

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Nine months ended September 30, 1997

Commission File No. 1-4018

DOVER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

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

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

10017
(Zip Code)

Registrant's telephone number, including area code: (212) 922-1640

Indicate by checkmark 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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The number of shares outstanding of the Registrant's common stock as of the close of the period covered by this Report was 111,193,879.

Part. I. FINANCIAL INFORMATION

Item 1. Financial Statements

DOVER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
Three Months Ended September 30, 1997 and 1996

(000 omitted)

	1997	1996
	-----	-----
Net sales	\$ 1,163,744	\$ 1,009,388
Cost of sales	760,246	672,983
	-----	-----
Gross profit	403,498	336,405
Selling & administrative expenses	234,742	198,229
	-----	-----
Operating profit	168,756	138,176
	-----	-----
Other deductions (income):		
Interest expense	11,654	9,557
Interest income	(2,300)	(7,840)
Foreign exchange	655	360
Gain on dispositions	--	(75,065)

All other, net	(2,287)	(298)
	-----	-----
Total	7,722	(73,286)
	-----	-----
Earnings before taxes on income	161,034	211,462
Federal & other taxes on income	59,278	67,139
	-----	-----
Net earnings	\$ 101,756	\$ 144,323
	=====	=====
Weighted average number of common shares outstanding during the period	111,702	113,513
	=====	=====
Net earnings per common share	\$ 0.91	\$ 1.27
	=====	=====

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DOVER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
Nine Months Ended September 30, 1997 and 1996

(000 omitted)

	1997	1996
	-----	-----
Net sales	\$ 3,326,536	\$ 3,032,284
Cost of sales	2,190,096	2,011,896
	-----	-----
Gross profit	1,136,440	1,020,388
Selling & administrative expenses	695,344	609,609
	-----	-----
Operating profit	441,096	410,779
	-----	-----
Other deductions (income):		
Interest expense	34,681	31,816
Interest income	(8,159)	(15,317)
Foreign exchange	(6,448)	(243)
Gain on dispositions	(32,171)	(75,065)
All other, net	(12,940)	(3,659)
	-----	-----
Total	(25,037)	(62,468)
	-----	-----
Earnings before taxes on income	466,133	473,247
Federal & other taxes on income	160,962	163,321
	-----	-----
Net earnings	\$ 305,171	\$ 309,926
	=====	=====
Weighted average number of common shares outstanding during the period	111,702	113,513
	=====	=====
Net earnings per common share	\$ 2.73	\$ 2.73
	=====	=====

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Nine Months Ended September 30, 1997 and 1996

(000 omitted)

	1997	1996
	-----	-----
Retained earnings at January 1	\$1,470,008	\$1,152,187

Net earnings	305,171	309,926
	-----	-----
	1,775,179	1,462,113
Deduct:		
Common stock cash dividends		
\$0.53 per share (\$0.47 in 1996)	59,203	53,273
	-----	-----
Retained earnings at end of period	\$1,715,976	\$1,408,840
	=====	=====

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DOVER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(000 omitted)

	September 30, 1997	December 31, 1996
	-----	-----
Assets:		
Current assets:		
Cash & cash equivalents	\$ 155,621	\$ 199,955
Marketable securities	21,239	17,839
Receivables, net of allowance for doubtful accounts	825,990	715,495
Inventories	544,305	499,870
Prepaid expenses	60,695	56,654
	-----	-----
Total current assets	1,607,850	1,489,813
	-----	-----
Property, plant & equipment (at cost)	1,211,835	1,106,981
Accumulated depreciation	(670,401)	(612,048)
	-----	-----
Net property, plant & equipment	541,434	494,933
	-----	-----
Intangible assets, net of amortization	1,013,381	963,182
Other intangible assets		
	10,258	10,258
Deferred charges & other assets	71,659	35,193
	-----	-----
	\$ 3,244,582	\$ 2,993,379
	=====	=====
Liabilities:		
Current liabilities:		
Notes payable	\$ 520,738	\$ 488,651
Current maturities of long-term debt	819	3,754
Accounts payable	222,987	202,763
Accrued compensation & employee benefits	148,711	130,598
Accrued insurance	106,513	104,916
Other accrued expenses	231,762	206,992
Income taxes	20,860	1,430
	-----	-----
Total current liabilities	1,252,390	1,139,104
Long-term debt	257,073	252,955
Deferred taxes	41,379	54,068
Deferred compensation	68,114	57,550
Stockholders' equity:		
Preferred stock	--	--
Common stock	117,148	116,858
Additional paid-in surplus	22,242	13,818
Cumulative translation adjustments	(32,134)	1,900
Unrealized holding gains (losses)	5,104	3,663
Retained earnings	1,715,976	1,470,008
	-----	-----
Subtotal	1,828,336	1,606,247
Less: treasury stock	202,710	116,545
	-----	-----
	1,625,626	1,489,702
	-----	-----

\$ 3,244,582
=====

\$ 2,993,379
=====

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DOVER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
Nine Months Ended September 30, 1997 and 1996
(000 omitted)

	1997	1996
	-----	-----
Cash flows from operating activities:		
Net income	\$ 305,171	\$ 309,926
	-----	-----
Adjustments to reconcile net income to net cash		
Provided by operating activities:		
Depreciation	76,721	63,260
Amortization	31,307	28,992
Net increase (decrease) in deferred taxes	(16,194)	10,245
Net increase (decrease) in LIFO reserves	1,229	1,047
Increase (decrease) in deferred compensation	10,569	823
Gain on sale of business	(32,171)	(52,236)
Other, net	(2,484)	(7,853)
Changes in assets & liabilities (excluding acquisitions):		
Decrease (increase) in accounts receivable	(100,057)	18,717
Decrease (increase) in inventories, excluding LIFO reserve	(16,979)	(11,797)
Decrease (increase) in prepaid expenses	(3,432)	(2,997)
Increase (decrease) in accounts payable	11,619	(21,649)
Increase (decrease) in accrued expenses	32,630	2,956
Increase (decrease) in federal & other taxes on income	1,186	(24,828)
	-----	-----
Total adjustments	(6,056)	4,680
	-----	-----
Net cash provided by operating activities	299,115	314,606
	-----	-----
Cash flows from (used in) investing activities:		
Net sale (purchase) of marketable securities	(3,400)	(2,981)
Additions to property, plant & equipment	(98,952)	(86,442)
Acquisitions, net of cash & cash equivalents	(176,123)	(73,344)
Proceeds from sale of business	45,638	112,087
Purchase of treasury stock	(86,164)	(62,746)
	-----	-----
Net cash from (used in) investing activities	(319,001)	(113,426)
	-----	-----
Cash flows from (used in) financing activities:		
Increase (decrease) in notes payable	29,248	(137,399)
Reduction of long-term debt	174	(9,710)
Proceeds from exercise of stock options	5,333	4,303
Cash dividends to stockholders	(59,203)	(53,273)
	-----	-----
Net cash from (used in) financing activities	(24,448)	(196,079)
	-----	-----
Net increase (decrease) in cash & cash equivalents	(44,334)	5,101
Cash & cash equivalents at beginning of period	199,955	121,698
	-----	-----
Cash & cash equivalents at end of period	\$ 155,621	\$ 126,799
	=====	=====

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DOVER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 1997

NOTE A - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles. In the opinion of the

Company, all adjustments, consisting only of normal recurring items necessary for a fair presentation of the operating results have been made. The results of operations of any interim period are subject to year-end audit and adjustments, and are not necessarily indicative of the results of operations for the fiscal year.

NOTE B - Inventory

Inventories, by components, are summarized as follows:

	September 30, 1997	December 31, 1996
	-----	-----
Raw materials	\$ 178,873	\$ 165,064
Work in progress	238,123	219,729
Finished goods	174,320	160,858
	-----	-----
Total	591,316	545,651
Less LIFO reserve	47,011	45,781
	-----	-----
Net amount per balance sheet	\$ 544,305	\$ 499,870
	=====	=====

NOTE C - Additional Information

For a more adequate understanding of the Company's financial position, operating results, business properties and other matters, reference is made to the Company's Annual Report on Form 10-K which was filed with the Securities and Exchange Commission in March 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) MATERIAL CHANGES IN CONSOLIDATED FINANCIAL CONDITION:

The Company's liquidity increased during the first nine months of 1997 as compared to the position at December 31, 1996.

Working capital increased slightly from \$350.7 million at the end of last year to \$356.5 million at September 30, 1997. The \$5.8 million increase represents positive cash flow over and above dividends of (\$59.2 million), Treasury stock purchases (\$86.2 million), and the \$184.9 million paid for acquisitions during this nine-month period.

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At September 30, 1997, net debt (defined as long-term debt plus current maturities on long-term debt plus notes payable less cash and equivalents and marketable securities) of \$601.8 million represented 27% of total capital. This compares with 26.2% at December 31, 1996.

(2) MATERIAL CHANGES IN RESULTS OF OPERATIONS:

The Company earned \$.91 per share in its third quarter ended September 30. In the prior year third quarter Dover reported \$1.27 per share, but this included \$.44 from the sale of two businesses and \$.09 from tax and investment income adjustments as described in last year's third quarter report. Sales for the quarter of almost \$1.2 billion were up 15% from the prior year.

Four of Dover's five market segments had higher earnings than last year with a combined gain of 23%. The Technologies segment achieved a remarkable increase of 71% on a 49% sales gain. Although its book-to-bill was only .95 in the quarter, the summer is normally a soft period for new orders. Bookings were 57% greater than prior year and equal to the 1997 first half average, indicating continued strong markets.

Dover completed seven "add-on" acquisitions during the quarter representing an investment of \$109 million. This brings the cumulative 1997 investment in purchasing new businesses to \$185 million. A-C Compressor added the Preco and Conmec companies to expand its participation in the aftermarket for gas compressors and turbines. Everett Charles added ESH, expanding its testing presence from circuit boards into a portion of the semiconductor

production market. Blackmer acquired Mouvex (France) and the two companies will coordinate their specialty pump businesses. Blackmer is primarily a U.S. manufacturer while Mouvex's largest market base is Europe. De-Sta-Co Manufacturing, OPW Fueling Components, and DovaTech also made small acquisitions, adding new product lines. Conmec and Preco accounted for more than half of the \$109 million investment made in the third quarter.

Acquisitions made thus far in 1997 have reduced nine month earnings by \$.01 per share due to financing costs and write-off of acquisition premiums. They are expected to add to 1998 full year results.

Dover Technologies:

Dover Technologies had a record quarter primarily due to strength in its sales of printed circuit board assembly and test equipment. Universal, DEK, Soltec, and Everett Charles (acquired in November, 1996) each had strong gains and combined to produce profits of over \$45 million on sales of almost \$240 million. The special electronic components businesses also achieved strong earnings growth with three of the four companies involved in these markets ahead sharply. The overall earnings gain for these four businesses was almost 30% - to more than \$10 million on sales of about \$70 million. Filters, tuners, and timing devices for communications applications are experiencing strong growth. Imaje, the world's number two producer of continuous-ink-jet printing machines and supplies, had flat earnings, compared to last year, of \$15 million on sales of about \$45 million. Imaje's results, expressed in its own currency (French Francs), were up over 20% from last year's third quarter. The three earnings figures mentioned above do not add to the reported segment total of \$64 million due to rounding and to \$9 million of acquisition premium write-offs and subsidiary expenses. Backlog for the Technologies companies is 8% below the level at the start of the third quarter, with Universal down 20%. Consequently, Technology segment earnings in the fourth quarter, while well ahead of prior year, are not expected to match those of the third quarter.

Dover Industries:

Dover Industries achieved its best quarterly earnings results since the 1996 first quarter with a 24% year-over-year gain to \$33.5 million. Sales were up 6% to a record level. Subsidiary expenses and acquisition premium write-offs at DII in the third quarter totaled \$4 million, indicating an average operating margin for its 11 companies of 17%. Total orders for DII exceeded third quarter shipments by 1%, last

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year's third quarter by 11%, and were slightly above the 1997 first half-average. Ten companies achieved earnings increases over last year with particularly strong gains at Texas Hydraulics, Heil Tank Trailer, Randell, and Groen. In last year's fourth quarter both Heil Refuse and Groen reported losses totaling \$2.7 million. In the most recent quarter they earned \$5.7 million. Consequently, while Industries' year-to-date profits are only 1% ahead of 1996, very favorable comparisons are expected in the final quarter of the year.

Dover Diversified:

Dover Diversified profits trailed prior year by \$4.2 million (15%). As in the previous four quarters, the source of the decline was the changed market circumstances at its Belvac company which earned \$8.7 million less than in the third quarter of 1996. This more than offset very strong gains achieved by Hill, Tranter, Mark Andy, and Waukesha which propelled Diversified's eight other companies (excluding Belvac) to a profit gain of more than 20%. The average margin of all nine companies (before subsidiary expenses and acquisition premium write-offs) was 15%, with Belvac above average and Hill (the largest company measured by sales) still below its near-term goal of 10%. The new order picture at Diversified in total, and Belvac in particular, was very positive. DDI orders were up 39% over last year and 26% above third quarter shipments, with five companies up over 20% from prior year. Belvac orders were 2.8 times third quarter shipments and at their highest level since their market "boom" ended in mid-1995. This gives Belvac a chance of achieving favorable earnings comparisons beginning in the fourth quarter and continuing into 1998. Dover Diversified enters the fourth quarter of 1997 with backlog 21% higher than at this time last year. Very favorable earnings comparison are expected in the final quarter of 1997, but perhaps not to the level needed for Diversified to achieve an "up" year.

Dover Resources:

Profits at Dover Resources gained 15% on a 14% sales increase to reach a record level of \$29.4 million. The earnings of its seventeen companies provided a margin on sales of almost 18% (before subsidiary expenses and acquisition premium write-offs). Bookings trailed shipments by 4%, but were 14% ahead of prior year. About 1/3 of the gain over last year was due to acquisitions made in the past 12 months. Very strong earnings gains were achieved by the three oil-field equipment companies (up 26%), by OPW Fueling Components (also up 26%), and by Cook, De-Sta-Co Industries, Civacon, PetroVend, and Duncan - all of which achieved gains of 30% or more. Markets for De-Sta-Co Manufacturing (auto and refrigeration compressor valves), Ronningen-Petter (filtration systems) and Wittemann (CO(2) recovery systems) remained soft and profits of these companies declined by almost \$3 million. Dover Resources begins the fourth quarter with a backlog 7% less than at the start of the third quarter. Resources is hopeful that its fourth quarter will also show a year-over-year earnings improvement but a new record quarterly level appears unlikely.

Dover Elevator:

Dover Elevator again earned more than \$25 million in a single quarter with a 3% gain in earnings on a 2% sales increase. The gains from on-going operations were even higher, Elevator's European operations were included in last year's third quarter results, but not this year's because these operations were sold effective at June 30. North American sales rose 9% from last year and earnings by a higher percentage. Orders for new elevators improved 25%, with gains in both North America and Asia, pushing manufacturing and construction backlog up more than 20% from a year ago. The hydraulic elevator market continues to be strong and should set new volume records this year for the industry and for Dover. Following the sale of the European companies, service and repair activities now provide more than half of DEI's profits on less than half of revenues. Several initiatives are under way in North America to stimulate after-market growth by providing new and improved services to elevator operators. Dover Elevator is continuing to relocate work from its Horn Lake, Mississippi manufacturing facility to two other plants that are being expanded, and plans to close the Horn Lake plant in 1998. Fourth quarter profits should continue strong.

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Outlook:

Dover expects to achieve record earnings in 1997, up more than 10% from \$3.01 last year - excluding gains from the sale of three businesses that added \$.44 per share to 1996 earnings and \$.23 to 1997, as well as any special charges or gains that might arise in this year's fourth quarter. The Company believes its outlook for 1998 is quite positive.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

No report on Form 8-K was filed during the quarter for which this report is filed.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOVER CORPORATION

Date: October 23, 1997

/s/ John F. McNiff

John F. McNiff, Vice President
and Treasurer

Date: October 23, 1997

/s/ Alfred Suesser

Alfred Suesser, Controller and
Assistant Treasurer

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DOVER CORPORATION QUARTERLY REPORT TO STOCKHOLDERS FOR THE THREE MONTHS ENDED SEPTEMBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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