

Distribution of Apergy Corporation Common Stock

I. Distribution of Apergy Corporation

On May 9, 2018, Dover Corporation (“Dover”) completed the separation of its upstream oil and gas business and distributed (the “Distribution”) approximately 77,339,828 million shares of common stock of Apergy Corporation (“Apergy”) to the holders of record of shares of Dover common stock that were issued and outstanding as of 5:00 p.m., New York time, on April 30, 2018 (each, a “Dover Shareholder”). Each Dover Shareholder received one share of Apergy common stock with a par value of \$1.00 per share for every two shares of Dover common stock held by such shareholder. Dover Shareholders will also receive cash in lieu of any fractional shares of Apergy common stock resulting from the Distribution. Shares of Dover common stock trade under the ticker symbol "DOV" and shares of Apergy common stock trade under the ticker symbol “APY”.

If you did not receive Apergy common stock in the Distribution on May 9, 2018, you may disregard this notice. Additionally, this notice does not apply to shares of Dover common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution.

II. General Information

The following information provides a general explanation of the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, with respect to the allocation of tax basis among a Dover Shareholder’s shares of Dover common stock and shares of Apergy common stock following the Distribution. This information does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Dover does not provide tax advice to its shareholders. The examples provided below are solely for illustrative purposes and as a convenience to Dover Shareholders and their own tax advisors when establishing their specific tax positions.

Dover has received a private letter ruling from the Internal Revenue Service together with a legal opinion from McDermott Will & Emery LLP that, subject to the representations and limitations therein, the receipt of Apergy common stock by Dover Shareholders pursuant to the Distribution will qualify for tax-free treatment under section 355 of the Code. Under such treatment, Dover Shareholders will not incur U.S. federal income tax upon the receipt of shares of Apergy common stock in the Distribution, except that gain or loss will be recognized by a Dover Shareholder in an amount equal to the difference between cash received in lieu of a fractional share of Apergy common stock, if any, and the allocable tax basis of such fractional share (see discussion of tax basis allocation below).

We urge you to consult your own tax advisor regarding the particular consequences to you of the Distribution and the receipt of Apergy common stock and any cash in lieu of fractional shares of Apergy common stock, including the applicability and effect of all U.S. federal, state and local and non-U.S. tax laws. We also urge you to read the Information Statement (labeled “EX-99.1”) attached to Amendment No. 1 to the Registration Statement on Form 10 that Apergy filed with the Securities and Exchange Commission (“SEC”) on April 11, 2018, in particular the discussions on pages 146–149 under the heading “Material U.S. Federal Income Tax Consequences.” You may access the Information Statement on the SEC’s website at www.sec.gov or on Apergy’s website at <https://investors.apergy.com/>. The information provided herein is qualified in its entirety by the Information Statement.

III. Dover Shareholder Tax Basis Information

For U.S. federal income tax purposes, the general rule contained in the Treasury Regulations is that if a shareholder of a distributing corporation (i.e., Dover) receives stock of a controlled corporation (i.e., Apergy) in a transaction that qualifies for tax-free treatment under section 355 of the Code, the basis of the distributing corporation and the controlled corporation shares in the hands of each distributee shareholder after the distribution will be the same as the basis of the distributing corporation shares in the hands of such distributee shareholder immediately before the distribution. Such basis is allocated based on the respective fair market values of the distributing corporation stock and the controlled corporation stock, in each case, immediately after the receipt of the controlled corporation stock. Under this approach, the tax basis of a Dover Shareholder in the shares of Dover common stock held immediately prior to the Distribution would be allocated between the shares of Apergy common stock received by the shareholder in the Distribution and the shares of Dover common stock held by the shareholder immediately after the Distribution based on the respective fair market values of such shares on the date of the Distribution (i.e., May 9, 2018).

Dover Shareholders that acquired shares of Dover common stock at different times or different prices will need to first calculate their tax basis in each block of shares of Dover common stock. Next, Dover Shareholders would need to identify the shares of Apergy common stock received with respect to each such block of Dover common shares. Finally, Dover Shareholders would allocate the tax basis for each block of shares of Dover common stock between those shares and the shares of Apergy common stock received with respect to such block of shares based on their respective fair market values on the date of the Distribution.

In addition, a proportionate amount of the tax basis allocated to the shares of Apergy common stock must be further allocated to a fractional share of Apergy common stock for purposes of determining any gain or loss resulting from the receipt of cash in lieu of the fractional share. The allocation of tax basis to a fractional share would be determined by multiplying the tax basis for the shares of Apergy common stock (as determined based upon the above-described allocation) by a fraction the numerator of which is the amount of the fractional share and the denominator of which is the total amount of shares of Apergy common stock (including the fractional share).

There is no direct guidance under U.S. federal income tax law as to the proper approach or method for determining the fair market value of shares of stock for purposes of such tax basis allocation. In general, for U.S. federal income tax purposes, fair market value of property is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. You should consult your tax advisor to determine what measure of fair market value is appropriate.

One potential approach for determining the fair market value of the shares of Dover common stock and the shares of Apergy common stock may be to use (i) the midpoint of the highest and lowest quoted selling prices on the New York Stock Exchange (“NYSE”) per share of Dover common stock and share of Apergy common stock (US \$76.56 and US \$39.81, respectively) on May 9, 2018, which was the first day shares of Dover common stock and shares of Apergy common stock traded regularly on the NYSE following the Distribution. Because the Distribution consisted of one share of Apergy common stock for every two shares of Dover common stock, the fair market value of a share of Apergy common stock must be divided by two in determining the allocation percentage for a Dover common share. Based on this approach of determining fair market value, a Dover Shareholder’s tax basis in his or her shares of Dover common stock immediately before the Distribution would be allocated between the shares of Dover common stock and the shares of Apergy

common stock immediately after the Distribution pursuant to the following allocation percentages:

Stock	Price per Share*	Exchange Ratio	Price Divided by Exchange Ratio	Allocation Ratio
Dover	\$76.56	1	\$76.56	$\$76.56/\$96.47 = 79.36\%$
Apergy	\$39.81	2	\$19.91	$\$19.91/\$96.47 = 20.64\%$
Total	#	#	\$96.47	100.0000%

* Fair market values are based on the midpoint determination outlined above.

Other approaches to determine fair market value may also be possible, and you should determine, in consultation with your own tax advisor, what approach to use in determining the fair market values for shares of Dover common stock and shares of Apergy common stock. Please note that the information above is provided only as an example of one potential approach. There are various ways in which brokerage houses may calculate the tax basis, including but not limited to opening or closing prices on the date of the Distribution. Please contact your broker to determine which calculation they may have used with respect to your shares and contact your own tax advisor for advice regarding the tax basis allocation.

IV. Examples of Tax Basis Allocation

Set forth below are examples that are solely for illustrative purposes. In both examples below, the shareholder purchased all of his or her shares of Dover common stock at the same time and for the same price.

Example 1 – Allocation

Shareholder (“A”) owns 10 shares of Dover common stock and has a tax basis in those shares of US \$600, or US \$60 per share. As a result of the Distribution, A received 5 shares of Apergy common stock. Using the allocation approach described above, A’s tax basis in its shares of Dover common stock and shares of Apergy common stock would be determined as follows:

Stock	No. of Shares	Percentage of Tax Basis Allocation	Tax Basis Allocation*
Dover	10	79.36%	US \$476.16
Apergy	5	20.64%	US \$123.84

*Basis of US \$600 x Percentage of Tax Basis Allocation

Therefore, the tax basis in the 10 shares of Dover common stock would be US \$476.16, or approximately US \$47.62 per share, and the tax basis in the 5 shares of Apergy common stock would be US \$123.84, or approximately US \$24.77 per share.

Example 2 – Allocation for Fractional Shares

Shareholder (“B”) owns 11 shares of Dover common stock and has a tax basis in those shares of US \$605, or US \$55 per share. As a result of the Distribution, B should have received 5.5 shares of Apergy common stock (but actually received 5 shares of Apergy common stock and cash in lieu of a 0.5 fractional share of Apergy common stock). Using the allocation approach described above, B’s tax basis in its shares of Dover common stock and shares of Apergy common stock would be determined as follows:

Stock	No. of Shares	Percentage of Tax Basis Allocation	Tax Basis Allocation*
Dover	11	79.36%	US \$480.13
Apergy	5.5	20.64%	US \$124.87

*Basis of US \$605 x Percentage of Tax Basis Allocation

After B allocates the tax basis in the shares of Dover common stock between the shares of Dover common stock and shares of Apergy common stock, B would make a further allocation of the tax basis in the shares of Apergy common stock to the fractional share of Apergy common stock in order to compute gain or loss with respect to the cash received in lieu of the fractional share (and correspondingly reduce the tax basis for its remaining 5 whole shares of Apergy common stock):

Tax basis in 0.5 fractional share of Apergy common stock = (US \$124.87/5.5) x 0.5 = US \$11.35

Final tax basis in 5 whole shares of Apergy common stock = US \$124.87– US \$11.35 = US \$113.52.

Therefore, B’s tax basis in the 11 shares of Dover common stock would be US \$480.13, or approximately US \$43.65 per share, and B’s tax basis in the 5 shares of Apergy common stock would be US \$113.52, or approximately US \$22.70 per share. The 0.5 fractional share of Apergy common stock would have a tax basis of \$11.35. B would recognize gain or loss with respect to the 0.5 fractional share measured by the difference between the amount of the cash received and the basis allocated to such fractional share.

V. Holding Period

The holding period for the shares of Dover common stock and the shares of Apergy common stock after the Distribution will be the same as the holding period for the shares of Dover common stock prior to the Distribution for purposes of determining long-term capital gains provided that the Dover common stock was held by a Dover Shareholder as a capital asset on May 9, 2018.

VI. Significant Distributees

Certain Dover Shareholders (here, only those shareholders who, immediately before the Distribution, owned 5% or more of Dover common stock (by vote or value)) who received shares of Apergy common stock in the Distribution (including any cash in lieu of a fractional share of Apergy

common stock) are also required to include a statement related to the Distribution in their U.S. Federal income tax returns for the year in which the Distribution occurs. A form of the statement, "STATEMENT PURSUANT TO TREASURY REGULATIONS SECTION 1.355-5(b) BY A SIGNIFICANT DISTRIBUTE", can be found following Part VII below.

VII. Additional Information

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. It does not purport to be complete or to describe the consequences that apply to particular categories of Dover Shareholders (e.g., it does not address Dover Shareholders who did not hold their shares of Dover common stock continuously from 5:00 p.m., New York time, on April 30, 2018 (the record date of the Distribution) until the time of the Distribution, who sold shares of Dover common stock or who acquired blocks of shares of Dover common stock at different times and prices). Dover Shareholders are encouraged to consult with their tax advisors as to the particular tax consequences of the Distribution for them under U.S. federal, state and local and foreign tax laws. Information regarding the Distribution and the computation of tax basis is also being reported to the Internal Revenue Service.

**STATEMENT PURSUANT TO TREASURY REGULATIONS SECTION 1.355-5(b) BY
[INSERT NAME AND TAXPAYER IDENTIFICATION NUMBER (IF ANY) OF
TAXPAYER], A SIGNIFICANT DISTRIBUTE**

On May 9, 2018, Dover Corporation, a Delaware corporation (“Dover”), distributed (the “Distribution”) the outstanding shares of common stock of Apergy Corporation, a Delaware corporation (“Apergy”), to the holders of record of shares of Dover common stock as of 5:00 p.m. New York time on April 30, 2018 (the “Record Date”). As a result of the Distribution, each holder of record of shares of Dover common stock as of the Record Date was entitled to receive one share of Apergy common stock for every two shares of outstanding Dover common stock held by such shareholder as of the Record Date.

1. Name, address and employer identification number of the distributing corporation:

Dover Corporation
3005 Highland Parkway
Downers Grove, Illinois 60515
EIN: 53-0257888

2. Name, address and employer identification number of the controlled corporation:

Apergy Corporation
2445 Technology Forest Blvd., Building 4, Floor 12
The Woodlands, Texas 77381
EIN: 82-3066826

3. The date of the Distribution was May 9, 2018.
4. The undersigned was a shareholder owning shares of Dover common stock as of the Record Date and received shares of Apergy common stock, par value \$1.00 per share, in the Distribution. The undersigned did not transfer any stock or securities in the Distribution. The aggregate fair market value of the stock, securities or other property (including money) received by the undersigned in the Distribution was [].

Shareholder’s Name (please print)

Shareholder’s Signature

Taxpayer Identification Number or
Social Security Number

THIS STATEMENT SHOULD BE ATTACHED TO YOUR 2018 U.S. FEDERAL INCOME TAX RETURN.