to the extent provided in regulations promulgated under Section 162(m) of the Code.

26. *Determination of Payment Amount.* The aggregate maximum cash payout for any business unit within the Corporation or the Corporation as a whole shall not exceed a fixed percentage of the annual average earnings increase of the relevant entity during the performance period, such percentages and dollar amounts to be determined by the Committee annually when performance criteria are established. In no event can an individual receive an annual payment which exceeds \$2 million. A performance payment shall be payable with respect to a performance period only if the Committee shall have certified that the applicable performance criteria have been satisfied. The Committee shall also have the power to approve proportional or adjusted payments under the Plan to address situations where participants join the Corporation, or transfer within the Corporation, during a performance period. The Committee shall have the discretion to decrease the amount payable upon attainment of the performance criteria (as determined under such formula or standard) to take into account the effect of any unusual, non-recurring circumstance, but shall have the discretion to increase the amount payable to take into account any such effect only if such discretion would not cause such compensation to fail to qualify as "qualified performance-based compensation" for purposes of Section 162(m) of the Code. Cash performance awards shall be paid no later than March 15 of the year following the year in which the Committee certifies that the performance criteria have been satisfied.

27. *Effect of Death, Disability or Early Retirement.* If a participant in the Plan holding a cash performance award dies or becomes permanently disabled while employed by the Corporation, then, subject to the provisions of Paragraph 36 below, the participant (or the participant's estate or the legatees or distributees of the participant's estate, as the case may be) shall be entitled to receive on the payment date the cash payment which the participant would have earned had the participant then been an employee of the Corporation, multiplied by a fraction, the numerator of which is the number of months the participant was employed by the Corporation during the performance measurement period and the denominator of which is the number of months of the performance measurement period (treating fractional months as whole months in each case).

If the participant in the Plan is the subject of Early Retirement I or Early Retirement II (as defined in Paragraph 11) and on the date of such Early Retirement the participant holds one or more outstanding cash performance awards, the Committee, or if the Committee delegates to the Corporation's Chief Executive Officer such authority, the Corporation's Chief Executive Officer, shall determine in its sole discretion whether the participant shall receive any payment and, if so, the amount thereof on the date or dates following the date of the participant's Early Retirement on which the Corporation pays cash performance awards for the performance measurement period relating to any such outstanding cash performance award held by such participant. Any such payment to the participant shall be subject to the provisions of Paragraph 36 below and may not exceed the amount that the participant would have been entitled to receive had the participant been an employee of the Corporation on such payment date. Except as provided in this Paragraph 27, if the participant is the subject of Early Retirement I or II, all cash performance

awards held by such participant shall be canceled and all of the participant's awards thereunder shall terminate as of the effective date of such Early Retirement. If the participant in the Plan is the subject of Early Retirement III, all cash performance awards held by such participant shall be cancelled and all of the participant's rights thereunder shall terminate as of the effective date of such Early Retirement.

28. *Effect of Normal Retirement.* If, before the date of payment, the participant retires on or after age 62, the participant shall be entitled to receive on the payment date the same amount of cash which the participant would have earned had such participant then been an employee of the Corporation as of such date.

29. *Effect of Other Terminations of Employment.*

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

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

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

E. GENERAL PROVISIONS

31. *Legal Compliance.* It is the intent of the Corporation that the Plan comply in all respects with applicable provisions of the Exchange Act, including Section 16 and Rule 16b-3, so that any grant of options, SSARs or restricted stock to, or other transaction by, a participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act shall not result in short-swing profits liability under Section 16(b) (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction). It is also the intent of the Corporation that any compensation income realized in connection with options, SSARs, restricted stock or any cash performance payments made under the Plan constitute "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code so that any deduction to which the Corporation is entitled in connection with such compensation will not be subject to the limitations of Section 162(m)(1) of the Code. Accordingly, if any provision of the Plan or any agreement relating to an option or SSAR grant, a restricted stock award or cash performance award does not comply with the requirements of Rule 16b-3 as then applicable to any such transaction so that such a participant would be subject to Section 16(b) liability (except for any transaction exempted under alternative Exchange Act rules or intended by such participant to be a non-exempt transaction), or if any provision of the Plan or any agreement relating to an option or SSAR grant, a restricted stock award or cash performance award would limit, under Section 162(m)(1) of the Code, the amount of

compensation income to an optionee or participant that the Corporation would otherwise be entitled to deduct, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, or to eliminate such deductibility limitation, and the participant shall be deemed to have consented to such construction or amendment.

32. *Withholding Taxes.* The Corporation shall make arrangements for the collection of any Federal, State or local taxes of any kind required to be withheld with respect to any transactions effected under the Plan. The obligations of the Corporation under the Plan shall be conditional on satisfaction of such obligations and the Corporation, to the extent permitted by law, shall have the right to deduct any such taxes from any payment of any kind otherwise due to or with respect to a participant. A participant shall be solely responsible for any tax or other amounts payable with respect to amounts included in participant's income under Section 409A of the Code in respect of awards received under the Plan, including penalties or interest.

33. *Effect of Recapitalization or Reorganization.* The obligations of the Corporation with respect to an option, SSAR, restricted stock award or cash performance award granted under the Plan shall be binding upon the Corporation, its successors or assigns, including any successor or resulting company either in liquidation or merger of the Corporation into another company owning all the outstanding voting stock of the Corporation or in any other transaction whether by merger, consolidation or otherwise under which such succeeding or resulting company acquires all or substantially all the assets of the Corporation and assumes all or substantially all its obligations, unless options or SSARs are terminated in accordance with Paragraph 14.

34. *Employment Rights and Obligations.* Neither the granting of any option or SSAR, nor the making of a restricted stock or cash performance award under the Plan, nor the provisions related to a change in control of the Corporation (as defined below) or a Person (as defined below) seeking to effect a change in control of the Corporation, shall alter or otherwise affect the rights of the Corporation to change any and all the terms and conditions of employment of any participant including, but not limited to, the right to terminate such participant's employment.

35. *Change in Control.* Each participant, upon acceptance of a grant of options, SSARs, restricted stock award or cash performance award, and as a condition to such grant or award, shall be deemed to have agreed that, in the event any Person begins a tender or exchange offer, circulates a proxy to shareholders, or takes other steps seeking to effect a change in control of the Corporation (as defined below), such participant will not voluntarily terminate his or her employment with the Corporation or with a direct or indirect subsidiary of the Corporation, as the case may be, and, unless terminated by the Corporation or such subsidiary, will continue to render services to the Corporation or such subsidiary until such Person has abandoned, terminated or succeeded in such efforts to effect a change in control.

In the event of a change in control,

(i) all options and SSARs to purchase or acquire shares of common stock of the Corporation shall immediately vest and become exercisable in accordance with the terms of the appropriate stock option or SSAR agreement;

(ii) all outstanding restrictions, including any performance objectives, with respect to any restricted stock shall immediately expire and be deemed to have been satisfied;

(iii) with respect to cash performance award grants:

(A) all cash performance awards outstanding shall immediately vest and become immediately due and payable;

(B) the performance measurement period of all cash performance awards outstanding shall terminate on the last day of the month prior to the month in which the change in control occurs;

(C) the participant shall be entitled to a cash payment the amount of which shall be determined in accordance with the terms and conditions of the Plan and the appropriate cash performance award agreement, which amount shall be multiplied by a fraction, the numerator of which is the actual number of months in the performance measurement period (as determined in accordance with clause (iii)(B) above) and the denominator of which is 36 (or 48 if the performance measurement period established at the date of grant is four (4) years or more); and

(D) the Continuing Directors (as defined in Article Fourteenth of the Corporation's Certificate of Incorporation) shall promptly determine whether the participant is entitled to any performance award, and any performance award payable shall be paid to the participant promptly but in no event more than five (5) days after a change in control;

(iv) the Continuing Directors shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of the terms and conditions of any grant, award or participation under the Plan, and their decisions shall be binding and conclusive upon all interested parties; and

(v) other than as set forth above, the terms and conditions of all grants and awards shall remain unchanged.

A **"change in control"** shall be deemed to have taken place upon the occurrence of any of the following events (capitalized terms are defined below):

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

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on January 1, 2006, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a

consent solicitation, relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors in office at the time of such approval or recommendation who either were directors on January 1, 2006 or whose appointment, election or nomination for election was previously so approved or recommended; or

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

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such transaction or series of transactions.

For purposes of this Paragraph 35, the following terms shall have the meanings indicated:

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

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

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

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

corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

To the extent deemed necessary or advisable by the Committee to comply with the provisions of Section 409A of the Code, the Committee is authorized to use the definition of "change in the ownership or effective control of a corporation or a change in the ownership of a substantial portion of the assets of the corporation" in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder in lieu of the definition of "change in control" in this Paragraph 35 with respect to all or a portion of options, SSARs, restricted stock awards or cash performance awards outstanding under the Plan.

36. *Non-compete.* (a) Any Early Retirement taken by any participant and the benefits thereof, as contemplated in Paragraphs 11, 21 and 27, unless such benefits are waived in writing by the participant, shall be subject to the provisions of this Paragraph 36. Any participant who is the beneficiary of any such Early Retirement shall be deemed to have expressly agreed not to compete with the Corporation or any subsidiary of the Corporation at which such participant was employed at any time in the three (3) years immediately prior to termination of employment, as the case may be, in the geographic area in which the Corporation or such subsidiary actively carried on business at the end of the participant's employment there, for the period with respect to which such Early Retirement affords the participant enhanced benefits, which period shall be, (a) with respect to stock options or SSARs, the additional period allowed the participant for the vesting and exercise of options or SSARs outstanding at termination of employment, (b) with respect to restricted stock, the period remaining after the participant's termination of employment until the end of the original restriction period for such restricted stock, and (c) with respect to cash performance awards granted under the Plan, the period until the payment date following the end of the last applicable performance period.

(b) In the event that a participant shall fail to comply with the provisions of this Paragraph 36, the Early Retirement shall be automatically rescinded and the participant shall forfeit the enhanced benefits referred to above and shall return to the Corporation the economic value theretofore realized by reason of such benefits as determined by the Committee. If the provisions of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, shall be unenforceable as to any participant, the Committee may rescind the benefits of any such Early Retirement with respect to such participant.

(c) If any provision of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, is determined by a court to be unenforceable because of its scope in terms of geographic area or duration in time or otherwise, the Corporation and the participant agree that the court making such determination is specifically authorized to reduce the duration and/or geographical area and/or other scope of such provision and, in its reduced form, such provision shall then be enforceable; and in every case the remainder of this Paragraph 36, or the corresponding provisions of a stock option, SSAR, restricted stock award or cash performance award agreement, shall not be affected thereby and shall remain valid and enforceable, as if such affected provision were not contained herein or therein.

37. *Interpretation.* The Committee shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of

the terms and conditions of the Plan, stock option, SSAR, restricted stock award or cash performance award agreement entered into pursuant to the Plan, and its decisions shall be binding and conclusive upon all interested parties. Reference to any statute or regulation in the Plan shall mean such statute or regulation in effect from time to time and shall include any successor statute or regulation.

38. *Amendment.* Except as expressly provided in the next sentence, the Board of Directors may amend the Plan in any manner it deems necessary or appropriate (including any of the terms, conditions or definitions contained herein), or terminate the Plan at any time prior to January 31, 2015; provided, however, that any such termination will not affect the validity of any then outstanding options, SSARs, restricted stock awards or cash performance awards previously granted under the Plan, as the case may be. Without the approval of the Corporation's stockholders, the Board of Directors cannot: (a) increase the maximum number of shares covered by the Plan or change the class of employees eligible to receive options, or SSARs, or restricted stock or cash performance awards; (b) reduce the exercise price of any option or base price of a SSAR below the fair market value of the Common Stock on the date of the option or SSAR grant; (c) extend beyond 120 months from the date of the grant the period within which an option or SSAR may be exercised; or (d) make any other amendment to the Plan that would constitute a modification, revision or amendment requiring shareholder approval pursuant to any applicable law or regulation or rule of the Exchange.

39. *Effective Date and Termination Date of Plan.* The Plan shall become effective on February 1, 2005, and will terminate on January 31, 2015, provided that no ISOs shall be granted under the Plan after February 11, 2014. No non-qualified stock options, SSARs, restricted stock or cash performance awards shall be granted after January 31, 2015. The amendments to the Plan adopted November 3, 2005 and February 2, 2006 shall become effective January 1, 2006.

40. *Foreign Jurisdictions.* The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of foreign jurisdictions to participants who are subject to such laws.

41. *Governing Law.* The Plan and all grants, options, SSARs, awards and payments made hereunder shall be governed by and interpreted in accordance with the laws of the State of New York.

Dover Subsidiaries — Domestic and Foreign

Company Name	Where Incorporated
Domestic	
Attachment Technologies, Inc.	Delaware
Avborne Accessory Group, Inc.	Delaware
Badger Attachments, Inc.	Delaware
Bayne Machine Works, Inc.	South Carolina
Belvac Production Machinery, Inc.	Virginia
Canada Organization & Development LLC	Delaware
Carrillo Industries Inc.	California
CCI Field Services, Inc.	Delaware
Chief Automotive Technologies, Inc.	Delaware
Clove Park Insurance Company	New York
Colder Products Company	Minnesota
CP Formation LLC	Delaware
CPE Acquisition Co.	Delaware
CPI Products, Inc.	Delaware
Crenlo LLC	Delaware
Datamax Bar Code Products Corporation	Minnesota
Datamax Corporation	Delaware
Datamax International Corporation	Delaware
DD1, Inc	Delaware
DDI Properties, Inc.	California
DEK U.S.A., Inc.	Delaware
DEK USA Logistics, Inc.	Delaware
Delaware Capital Formation, Inc.	Delaware
Delaware Capital Holdings, Inc.	Delaware
De-Sta-Co Cylinders, Inc.	Delaware
DFH Corporation	Delaware
Dielectric Laboratories, Inc.	Delaware
DIPC Corp.	Delaware
DMX Integration, Inc.	Florida
Dover Corporation	Delaware
Dover DEI Services, Inc.	Delaware
Dover Diversified De, Inc.	Delaware
Dover Diversified, Inc.	Delaware
Dover Electronics, Inc.	Delaware
Dover Europe, Inc.	Delaware
Dover Global Holdings, Inc.	Delaware
Dover Industries, Inc.	Delaware
Dover Resources, Inc.	Delaware
Dover Systems, Inc.	Delaware
Dover Technologies International, Inc.	Delaware
Dow-Key Microwave Corporation	Delaware
DP Manufacturing Inc.	Delaware
EOA Systems, Inc.	Delaware
Everett Charles Technologies, Inc.	Delaware
FB iMonitoring Inc.	Delaware
Flexbar, Inc.	Delaware

Company Name	Where Incorporated
Forward Manufacturing Company, Inc.	Texas
Genesis Attachments, LLC	Delaware
Gerald L. Greer Co., Inc.	Delaware
Graphics Microsystems, Inc.	California
Harley Attachments, LLC	Delaware
Hydro Systems Company	Delaware
Hydromotion, Inc.	Delaware
Imaje Hi Res Corporation	Arizona
Imaje Ink Jet Printing Corp.	Georgia
J E Pistons Inc.	California
Jewell Attachments, LLC	Delaware
JRB Attachments, LLC	Delaware
K&L Microwave, Inc.	Delaware
K. S. Boca Inc.	Florida
Kalyn/Siebert I, Inc.	Texas
Kalyn/Siebert L.P.	Texas
Knappco Corporation	Delaware
Knowles Electronics Holdings, Inc.	Delaware
Knowles Electronics Sales Corp.	Delaware
Knowles Electronics, LLC	Delaware
Knowles Intermediate Holding, Inc.	Delaware
Knowles Manufacturing Ltd.	Delaware
KS Formation, Inc.	Delaware
Kurz-Kasch, Inc.	Delaware
Laserink Corporation	California
Marathon Equipment Company (Delaware)	Delaware
MARKEM Corporation	New Hampshire
MARKEM Holdings, Inc.	Vermont
MARKEM Tag, Inc.	Delaware
Midland Manufacturing Corporation	Delaware
Multitest Electronic Systems, Inc.	Delaware
Northern Lights (Nevada), Inc.	Nevada
Northern Lights Funding LP	Delaware
Northern Lights Investments LLC	Delaware
Northern Lights Partners LLC	Delaware
Nova Controls	California
Novacap, Inc.	Delaware
OK Holdings, Inc.	Delaware
OK International, Inc.	California
O'Neil Product Development, Inc.	California
OPW Epsilon, Inc.	Delaware
OPW Fuel Management Systems	Delaware
OPW Fueling Containment Systems, Inc.	Delaware
Paladin Brands Holding Inc.	Delaware
PDQ Manufacturing, Inc.	Delaware
Pengo Corporation	Delaware
Performance Motorsports, Inc.	California
Pioneer Labels, Inc.	Illinois
PISCES by OPW, Inc.	Delaware
Pro Rod USA Inc.	Delaware
Provacon, Inc.	Delaware
Quartzdyne Inc.	Delaware

Company Name	Where Incorporated
Revod Corporation	Delaware
Richards Industries, Inc.	Delaware
Robohand, Inc.	Delaware
Rosenheim Automation Systems Corporation	California
Sanger Works Factory Holdings, LLC	Delaware
Sanger Works Factory, Inc	California
SE Liquidation, LLC	Delaware
SEC Acquisition Co.	Delaware
Sonic Industries, Inc.	California
Sure Seal, Inc.	Delaware
Sweepster Attachments, LLC	Delaware
SWEP North America Inc.	Delaware
Texas Hydraulics, Inc.	Delaware
The Heil Co.	Delaware
Tipper Tie, Inc.	Delaware
TMEC Acquisition Corp.	Delaware
Triton Systems of Delaware, Inc.	Delaware
Tubular Products Company Inc.	Delaware
Tulsa Winch, Inc.	Delaware
Unified Brands, Inc.	Delaware
US Synthetic Corporation	Delaware
US Synthetic Southwest Marketing, Inc.	Utah
US Synthetic Texas, Ltd.	Utah
Vectron International LLC	Delaware
Voltronics Corporation	New Jersey
VWS LLC	Delaware
Wabash Magnetics, LLC	Delaware
Warn Industries, Inc.	Delaware
Waukesha Bearings Corporation	Wisconsin
Wilden Pump and Engineering LLC	Delaware
Wiseco Piston, Inc.	Delaware
Foreign	
A.U. RIB Limited	United Kingdom
ALMATEC Maschinenbau GmbH	Germany
atg test systems asia Ltd.	Taiwan
atg test systems GmbH & Co KG	Germany
Blackmer — Movex SA	France
Blackmer Flow Technologies	Canada
Blackmer Movex, Ltd.	United Kingdom
BlitzRotary GmbH	Germany
BN OPW, Srl	Italy
Bulk Trading Limited	United Kingdom
Calypso Europe Limited	United Kingdom
CCMOP SAS	France
Chambon SAS	France
Colder Products Company GmbH	Germany
Colder Products Company LTD	Hong Kong
Compressor Valve Engineering Limited	United Kingdom
CPI Europa GmbH	Germany
C-Tech Oilwell Technologies Inc.	Canada
Datamax Holdings Limited	United Kingdom

Company Name	Where Incorporated
Datamax London Limited	United Kingdom
DEK Asia Pacific Private Limited	Singapore
DEK Consulting (Shanghai) Co., Ltd.	China
DEK Hungary Manufacturing & Technology LLC	Hungary
DEK International GmbH	Switzerland
DEK Northern Europe Limited	United Kingdom
DEK Printing Machines (M) Sdn. Bhd.	Malaysia
DEK Printing Machines (Shenzhen) Co., Ltd.	China
DEK Printing Machines GmbH	Germany
DEK Printing Machines Limited	United Kingdom
DEK Technologies (Suzhou) Co. Ltd.	China
DEK Technologies S.A.S.	France
DEK Vectorguard Ltd	United Kingdom
De-Sta-Co (Asia) Company, Limited	Thailand
DE-STA-CO Benelux B.V.	Netherlands
De-Sta-Co Metallzeugnisse GmbH	Germany
De-Sta-Co Metallzeugnisse GmbH & Co. Werkzeugtechnik	Germany
De-Sta-Co Shanghai Co., Ltd	China
De-Sta-Co-Ema Industria e Comercio Ltda.	Brazil
Dielectric Laboratories Asia Trading (Shanghai) Co., Ltd.	China
Dover (Schweiz) Holding GmbH	Switzerland
Dover Asia Trading Private Ltd.	Singapore
Dover Canada Finance LP	Canada
Dover Corporation (Canada) Limited	Canada
Dover CR, spol s r.o.	Czech Republic
Dover do Brasil Ltda.	Brazil
Dover Exports, Ltd.	Barbados
Dover France Holdings, S.A.S.	France
Dover France Participations SAS	France
Dover France Technologies S.A.S.	France
Dover German Holdings GmbH	Germany
Dover German Intra-Group Service GmbH	Germany
Dover German Partnership Holdings GmbH	Germany
Dover Germany GmbH	Germany
Dover Global Trading Pte. Ltd.	Singapore
Dover Holdings de Mexico SA DE CV	Mexico
Dover Hungary Board Test Manufacturing KFT	Hungary
Dover India Pvt., Ltd.	India
Dover International B.V.	Netherlands
Dover Italy S.r.L.	Italy
Dover Luxembourg Finance Sarl	Luxembourg
Dover Luxembourg Holdings Sarl	Luxembourg
Dover Luxembourg S.N.C.	Luxembourg
Dover Netherlands 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

Company Name	Where Incorporated
Everett Charles Technologies (Shenzhen) Limited	China
Everett Charles Technologies (SuZhou) Co., Ltd.	China
Everett Charles Technologies, Ltd.	United Kingdom
Graphics Microsystems, N.V.	Belgium
Harbor Electronics SBN	Malaysia
Heil Asia Limited	Thailand
Heil Trailer Internacional S.A.	Argentina
Heil Trailer International Holdings Ltd.	United Kingdom
Heil Trailer International SAS	France
Heil Trailer International, Ltd.	United Kingdom
Heil-Europe Limited	United Kingdom
Hill Phoenix de Mexico, S.A. de C.V.	Mexico
Hydro Nova Europe, Ltd.	United Kingdom
Hydronova Australia-NZ Pty Ltd	Australia
Icon Technology Company Ltd.	Hong Kong
Imaje (Asia) Limited	Singapore
Imaje (China) Co., Limited	China
Imaje AB	Sweden
Imaje Ag (Switzerland)	Switzerland
Imaje Argentina S.A.	Argentina
Imaje ASPAC Pte. Ltd.	Singapore
Imaje B.V.	Netherlands
Imaje Beteiligungs GmbH	Germany
Imaje Canada Inc.	Canada
Imaje Coding Technologies Ltd (New Zealand)	New Zealand
Imaje Coding Technology (M) Sdn Bhd	Malaysia
Imaje Coding Technology Pty Ltd (Australia)	Australia
Imaje De Mexico S.A. De C.V.	Mexico
Imaje Do Brasil Impressoras (Brazil)	Brazil
Imaje GmbH	Germany
Imaje GmbH	Germany
Imaje Hong Kong Ltd	Hong Kong
Imaje India Private Limited	India
Imaje Ink Jet Nv/Sa (Belgium)	Belgium
Imaje Inkjet Ireland Ltd.	Ireland
Imaje Italia Srl	Italy
Imaje Kk (Japan)	Japan
Imaje Korea Co. Ltd (South Korea Republic)	South Korea
Imaje LLC	Russian Federation
Imaje Nordic AB	Sweden
Imaje S.A.	France
Imaje Siam Co., Ltd.	Thailand
Imaje Software Development Centre Pvt. Ltd.	India
Imaje Taiwan Ltd.	Taiwan
Imaje Tecnologias De Codificacion, S.A.	Spain
Imaje Technologies Codificacao (Portugal)	Portugal
Imaje UK Ltd.	United Kingdom
Imaje Verpachtungs GmbH	Germany
InfoCash Holdings Limited	United Kingdom
K&L Microwave DR, Inc.	Dominican Republic
Knowles Electronics (Malaysia) Sdn. Bhd.	Malaysia
Knowles Electronics (Suzhou) Co., Ltd.	China

Company Name	Where Incorporated
Knowles Electronics (Weifang), Inc.	China
Knowles Electronics France	France
Knowles Electronics Germany GmbH	Germany
Knowles Electronics Japan, K.K.	Japan
Knowles Electronics Singapore Pte. Ltd	Singapore
Knowles Electronics Taiwan, Ltd.	Taiwan
Knowles Europe	United Kingdom
Knowles IPC (Malaysia) Sdn. Bhd.	Malaysia
Luther & Maelzer Asia Corp	Taiwan
Luther & Maelzer GmbH	Germany
Luther & Maelzer Test (Dongguan) Co. Ltd.	China
M.A. RIB Ltd.	United Kingdom
MARKEM (Shanghai) Commercial Co. Ltd.	China
MARKEM Administrative Services, S.L.U.	Spain
MARKEM Brasil Comercio de Maquinas Codificadoras Ltda.	Brazil
MARKEM Coder Manufacturing (Jiashan) Co. Ltd.	China
MARKEM Continental Europe B.V.	Netherlands
MARKEM GmbH	Germany
MARKEM Holdings, Unltd.	United Kingdom
MARKEM K.K.	Japan
MARKEM Products Limited	Canada
MARKEM Pte. Ltd.	Singapore
MARKEM S.A.	France
MARKEM S.A. de C.V.	Mexico
MARKEM S.r.L.	Italy
MARKEM Sistemas, S.A.U.	Spain
MARKEM Solutions Center N.V.	Belgium
MARKEM Systems Limited	United Kingdom
MARKEM Technologies Ltd.	United Kingdom
MARKEM UK Holdings 1 Unlimited	United Kingdom
MARKEM UK Holdings 2 Limited	United Kingdom
Markpoint Holding AB	Sweden
Markpoint Real Estate B.V.	Netherlands
Markpoint System AB	Sweden
Mouvex GmbH	Germany
Multitest Electronic Systems (Penang) Sdn.Bhd.	Malaysia
Multitest Elektronische Systems	Germany
Multitest GmbH	Germany
Nimaser BV	Netherlands
OK Electronics (Beijing) Co., Ltd.	China
OK International (Japan) Co.	Japan
OK International (UK) Ltd.	United Kingdom
OK International France SA	France
OK International GmbH	Germany
OPW Fluid Transfer Group Europe B.V.	Netherlands
OPW Fueling Components (SuZhou) Co., Ltd.	China
OPW Fueling Components Europe B.V.	Netherlands
Paladin Mexico S. de R.L. de C.V.	Mexico
Perfect Bore Ltd.	United Kingdom
Petro Vend, Inc. [Poland]	Poland
ProX Inter, B. V.	Netherlands

Company Name	Where Incorporated
PullMaster Winch Corporation	Canada
Rasco Automation Asia PTE LTD	Singapore
Rasco GmbH	Germany
Revod Sweden AB	Sweden
RG Industries Ltd.	Alberta
RPA Process Technologies SAS	France
Sargent Aerospace Canada, Inc.	Canada
SCI IMMOC	France
St. Neots Sheet Metal Co. Limited	United Kingdom
SWEP A.G.	Switzerland
Sweep Energy Oy	Finland
Sweep Iberica S.A.s.v.	Spain
Sweep International A.B.	Sweden
Sweep Japan K.K.	Japan
SWEP Malaysia Sdn. Bhd.	Malaysia
SWEP Slovakia s.r.o.	Slovakia (slovak Republic)
Syfer Technology Limited	United Kingdom
Test Solutions (Suzhou) Co., Ltd.	China
Tipper Tie Alpina AG	Switzerland
Tipper Tie Technopack B.V.	Netherlands
Tipper Tie Technopack GmbH	Germany
TQ Slovakia SRO	Slovakia
Triton Europe PLC	United Kingdom
Vectron Frequency Devices GmbH	Switzerland
Vectron International (Shanghai) Co. Ltd.	China
Vectron International GmbH & Co KG	Germany
Vectron International Verwaltungs GmbH	Germany
Vitronics Soltec Groep, B.V.	Netherlands
Waukesha Bearings Limited	United Kingdom
Wei Li Pump Shanghai Co., LTD.	China
Wilden Argentina SRL	Argentina

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in (a) the Registration Statement on Form S-8 (File No. 333-01419), (b) the Registration Statement on Form S-8 (File No. 333-45661), (c) the Registration Statement on Form S-8 (File No. 333-64160) and (d) the Registration Statement on Form S-8 (File No. 333-125072) of Dover Corporation of our report dated February 28, 2007 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the Form 10-K.

PricewaterhouseCoopers LLP
New York, New York
February 28, 2007

Certification

I, Robert G. Kuhbach, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the
-

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

/s/ Robert G. Kuhbach

Robert G. Kuhbach
Vice President, Finance & Chief Financial Officer
(Principal Financial Officer)

Certification

I, Ronald L. Hoffman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Dover Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the
-

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- b) 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
- c) 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 28, 2007

/s/ Ronald L. Hoffman

Ronald L. Hoffman
Chief Executive Officer and President

Exhibit 32

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, 2006
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, 2006, (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 28, 2007

/s/ Ronald L. Hoffman
Ronald L. Hoffman
Chief Executive Officer and President

Dated: February 28, 2007

/s/ Robert G. Kuhbach
Robert G. Kuhbach
Vice President, Finance & Chief Financial Officer
(Principal Financial Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-K or as a separate disclosure document of the Company or the certifying officers.