

DOVER CORP  
Form 10-Q  
April 22, 2009

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**UNITED STATES 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 the quarterly period ended March 31, 2009**  
**Commission File Number: 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)

**(212) 922-1640**

(Registrant's telephone number)

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

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

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

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

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

The number of shares outstanding of the Registrant's common stock as of April 17, 2009 was 186,016,411.

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**DOVER CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited) (in thousands, except per share figures)

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	\$ 1,379,085	\$ 1,865,486
Cost of goods and services	896,942	1,185,941
<b>Gross profit</b>	482,143	679,545
Selling and administrative expenses	367,390	443,776
<b>Operating earnings</b>	114,753	235,769
Interest expense, net	22,398	23,431
Other expense (income), net	(1,736)	2,533
Total interest/other expense, net	20,662	25,964
<b>Earnings before provision for income taxes and discontinued operations</b>	94,091	209,805
Provision for income taxes	32,997	61,876
<b>Earnings from continuing operations</b>	61,094	147,929
Loss from discontinued operations, net	(7,669)	(753)
<b>Net earnings</b>	\$ 53,425	\$ 147,176
<b>Basic earnings (loss) per common share:</b>		
Earnings from continuing operations	\$ 0.33	\$ 0.77
Loss from discontinued operations, net	(0.04)	
Net earnings	0.29	0.76
Weighted average shares outstanding	186,011	192,424
<b>Diluted earnings (loss) per common share:</b>		
Earnings from continuing operations	\$ 0.33	\$ 0.77
Loss from discontinued operations, net	(0.04)	
Net earnings	0.29	0.76
Weighted average shares outstanding	186,121	193,257
Dividends paid per common share	\$ 0.25	\$ 0.20

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

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2009</b>	<b>2008</b>
Weighted average shares outstanding Basic	186,011	192,424
Dilutive effect of assumed exercise of employee stock options/SAR s	110	833
Weighted average shares outstanding Diluted	186,121	193,257
Anti-dilutive options/SAR s excluded from diluted EPS computation	11,104	5,428

See Notes to Condensed Consolidated Financial Statements

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**DOVER CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited) (in thousands)**

	At March 31, 2009	At December 31, 2008
<b>Current assets:</b>		
Cash and equivalents	\$ 500,310	\$ 547,409
Short-term investments	262,640	279,460
Receivables, net of allowances of \$35,944 and \$32,647	872,998	1,013,174
Inventories, net	617,568	636,121
Prepaid and other current assets	84,283	80,268
Deferred tax asset	78,115	73,687
<b>Total current assets</b>	<b>2,415,914</b>	<b>2,630,119</b>
<b>Property, plant and equipment, net</b>	<b>850,597</b>	<b>872,134</b>
<b>Goodwill</b>	<b>3,245,293</b>	<b>3,255,566</b>
<b>Intangible assets, net</b>	<b>926,812</b>	<b>952,409</b>
<b>Other assets and deferred charges</b>	<b>103,835</b>	<b>103,904</b>
<b>Assets of discontinued operations</b>	<b>54,382</b>	<b>69,106</b>
<b>Total assets</b>	<b>\$ 7,596,833</b>	<b>\$ 7,883,238</b>
<b>Current liabilities:</b>		
Notes payable and current maturities of long-term debt	\$ 146,652	\$ 224,944
Accounts payable	345,967	373,436
Accrued compensation and employee benefits	185,859	305,572
Accrued insurance	106,210	104,938
Other accrued expenses	205,497	209,619
Federal and other taxes on income	20,759	35,005
<b>Total current liabilities</b>	<b>1,010,944</b>	<b>1,253,514</b>
<b>Long-term debt</b>	<b>1,861,407</b>	<b>1,860,729</b>
<b>Deferred income taxes</b>	<b>325,968</b>	<b>314,405</b>
<b>Other deferrals</b>	<b>559,871</b>	<b>582,601</b>
<b>Liabilities of discontinued operations</b>	<b>65,231</b>	<b>79,123</b>
<b>Commitments and contingent liabilities</b>		
<b>Stockholders' Equity:</b>		
Total stockholders' equity	3,773,412	3,792,866
<b>Total liabilities and stockholders' equity</b>	<b>\$ 7,596,833</b>	<b>\$ 7,883,238</b>

**DOVER CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (unaudited) (in thousands)**

**Accumulated**

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	<b>Common Stock \$1 Par Value</b>	<b>Additional Paid-In Capital</b>	<b>Other Comprehensive Earnings (Loss)</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Total Stockholders Equity</b>
<b>Balance at 12/31/2008</b>	\$ 246,615	\$ 455,228	\$ 10,816	\$ 5,286,458	\$ (2,206,251)	\$ 3,792,866
Net earnings				53,425		53,425
Dividends paid				(46,503)		(46,503)
Common stock issued for options exercised	19	1,270				1,289
Tax benefit from the exercise of stock options		(52)				(52)
Stock-based compensation expense		5,056				5,056
Translation of foreign financial statements			(35,702)			(35,702)
Unrealized holding gains, net of tax			725			725
SFAS 158 amortization, net of tax			2,308			2,308
<b>Balance at 3/31/2009</b>	\$ 246,634	\$ 461,502	\$ (21,853)	\$ 5,293,380	\$ (2,206,251)	\$ 3,773,412

Preferred Stock, \$100 par value per share. 100,000 shares authorized; none issued.

See Notes to Condensed Consolidated Financial Statements

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**DOVER CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited) (in thousands)**

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating Activities of Continuing Operations</b>		
Net earnings	\$ 53,425	\$ 147,176
Adjustments to reconcile net earnings to net cash from operating activities:		
Loss from discontinued operations	7,669	753
Depreciation and amortization	63,825	65,312
Stock-based compensation	5,963	8,369
Changes in current assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):		
Decrease (increase) in accounts receivable	127,465	(11,211)
Decrease (increase) in inventories	13,382	(14,634)
Decrease in prepaid expenses and other assets	(4,359)	23,356
Increase (decrease) in accounts payable	(21,119)	20,430
Decrease in accrued expenses	(116,420)	(87,829)
Increase in accrued and deferred taxes, net	19,428	26,398
Other non-current, net	(34,393)	(24,216)
<b>Net cash provided by operating activities of continuing operations</b>	<b>114,866</b>	<b>153,904</b>
<b>Investing Activities of Continuing Operations</b>		
Purchase of short-term investments	(89,320)	
Proceeds from sale of short-term investments	97,295	
Proceeds from the sale of property and equipment	4,751	2,004
Additions to property, plant and equipment	(31,475)	(42,535)
Proceeds from sales of businesses	105	
Acquisitions (net of cash and cash equivalents acquired)		(22,362)
<b>Net cash used in investing activities of continuing operations</b>	<b>(18,644)</b>	<b>(62,893)</b>
<b>Financing Activities of Continuing Operations</b>		
Decrease in notes payable, net	(77,511)	(500,368)
Proceeds from long-term debt		594,120
Purchase of treasury stock		(150,946)
Proceeds from exercise of stock options, including tax benefits	1,237	8,235
Dividends to stockholders	(46,503)	(38,388)
<b>Net cash used in financing activities of continuing operations</b>	<b>(122,777)</b>	<b>(87,347)</b>



**Cash Flows From Discontinued Operations**

Net cash used in operating activities of discontinued operations	(6,770)	(1,059)
Net cash used in investing activities of discontinued operations	(162)	(232)
<b>Net cash used in discontinued operations</b>	<b>(6,932)</b>	<b>(1,291)</b>
Effect of exchange rate changes on cash	(13,612)	30,871
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(47,099)</b>	<b>33,244</b>
Cash and cash equivalents at beginning of period	547,409	606,105
<b>Cash and cash equivalents at end of period</b>	<b>\$ 500,310</b>	<b>\$ 639,349</b>

See Notes to Condensed Consolidated Financial Statements

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**DOVER CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements, in accordance with Securities and Exchange Commission ( SEC ) rules for interim periods, do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements and should be read in conjunction with the Dover Corporation ( Dover or the Company ) Annual Report on Form 10-K for the year ended December 31, 2008, which provides a more complete understanding of Dover s accounting policies, financial position, operating results, business properties and other matters. The year-end condensed consolidated balance sheet was derived from audited financial statements. It is the opinion of management that these financial statements reflect all adjustments necessary for a fair statement of the interim results. The results of operations of any interim period are not necessarily indicative of the results of operations for the full year.

Certain prior period amounts have been reclassified to conform to the current period presentation.

**2. Acquisitions**

During the first quarter of 2009, the Company did not make any acquisitions. For certain prior acquisitions, the Company is in the process of obtaining or finalizing appraisals of tangible and intangible assets and 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 its best estimate in the initial purchase price allocation as of the date of these financial statements.

Assuming that the 2008 acquisitions had all taken place on January 1, 2008, the impact on the first quarter 2008 revenue would have been approximately \$14 million, with no impact on basic and diluted earnings per share. This information has been prepared for comparative purposes only and includes 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 which actually would have resulted had the acquisitions occurred on the date indicated, or which may result in the future.

In connection with certain acquisitions, at March 31, 2009 and December 31, 2008, the Company had reserves related to severance and facility closings of \$27.1 million and \$27.9 million, respectively. The reserves were recorded as of the date of acquisition and in accordance with the provisions of Emerging Issues Task Force Issue No. 95-3,

Recognition of Liabilities in Connection with a Purchase Business Combination. During the first quarter of 2009, the reserves were reduced by payments of \$0.8 million.

**3. Inventory**

The following table displays the components of inventory:

<i>(in thousands)</i>	<b>At March 31, 2009</b>	<b>At December 31, 2008</b>
Raw materials	\$ 316,122	\$ 319,407
Work in progress	145,517	144,017
Finished goods	215,797	231,507
<b>Subtotal</b>	<b>677,436</b>	<b>694,931</b>
Less LIFO reserve	59,868	58,810
<b>Total</b>	<b>\$ 617,568</b>	<b>\$ 636,121</b>



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**4. Property, Plant and Equipment**

The following table displays the components of property, plant and equipment:

<i>(in thousands)</i>	<b>At March 31, 2009</b>	<b>At December 31, 2008</b>
Land	\$ 48,684	\$ 49,015
Buildings and improvements	539,181	547,223
Machinery, equipment and other	1,784,886	1,792,615
	2,372,751	2,388,853
Accumulated depreciation	(1,522,154)	(1,516,719)
<b>Total</b>	<b>\$ 850,597</b>	<b>\$ 872,134</b>

**5. Goodwill and Other Intangible Assets**

The following table provides the changes in carrying value of goodwill by segment through the three months ended March 31, 2009. As there were no acquisitions in the first quarter of 2009, there was no impact on goodwill in the current quarter.

<i>(in thousands)</i>	<b>At December 31, 2008</b>	<b>Goodwill from 2009 acquisitions</b>	<b>Other adjustments including currency translations</b>	<b>At March 31, 2009</b>
Electronic Technologies	\$ 976,706	\$	\$ (2,956)	\$ 973,750
Industrial Products	919,215		(3,569)	915,646
Fluid Management	571,221		(2,233)	568,988
Engineered Systems	788,424		(1,515)	786,909
<b>Total</b>	<b>\$ 3,255,566</b>	<b>\$</b>	<b>\$ (10,273)</b>	<b>\$ 3,245,293</b>

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

<i>(dollar amounts in thousands)</i>	<b>At March 31, 2009</b>			<b>At December 31, 2008</b>	
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Average Life (Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>
<b>Amortized Intangible Assets:</b>					
Trademarks	\$ 66,816	\$ 13,311	15	\$ 32,223	\$ 12,453
Patents	128,199	80,797	13	129,233	79,241

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Customer Intangibles	680,792	215,645	9	681,636	200,169
Unpatented Technologies	128,082	64,228	9	129,303	61,871
Non-Compete Agreements	3,475	3,405	5	3,475	3,400
Drawings & Manuals	13,694	5,694	5	13,653	5,441
Distributor Relationships	72,391	18,095	20	72,413	17,193
Other	17,779	10,920	14	22,725	10,270

<b>Total</b>	1,111,228	412,095	11	1,084,661	390,038
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**Unamortized Intangible Assets:**

Trademarks	227,679			257,786	
<b>Total Intangible Assets</b>	\$ 1,338,907	\$ 412,095		\$ 1,342,447	\$ 390,038

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**DOVER CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**6. Discontinued Operations**

2009

During the first quarter of 2009, the Company recorded adjustments to the carrying value of a business still held for sale and other adjustments resulting in a net after-tax loss of approximately \$7.4 million.

2008

During the first quarter of 2008, the Company recorded adjustments to the carrying value of a business still held for sale and other adjustments resulting in a net after-tax loss of approximately \$2.0 million.

Summarized results of the Company's discontinued operations are as follows:

<i>(in thousands)</i>	<b>Three Months Ended March</b>	
	<b>2009</b>	<b>2008</b>
Revenue	\$ 12,876	\$ 26,765
Loss on sale, net of taxes (1)	\$ (7,445)	\$ (1,979)
Earnings from operations before taxes	28	804
Benefit (provision) for income taxes related to operations	(252)	422
Loss from discontinued operations, net of tax	\$ (7,669)	\$ (753)

(1) Includes impairments.

At March 31, 2009, the assets and liabilities of discontinued operations primarily represent amounts related to one remaining unsold business. Additional detail related to the assets and liabilities of the Company's discontinued operations is as follows:

<i>(in thousands)</i>	<b>At March</b>	<b>At December</b>
	<b>31,</b>	<b>31,</b>
	<b>2009</b>	<b>2008</b>
<b>Assets of Discontinued Operations</b>		
Current assets	\$ 33,655	\$ 32,498
Non-current assets	20,727	36,608
	\$ 54,382	\$ 69,106
<b>Liabilities of Discontinued Operations</b>		
Current liabilities	\$ 9,986	\$ 13,371
Non-current liabilities	55,245	65,752
	\$ 65,231	\$ 79,123

In addition to the assets and liabilities of 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.

**7. Hedging Activities and Debt**

*Hedging Activities*

The Company periodically enters into financial transactions specifically to hedge its exposures to various items, including, but not limited to, interest rate and foreign exchange rate risk. Through various programs, the Company hedges its cash flow exposures to foreign exchange rate risk by entering into foreign exchange forward contracts and collars. The Company does not enter into derivative financial instruments for speculative purposes and does not have a material portfolio of derivative financial instruments.

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**(unaudited)**

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.

There is presently one outstanding swap agreement for a total notional amount of \$50.0 million, or CHF65.1 million, which swaps the U.S. dollar 6-month LIBOR rate and the Swiss Franc 6-month LIBOR rate. This agreement hedges a portion of the Company's net investment in non-U.S. operations and the fair value outstanding at March 31, 2009 was a loss of \$7.7 million which was based on quoted market prices for similar instruments (using Level 2 inputs under the SFAS No. 157 hierarchy). The change in fair value of this hedge, which was not significant during the first quarter of 2009, is recorded in Other Expense (Income), net and the \$7.7 million is recorded in Other Deferrals in the Unaudited Condensed Consolidated Balance Sheet. This hedge is effective.

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

***Debt***

Dover's long-term debt with a book value of \$1,894.6 million, of which \$33.2 million matures in less than one year, had a fair value of approximately \$1,937.3 million at March 31, 2009. The estimated fair value of the long-term debt is based on quoted market prices for similar issues.

During the second quarter ended June 30, 2008, the Company repaid its \$150 million 6.25% Notes due June 1, 2008. In addition, on March 14, 2008, Dover issued \$350 million of 5.45% notes due 2018 and \$250 million of 6.60% notes due 2038. The net proceeds of \$594.1 million from the notes were used to repay borrowings under Dover's commercial paper program, and were reflected in long-term debt in the Consolidated Balance Sheet at December 31, 2008. 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.

During the first quarter of 2008, Dover entered into several interest rate swaps in anticipation of the debt financing completed on March 14, 2008 which, upon settlement, resulted in a net gain of \$1.2 million which was deferred and will be amortized over the life of the related notes.

**8. Commitments and Contingent Liabilities**

A few of the Company's subsidiaries are involved in legal proceedings relating to the cleanup of waste disposal sites identified under federal and state statutes which provide for the allocation of such costs among potentially responsible parties. In each instance, the extent of the Company's liability appears to be very small in relation to the total projected expenditures and the number of other potentially responsible parties involved and is anticipated to be immaterial to the Company. In addition, a few of the Company's subsidiaries are involved in ongoing remedial activities at certain current and former 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, patent infringement, employment matters and



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**(unaudited)**

commercial disputes. Management and legal counsel, at least quarterly, review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, the availability and extent of insurance coverage, and established reserves. While it is not possible at this time to predict the outcome of these legal actions or any need for additional reserves, in the opinion of management, based on these reviews, it is unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the financial position, results of operations, cash flows or competitive position of the Company.

Estimated warranty program claims are provided for at the time of sale. Amounts provided for are based on historical costs and adjusted new claims. The changes in the carrying amount of product warranties through March 31, 2009 and 2008 are as follows:

<i>(in thousands)</i>	<b>2009</b>	<b>2008</b>
<b>Beginning Balance January 1</b>	\$ 56,137	\$ 55,437
Provision for warranties	7,147	9,996
Increase (decrease) from acquisitions/dispositions	(411)	103
Settlements made	(8,255)	(8,824)
Other adjustments	(94)	974
<b>Ending Balance March 31</b>	<b>\$ 54,524</b>	<b>\$ 57,686</b>

From time to time, the Company will initiate various restructuring programs at its operating companies or record severance and other restructuring costs in connection with purchase accounting for acquisitions (see note 2 for additional detail). In the second half of 2008, the Company announced plans to increase substantially the amount of restructuring efforts in response to the significant decline in global economic activity. The Company expects to incur an additional \$38.0 million in restructuring costs during the remainder of 2009. For the first quarter of 2009, \$12.4 million and \$22.8 million of restructuring charges were recorded in cost of goods and services and selling and administrative expenses, respectively, in the Unaudited Condensed Consolidated Statement of Operations. The following table details the Company's severance and other restructuring reserve activity:

<i>(in thousands)</i>	<b>Severance</b>	<b>Exit</b>	<b>Total</b>
<b>At December 31, 2008 (A)</b>	\$ 7,203	\$ 23,754	\$ 30,957
Provision	28,706	6,510	35,216
Payments	(12,023)	(2,991)	(15,014)
Other, including impairments	71	(1,019)	(948)
<b>At March 31, 2009 (B)</b>	<b>\$ 23,957</b>	<b>\$ 26,254</b>	<b>\$ 50,211</b>

(A) Includes \$27.9 million related to purchase accounting accruals.

(B) Includes \$27.1 million

related to  
purchase  
accounting  
accruals.

### **9. Employee Benefit Plans**

The following table sets forth the components of net periodic expense:

<i>(in thousands)</i>	<b>Retirement Plan Benefits</b>		<b>Post Retirement Benefits</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Expected return on plan assets	\$ (8,547)	\$ (8,662)	\$	\$
Benefits earned during period	5,003	5,501	79	81
Interest accrued on benefit obligation	9,268	9,759	240	234
Curtailment gain	(337)			
Amortization (A):				
Prior service cost	2,249	2,159	(43)	(43)
Recognized actuarial (gain) loss	1,298	1,188	(107)	(132)
Transition obligation	(10)	(18)		
Net periodic expense	\$ 8,924	\$ 9,927	\$ 169	\$ 140

(A) A portion of the current year amortization amounts are recorded as increases (decreases) to Accumulated Other Comprehensive Income totaling approximately \$2.3 million, net of tax, and \$2.0 million, net of tax, for the three months ended March 31, 2009 and 2008, respectively.

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**DOVER CORPORATION**  
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**(unaudited)**

**10. Comprehensive Earnings**

Comprehensive earnings were as follows:

<i>(in thousands)</i>	<b>Three months Ended March</b>	
	<b>31,</b>	
	<b>2009</b>	<b>2008</b>
Net Earnings	\$ 53,425	\$ 147,176
Foreign currency translation adjustment	(35,702)	63,534
Unrealized holding gains (losses), net of tax	91	(215)
Derivative cash flow hedges, net of tax	634	1,124
SFAS 158 amortization, net of tax	2,308	1,969
Comprehensive Earnings	\$ 20,756	\$ 213,588

**11. Segment Information**

Dover has four reportable segments which are based on management's reporting structure used to evaluate performance. Segment financial information and a reconciliation of segment results to consolidated results follows:

<i>(in thousands)</i>	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2009</b>	<b>2008</b>
<b>REVENUE</b>		
Industrial Products	\$ 434,791	\$ 616,774
Engineered Systems	400,784	499,222
Fluid Management	330,772	401,299
Electronic Technologies	214,035	351,757
Intra segment eliminations	(1,297)	(3,566)
Total consolidated revenue	\$ 1,379,085	\$ 1,865,486
<b>EARNINGS FROM CONTINUING OPERATIONS</b>		
Segment Earnings:		
Industrial Products	\$ 34,544	\$ 78,838
Engineered Systems	43,305	62,996
Fluid Management	75,442	85,139
Electronic Technologies	(12,110)	36,234
Total segments	141,181	263,207
Corporate expense / other	(24,692)	(29,971)
Net interest expense	(22,398)	(23,431)
Earnings from continuing operations before provision for income taxes and discontinued operations	94,091	209,805
Provision for taxes	32,997	61,876

Earnings from continuing operations total consolidated \$ 61,094 \$ 147,929

**12. Recent Accounting Standards**

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 ( SFAS No. 161 ). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of an entity s derivative activity. Dover adopted this standard as of January 1, 2009 and has included related disclosures in Note 7.

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. For financial assets and liabilities, this

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statement was effective for fiscal periods beginning after November 15, 2007 and did not require any new fair value measurements. The adoption of SFAS No. 157 on January 1, 2008 did not have a material effect on Dover's consolidated financial statements. In February 2008, the FASB Staff Position No. 157-2 was issued which delayed the effective date of FASB Statement No. 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of the provisions of SFAS No. 157 related to non-financial assets, did not have a material effect on Dover's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS No. 141(R)). SFAS No. 141(R) retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. In general, the statement 1) broadens the guidance of SFAS No. 141, extending its applicability to all events where one entity obtains control over one or more other businesses, 2) broadens the use of fair value measurements used to recognize the assets acquired and liabilities assumed, 3) changes the accounting for acquisition related fees and restructuring costs incurred in connection with an acquisition, and 4) increases required disclosures. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and can only assess the impact of the standard once an acquisition is consummated.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). SFAS 160 requires that a noncontrolling interest in a subsidiary be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be identified in the consolidated financial statements. It also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The Company has applied the provisions of this statement prospectively, as required, beginning on January 1, 2009 and the adoption did not have a material effect on its consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles. This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement was effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The adoption of this statement did not have a material effect on the Company's consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. 142-3 Determination of the Useful Life of Intangible Assets (FSP No. 142-3) to improve the consistency between the useful life of a recognized intangible asset (under SFAS No. 142) and the period of expected cash flows used to measure the fair value of the intangible asset (under SFAS No. 141(R)). FSP No. 142-3 amends the factors to be considered when developing renewal or extension assumptions that are used to estimate an intangible asset's useful life under SFAS No. 142. The guidance in the new staff position is to be applied prospectively to intangible assets acquired after December 31, 2008. In addition, FSP No. 142-3 increases the disclosure requirements related to renewal or extension assumptions. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and can only assess the impact of the standard once an acquisition is consummated.

**13. Equity and Cash Incentive Program**

In the first quarter of 2009, the Company issued stock appreciation rights (SARs) covering 3,099,326 shares, of which 307,448 may be converted to 76,862 performance shares subject to shareholder approval of certain plan changes detailed in Dover's Proxy Statement. In the first quarter of 2008 2,234,942 SARs were issued. For the three months ended March 31, 2009 and 2008, after-tax stock-based compensation expense totaled \$3.9 million and \$5.4 million, respectively.



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The fair value of each grant was estimated on the dates of the grant using the Black-Scholes option pricing model with the following assumptions:

	<b>2009 Grant</b>	<b>2008 Grant</b>
	<b>SARs</b>	<b>SARs</b>
Risk-free interest rate	2.06%	3.21%
Dividend yield	3.23%	1.86%
Expected life (years)	6.5	6.5
Volatility	30.47%	26.09%
Option grant price	\$29.45	\$42.30
Fair value of options granted	\$ 6.58	\$10.97

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

Refer to the section below entitled "Special Notes Regarding Forward-Looking Statements" for a discussion of factors that could cause actual results to differ from the forward-looking statements contained below and throughout this quarterly report.

**OVERVIEW**

Dover Corporation (Dover or the Company) owns a global portfolio of manufacturing companies providing innovative components and equipment, specialty systems and support services for a variety of applications in the industrial products, engineered systems, fluid management and electronic technologies markets. Dover discusses its operations at the platform level within the Industrial Products, Engineered Systems and Fluid Management segments, which contain two platforms each. Electronic Technologies results are discussed at the segment level.

**(1) FINANCIAL CONDITION:**

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

Cash and cash equivalents of \$500.3 million at March 31, 2009 decreased from the December 31, 2008 balance of \$547.4 million. Cash and cash equivalents were invested in highly liquid investment grade money market instruments with a maturity of 90 days or less. Short-term investments consist of investment grade time deposits with original maturity dates between three months and one year.

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

	<b>Three Months Ended March</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Continuing Operations</b> (in thousands)		
Net Cash Flows Provided By (Used In):		
Operating activities	\$ 114,866	\$153,904
Investing activities	(18,644)	(62,893)
Financing activities	(122,777)	(87,347)

Cash flows provided by operating activities for the first three months of 2009 decreased \$39.0 million from the prior year period, primarily reflecting lower earnings on reduced sales from continuing operations.

Cash used in investing activities in the first three months of 2009 decreased \$44.2 million largely reflecting lower acquisition spending and capital expenditures, as well as net proceeds from short-term investments. The Company did not make any acquisitions in the first quarter of 2009 compared to \$22.4 million in the prior year period. Capital expenditures in the three months of 2009 decreased 26% to \$31.5 million as compared to \$42.5 million in the prior year period. The Company currently anticipates that any additional acquisitions made during 2009 will be funded from available cash and internally generated funds and, if necessary, through the issuance of commercial paper, use of established lines of credit or public debt markets.

Cash used in financing activities for the first three months of 2009 increased \$35.4 million due to higher dividend payments of \$8.1 million and higher net payments of debt in the 2009 period. In the 2008 period, higher purchases of the Company's common stock and higher debt payments were significantly offset by proceeds from new debt issuances of \$594.1 million.

Adjusted Working Capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) decreased from the prior year end by \$131.3 million, or 10%, to \$1,144.6 million which reflected a



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decrease in receivables of \$140.2 million, a decrease in inventory of \$18.6 million and a decrease in accounts payable of \$27.5 million generally due to lower sales. Excluding acquisitions and the effects of foreign exchange translation of \$11.8 million, Adjusted Working Capital would have decreased by \$119.5 million, or 9%. 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) increased to 18.9% at March 31, 2009 from 18.3% at December 31, 2008 and inventory turns were 6.8 at March 31, 2009 compared to 7.1 at December 31, 2008.

In addition to measuring its cash flow generation and usage based upon the operating, investing and financing classifications included in the unaudited Condensed Consolidated Statements of Cash Flows, 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. Dover's free cash flow for the three months ended March 31, 2009 decreased \$28.0 million compared to the prior year period. The decrease primarily reflected lower earnings from continuing operations, offset by lower capital expenditures.

The following table is a reconciliation of free cash flow with cash flows from operating activities:

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Free Cash Flow</b> (in thousands)		
Cash flow provided by operating activities	\$ 114,866	\$ 153,904
Less: Capital expenditures	31,475	42,535
Free cash flow	\$ 83,391	\$ 111,369
Free cash flow as a percentage of revenue	6.0%	6.0%

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

	<b>At March 31, 2009</b>	<b>At December 31, 2008</b>
<b>Net Debt to Total Capitalization Ratio</b> (in thousands)		
Current maturities of long-term debt	\$ 33,239	\$ 32,194
Commercial paper and other short-term debt	113,413	192,750
Long-term debt	1,861,407	1,860,729
Total debt	2,008,059	2,085,673
Less: Cash, cash equivalents and short-term investments	762,950	826,869
Net debt	1,245,109	1,258,804
Add: Stockholders' equity	3,773,412	3,792,866
Total capitalization	\$ 5,018,521	\$ 5,051,670
Net debt to total capitalization	24.8%	24.9%

The total debt level of \$2,008.1 million at March 31, 2009 decreased \$77.6 million from December 31, 2008, due to lower commercial paper borrowings. The net debt decrease was due to the lower total debt level partially offset by lower cash generated from operations, in the first quarter of 2009 when compared to December 31, 2008.

Dover's long-term debt with a book value of \$1,894.6 million, of which \$33.2 million matures in less than one year, had a fair value of approximately \$1,937.3 million at March 31, 2009. The estimated fair value of the long-term debt is based on quoted market prices for similar issues.

There is presently one outstanding swap agreement for a total notional amount of \$50.0 million, or CHF65.1 million, which swaps the U.S. dollar 6-month LIBOR rate and the Swiss Franc 6-month LIBOR rate. This agreement hedges a portion of the Company's net investment in non-U.S. operations and the fair value outstanding at March 31, 2009 was a loss of \$7.7 million which was based on quoted market prices for similar instruments (uses Level 2 inputs under the SFAS No. 157 hierarchy). The change in fair value of this hedge, which was not significant during the first quarter of 2009, is recorded in Other Expense (Income), net and the \$7.7 million is recorded in Other Deferrals in the Unaudited Condensed Consolidated Balance Sheet. This hedge is effective.

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**Table of Contents****(2) RESULTS OF OPERATIONS:****CONSOLIDATED RESULTS OF OPERATIONS**

Revenue for the first quarter of 2009 decreased 26% to \$1,379.1 million from the comparable 2008 period, with decreases at all four segments. Dover's revenue decrease was attributed to declines in its core businesses of 22% and the impact of foreign exchange of 4%. Gross profit decreased 29% to \$482.1 million from the prior year quarter while the gross profit margin decreased 146 basis points to 35.0%.

Selling and administrative expenses of \$367.4 million for the first quarter of 2009 decreased by \$76.4 million over the comparable 2008 period, primarily due to decreased revenue activity cost containment efforts and synergy savings, net of restructuring charges. Selling and administrative expenses as a percentage of revenue increased to 26.6% from 23.8% in the comparable 2008 period, reflecting reduced revenue levels and restructuring charges of \$22.8 million. Interest expense, net, for the first quarter of 2009 decreased by \$1.0 million, compared to the same quarter last year, primarily due to lower average outstanding commercial paper balances during the quarter. Other expense (income), net, of (\$1.7) million and \$2.5 million for the three months ended March 31, 2009 and 2008, respectively, was primarily related to the effects of foreign exchange fluctuations on assets and liabilities denominated in currencies other than the Company's functional currency.

The effective tax rate for continuing operations for the three months ended March 31, 2009 was 35.1%, compared to the prior year rate of 29.5%. Higher domestic earnings and the mix of non-U.S. earnings in low-tax jurisdictions both had a negative impact on the effective tax rate for the first quarter of 2009.

Earnings from continuing operations for the quarter decreased 59% to \$61.1 million or \$0.33 diluted EPS (EPS) compared to \$147.9 million or \$0.77 EPS in the prior year first quarter. The decrease was primarily a result of end-market weakness across all of the Company's segments.

Loss from discontinued operations for the first quarter 2009 was \$7.7 million, or \$0.04 EPS, compared to a first quarter 2008 loss of \$0.8 million, with a negligible impact on EPS. The 2009 earnings included a \$7.4 million loss, net of tax, related to adjustments to the fair value of a business still held for sale and other adjustments, as well as a loss from operations of \$0.2 million, net of tax. The 2008 loss included losses from the sales of businesses, net of tax, of approximately \$2.0 million and income from operations of \$1.2 million.

**Severance and Other Restructuring Reserves**

From time to time, the Company will initiate various restructuring programs at its operating companies or record severance and other restructuring costs in connection with purchase accounting for acquisitions. In the second half of 2008, the Company announced plans to increase substantially the amount of restructuring efforts in response to the significant decline in global economic activity. During the first quarter of 2009, the Company closed 12 facilities and reduced headcount by 3,700. The Company expects to incur an additional \$38 million in restructuring costs and reduce headcount by an additional 1,000 during the remainder of 2009. The Company expects the restructuring costs incurred during 2009 to yield savings of approximately \$125 million in 2009.

At March 31, 2009 and December 31, 2008 the Company had reserves related to severance and other restructuring activities of \$50.2 million and \$31.0 million, respectively. During the first quarter of 2009, the Company recorded \$35.2 million in additional charges and made \$15.0 million in payments related to these reserves. For the first quarter of 2009, \$12.4 million and \$22.8 million of restructuring charges were recorded in cost of goods and services and selling and administrative expenses, respectively, in the Unaudited Condensed Consolidated Statement of Operations.

**Current Economic Environment**

With few exceptions, Dover experienced lower demand across all of its end markets resulting in lower bookings

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and backlog in the fourth quarter of 2008 and first quarter of 2009 although bookings improved in each month of the first quarter. Though this downturn will have a significant adverse impact on revenue and earnings for the remainder of the year, Dover remains committed to maintaining margin levels. The structural changes made over the last few years, becoming less dependent on capital goods markets and having greater recurring revenue, together with improved working capital management and strong pricing discipline is expected to partially offset the impact of the economic downturn during 2009. As discussed above in the Liquidity and Capital Resources section, the Company believes that existing sources of liquidity are adequate to meet anticipated funding needs at comparable risk-based interest rates.

**2009 Outlook**

Dover currently anticipates that 2009 revenue will decline 18%-20%, below 2008 levels and currently does not anticipate a meaningful recovery in the latter half of 2009 from these demand levels. Based on these assumptions, Dover has projected that its continuing diluted earnings per share for 2009 will be in the range of \$2.00 to \$2.30, and expects its earnings to follow a traditional seasonal pattern of being higher in the second and third quarters and lower in the fourth quarter. If global or domestic economic conditions deteriorate further, Dover's operating results for 2009 could be materially worse than currently projected.

**SEGMENT RESULTS OF OPERATIONS****Industrial Products**

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Revenue			
Material Handling	\$ 186,651	\$ 287,208	-35%
Mobile Equipment	248,292	329,723	-25%
Eliminations	(152)	(157)	
	\$ 434,791	\$ 616,774	-30%
Segment earnings	\$ 34,544	\$ 78,838	-56%
Operating margin	7.9%	12.8%	
Acquisition related depreciation and amortization expense*	\$ 8,388	\$ 9,215	-9%
Bookings			
Material Handling	\$ 118,343	\$ 296,278	-60%
Mobile Equipment	210,558	360,324	-42%
Eliminations	(22)	(296)	
	\$ 328,879	\$ 656,306	-50%
Backlog			
Material Handling	\$ 120,066	\$ 228,082	-47%
Mobile Equipment	349,358	575,070	-39%
Eliminations	(48)	(171)	
	\$ 469,376	\$ 802,981	-42%

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

Industrial Products decrease in revenue was primarily due to general economic conditions as well as continued weakness in the infrastructure (construction), energy bulk transport and vehicle service markets. The segment's 30% decline in revenue reflected core business decline of 28%, with 2% due to foreign exchange. Earnings and margin were impacted by the factors mentioned above as well as \$6.4 million in restructuring costs.

Material Handling revenue and earnings decreased 35% and 72%, respectively, when compared to the prior year first quarter. The platform continued to experience significant challenges in its core infrastructure and energy markets, compared to the first quarter of 2008. Restructuring charges at the platform also negatively impacted the earnings comparison with the first quarter of 2008.

Mobile Equipment revenue and earnings decreased 25% and 34%, respectively, over the prior year first quarter. Although the aerospace and military markets remained relatively strong, their results were offset by challenges in

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the energy, bulk transport and vehicle service markets. Earnings at the platform were negatively impacted by the overall downturn in business and various restructuring activities.

**Engineered Systems**

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Revenue			
Engineered Products	\$ 223,426	\$ 267,696	-17%
Product Identification	177,358	231,526	-23%
	\$ 400,784	\$ 499,222	-20%
Segment earnings	\$ 43,305	\$ 62,996	-31%
Operating margin	10.8%	12.6%	
Acquisition related depreciation and amortization expense*	\$ 6,071	\$ 6,109	-1%
Bookings			
Engineered Products	\$ 236,353	\$ 284,257	-17%
Product Identification	175,680	239,547	-27%
	\$ 412,033	\$ 523,804	-21%
Backlog			
Engineered Products	\$ 196,394	\$ 244,981	-20%
Product Identification	57,801	79,956	-28%
	\$ 254,195	\$ 324,937	-22%

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

assets.

Engineered Systems revenue and earnings decreased from the prior year first quarter by 20% and 31%, respectively. General softness in the markets served by the segment resulted in a 14% decline in core business revenue and the unfavorable impact of currency rates contributed to the balance of the decline. The earnings decline was substantially driven by the softness in end markets, the impact of currency rates, and \$7.7 million in restructuring costs.

Engineered Products revenue and earnings decreases of 17% and 20% respectively, were driven by weakness in most Engineered Products businesses except for the refrigeration systems and display case business which experienced similar activity to the prior year first quarter. Earnings and margins were unfavorably impacted by lower overall volume, currency rates, and restructuring costs.

Product Identification platform revenue and earnings declined by 23% and 39%, respectively, compared to the prior year first quarter. Core revenue was down 17% due to softness in both the Direct Marking and Bar Coding businesses. The balance of the revenue decline was due to currency exchange rates. The earnings decline was due to the volume decrease, currency and restructuring costs, partially offset by benefits realized from the platform's on-going integration activities.

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**Table of Contents****Fluid Management**

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Revenue			
Energy	\$ 176,334	\$ 213,003	-17%
Fluid Solutions	154,488	188,328	-18%
Eliminations	(50)	(32)	
	\$ 330,772	\$ 401,299	-18%
Segment earnings	\$ 75,442	\$ 85,139	-11%
Operating margin	22.8%	21.2%	
Acquisition related depreciation and amortization expense*	\$ 4,828	\$ 3,914	23%
Bookings			
Energy	\$ 142,721	\$ 233,662	-39%
Fluid Solutions	150,376	197,289	-24%
Eliminations	(43)	(24)	
	\$ 293,054	\$ 430,927	-32%
Backlog			
Energy	\$ 58,771	\$ 106,540	-45%
Fluid Solutions	60,781	85,130	-29%
Eliminations	(5)	(6)	
	\$ 119,547	\$ 191,664	-38%

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



and intangible  
assets.

Fluid Management's revenue and earnings decreases over the prior year quarter were driven by slowing demand in the oil and gas sectors served by the Energy platform as well as the diverse markets served by the Fluid Solutions group. Compared to the first quarter of 2008, revenue decreased 18% and earnings decreased 11%; operating margin showed a 160 bps improvement due to lower accruals for incentive payments, lower legal settlement costs and the net benefit of cost saving initiatives. The segment's revenue decline represented a core business decline of 16%, with the remainder due to the net impact of acquisitions and foreign exchange. In addition, for the first quarter of 2009, the segment had \$2.5 million in restructuring charges.

The Energy platform posted a 17% decrease in revenue and a 13% earnings decline when compared to the same quarter last year. While the power generation market remained strong, the oil and gas sectors continued to show weakness. Improved margins reflect operational improvements, lower incentive accruals and cost savings as a result of restructuring activities.

Fluid Solutions revenue decreased 18% and earnings declined 24% due to lower demand in their various industrial markets. Decreased margins reflect lower revenue partially offset by savings from restructuring activities.

**Table of Contents****Electronic Technologies**

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Revenue	\$214,035	\$351,757	-39%
Segment earnings	\$ (12,110)	\$ 36,234	-133%
Operating margin	-5.7%	10.3%	
Acquisition related depreciation and amortization expense*	\$ 8,286	\$ 8,902	-7%
Bookings	223,707	360,337	-38%
Backlog	186,850	246,711	-24%

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

Electronic Technologies revenue decreased 39% over the same quarter of 2008, primarily due to the impact of weak demand for assembly and test equipment by manufacturers. The overall economy, including a decline in consumer spending on electronics, negatively impacted test equipment manufacturer spending in the quarter. The other markets that the segment serves such as the MEMS hearing aid and military and space markets experienced more moderate declines in the quarter. The segment's core revenue decline amounted to 33% while the impacts on revenue from dispositions and currency changes were 3% and 3%, respectively. Earnings for the first quarter of 2009 were negatively impacted by the factors mentioned above as well as the impact of approximately \$18.5 million in restructuring charges recorded in the quarter.

**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.

**Recent Accounting Standards**

See Note 12 Recent Accounting Standards

**Special Notes Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q, especially Management's Discussion and Analysis, 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 10-Q 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, or similar words or phrases. Forward-looking statements

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are subject to inherent risks and uncertainties that could cause actual results to differ from current expectations including, but not limited to: current economic conditions and uncertainties in the credit and capital markets; the Company's ability to achieve expected savings from integration, synergy and other cost-control initiatives; the ability to identify and successfully consummate value-adding acquisition opportunities; increased competition and pricing pressures in the markets served by Dover's operating companies; the ability of Dover's companies to expand into new geographic markets and to anticipate and meet customer demands for new products and product enhancements; increases in the cost of raw materials; changes in customer demand; political events that could impact the worldwide economy; the impact of natural disasters and their effect on global energy markets; a downgrade in Dover's credit ratings; international economic conditions including interest rate and currency exchange rate fluctuations; the relative mix of products and services which impacts margins and operating efficiencies; short-term capacity constraints; domestic and foreign governmental and public policy changes including environmental regulations and tax policies (including domestic and international export subsidy programs, 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 cyclical nature of some of Dover's companies; domestic housing industry weakness; and continued events in the Middle East and possible future terrorist threats and their effect on the worldwide economy. Readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Company may, from time to time, post financial or other information on its Internet website, [www.dovercorporation.com](http://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.

**Non-GAAP Information**

In an effort to provide investors with additional information regarding the Company's results as determined by generally accepted accounting principles (GAAP), the Company also discloses non-GAAP information which management believes provides useful information to investors. Free cash flow, net debt, total debt, total capitalization, Adjusted Working Capital, Average Annual Adjusted Working Capital, earnings adjusted for non-recurring items, 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, earnings, revenue and working capital as determined in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies. Management believes the (1) net debt to total capitalization ratio and (2) 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 the Company's common stock. Reconciliations of free cash flow, total debt and net debt can be found in Part (1) of Item 2-Management's Discussion and Analysis. Management believes that reporting adjusted working capital (also sometimes called "working capital"), which is calculated as accounts receivable, plus inventory, less accounts payable, provides a meaningful measure of the Company's operational results by showing the changes caused solely by revenue. Management believes that reporting adjusted working capital and revenues at constant currency, which excludes the positive or negative impact of fluctuations in foreign currency exchange rates, provides a meaningful measure of the Company's operational changes, given the global nature of Dover's businesses. Management believes that reporting organic revenue growth, which excludes the impact of foreign currency exchange rates and the impact of acquisitions, provides a useful comparison of the Company's revenue performance and trends between periods.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has been no significant change in the Company's exposure to market risk during the first three months of 2009. For a discussion of the Company's exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

**Item 4. Controls and Procedures**

At the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2009.

During the first quarter of 2009, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. In making its assessment of changes in internal control over financial reporting as of March 31, 2009, management has excluded those companies acquired in purchase business combinations during the twelve months ended March 31, 2009. The Company is currently assessing the control environments of these acquisitions. These companies are wholly-owned by the Company and their total revenue for the three-month period ended March 31, 2009 represent approximately 0.8% of the Company's consolidated revenue for the same period. Their assets represent approximately 1.2% of the Company's consolidated assets at March 31, 2009.

**Item 4T. Controls and Procedures**

Not applicable.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

See Part I, Notes to Condensed Consolidated Financial Statements, Note 8.

**Item 1A. Risk Factors**

There have been no material changes with respect to risk factors as previously disclosed in Dover's Annual Report on Form 10-K for its fiscal year ended December 31, 2008.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) Not applicable.

(b) Not applicable.

(c) The Company did not acquire any shares of its common stock during the first quarter of 2009.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

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

None.

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**Item 5. Other Information**

(a) None.

(b) None.

**Item 6. Exhibits**

- 31.1 Certificate pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, signed and dated by Robert G. Kuhbach.
- 31.2 Certificate pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, signed and dated by Robert A. Livingston.
- 32 Certificate pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, signed and dated by Robert A. Livingston and Robert G. Kuhbach.

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

DOVER CORPORATION

Date: April 22, 2009

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

Date: April 22, 2009

/s/ Raymond T. McKay, Jr.  
Raymond T. McKay, Jr., Vice President,  
Controller  
(Principal Accounting Officer)

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