

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share figures)

	Years Ended December 31,		
	2015	2014	2013
Revenue	\$ 6,956,311	\$ 7,752,728	\$ 7,155,096
Cost of goods and services	4,388,167	4,778,479	4,376,505
Gross profit	2,568,144	2,974,249	2,778,591
Selling and administrative expenses	1,647,382	1,758,765	1,616,921
Operating earnings	920,762	1,215,484	1,161,670
Interest expense, net	127,257	127,179	120,654
Other income, net	(7,105)	(5,902)	(4,970)
Earnings before provision for income taxes and discontinued operations	800,610	1,094,207	1,045,986
Provision for income taxes	204,729	316,067	248,459
Earnings from continuing operations	595,881	778,140	797,527
Earnings (loss) from discontinued operations, net	273,948	(2,905)	205,602
Net earnings	<u>\$ 869,829</u>	<u>\$ 775,235</u>	<u>\$ 1,003,129</u>
Earnings per share from continuing operations:			
Basic	\$ 3.78	\$ 4.67	\$ 4.66
Diluted	\$ 3.74	\$ 4.61	\$ 4.60
Earnings (loss) per share from discontinued operations:			
Basic	\$ 1.74	\$ (0.02)	\$ 1.20
Diluted	\$ 1.72	\$ (0.02)	\$ 1.18
Net earnings per share:			
Basic	\$ 5.52	\$ 4.65	\$ 5.86
Diluted	\$ 5.46	\$ 4.59	\$ 5.78
Weighted average shares outstanding:			
Basic	157,619	166,692	171,271
Diluted	159,172	168,842	173,547
Dividends paid per common share	\$ 1.64	\$ 1.55	\$ 1.45

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$ 362,185	\$ 681,581
Receivables, net of allowances of \$18,050 and \$18,894	1,120,490	1,186,746
Inventories, net	802,895	863,737
Prepaid and other current assets	135,209	101,905
Total current assets	2,420,779	2,833,969
Property, plant and equipment, net	854,269	837,069
Goodwill	3,737,389	3,491,557
Intangible assets, net	1,413,223	1,369,520
Other assets and deferred charges	194,103	171,005
Assets of discontinued operations	—	327,171
Total assets	<u>\$ 8,619,763</u>	<u>\$ 9,030,291</u>
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 151,122	\$ 777,956
Accounts payable	650,880	615,332
Accrued compensation and employee benefits	223,039	272,822
Accrued insurance	99,642	95,896
Other accrued expenses	235,971	266,277
Federal and other taxes on income	6,528	10,566
Total current liabilities	1,367,182	2,038,849
Long-term debt	2,617,342	2,253,041
Deferred income taxes	575,709	504,618
Other liabilities	414,955	482,340
Liabilities of discontinued operations	—	50,718
Stockholders' equity:		
Preferred stock - \$100 par value; 100,000 shares authorized; none issued	—	—
Common stock - \$1 par value; 500,000,000 shares authorized; 256,112,943 and 255,892,502 shares issued at December 31, 2015 and December 31, 2014, respectively	256,113	255,893
Additional paid-in capital	928,409	900,833
Retained earnings	7,686,642	7,074,782
Accumulated other comprehensive loss	(254,573)	(158,931)
Common stock in treasury	(4,972,016)	(4,371,852)
Total stockholders' equity	3,644,575	3,700,725
Total liabilities and stockholders' equity	<u>\$ 8,619,763</u>	<u>\$ 9,030,291</u>

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2015	2014	2013
Operating Activities of Continuing Operations			
Net earnings	\$ 869,829	\$ 775,235	\$ 1,003,129
Adjustments to reconcile net earnings to cash from operating activities:			
(Earnings) loss from discontinued operations, net	(273,948)	2,905	(205,602)
Depreciation and amortization	327,089	307,188	278,033
Stock-based compensation	30,697	31,628	30,480
Provision for losses on accounts receivable (net of recoveries)	5,946	4,730	5,869
Deferred income taxes	(5,916)	(33,866)	8,275
Employee benefit plan expense	34,253	34,627	44,311
Contributions to employee benefit plans	(21,942)	(24,232)	(40,258)
Other, net	(2,258)	(21,813)	3,904
Cash effect of changes in assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Accounts receivable	37,916	(87,207)	(87,806)
Inventories	63,129	(63,717)	1,684
Prepaid expenses and other assets	(7,401)	(18,527)	(8,452)
Accounts payable	42,925	60,176	38,808
Accrued compensation and employee benefits	(71,090)	(17,731)	(17,817)
Accrued expenses and other liabilities	(19,765)	40,955	(7,353)
Accrued taxes	(60,405)	(40,187)	(67,593)
Net cash provided by operating activities of continuing operations	949,059	950,164	979,612
Investing Activities of Continuing Operations			
Additions to property, plant and equipment	(154,251)	(166,033)	(141,694)
Acquisitions (net of cash and cash equivalents acquired)	(567,843)	(802,254)	(322,838)
Proceeds from the sale of property, plant and equipment	14,604	14,373	23,801
Proceeds from the sale of businesses	689,314	191,348	76,457
Settlement of net investment hedge	(17,752)	—	—
Other	1,350	(19,991)	2,597
Net cash used in investing activities of continuing operations	(34,578)	(782,557)	(361,677)
Financing Activities of Continuing Operations			
Cash received from Knowles Corporation, net of cash distributed	—	359,955	—
Proceeds from long-term debt, net of discount and issuance costs	394,300	—	403,776
Proceeds from exercise of share-based awards, including tax benefits	4,024	20,337	38,922
Change in commercial paper and notes payable, net	(327,000)	251,500	(381,000)
Repayment of long-term debt	(300,048)	(6,566)	(3,246)
Dividends to stockholders	(257,969)	(258,487)	(247,820)
Purchase of common stock	(600,164)	(601,077)	(457,871)
Payments for employee tax obligations upon exercise of share-based awards	(5,029)	(21,151)	(31,303)
Net cash used in financing activities of continuing operations	(1,091,886)	(255,489)	(678,542)
Cash Flows from Discontinued Operations			
Net cash provided by operating activities of discontinued operations	(113,946)	25,760	172,955
Net cash used in investing activities of discontinued operations	(1,984)	(19,753)	(107,191)
Net cash (used in) provided by discontinued operations	(115,930)	6,007	65,764
Effect of exchange rate changes on cash and cash equivalents	(26,061)	(40,426)	(1,351)
Net (decrease) increase in cash and cash equivalents	(319,396)	(122,301)	3,806
Cash and cash equivalents at beginning of period	681,581	803,882	800,076
Cash and cash equivalents at end of period	\$ 362,185	\$ 681,581	\$ 803,882
Supplemental information - cash paid during the year for:			
Income taxes	\$ 346,382	\$ 372,446	\$ 318,402
Interest	\$ 128,151	\$ 128,412	\$ 123,881

See Notes to Consolidated Financial Statements