DOVER CORP
Form 10-K
February 28, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

þ	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended December 31, 2007**
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the transition period from to**

Commission File No. 1-4018

Dover Corporation
(Exact name of Registrant as specified in its charter)

Delaware *(State of Incorporation)*	**53-0257888** *(I.R.S. Employer Identification)*
280 Park Avenue **New York, NY** *(Address of principal executive offices)*	**10017** *(Zip Code)*

(Registrant s telephone number)
(212) 922-1640
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1	New York Stock Exchange

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

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

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

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

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

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the close of business June 30, 2007 was $10,396,916,874. The registrant s closing price as reported on the New York Stock Exchange-Composite Transactions for June 30, 2007 was $51.15 per share.

The number of outstanding shares of the registrant s common stock as of February 22, 2008 was 191,926,458.

Documents Incorporated by Reference:

Part III	Certain Portions of the Proxy Statement for Annual Meeting of Shareholders to be Held on May 1, 2008 (the 2008 Proxy Statement).

Special Notes Regarding Forward-Looking Statements

This Annual Report on Form 10-K, especially Management s Discussion and Analysis, and other written and oral statements the Company makes from time to time contain 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-K that are not historical are hereby identified as forward-looking statements and may be indicated by words or phrases such as anticipates, supports, plans, projects, expects, believes, should, hope, forecast, management is of the opinion, use of the future tense and similar words or phrases. Forward-looking statements are subject to inherent uncertainties and risks, including among others: increasing price and product/service competition by international and domestic competitors including new entrants; the impact of technological developments and changes on Dover companies, particularly companies in the Electronic Technologies segment; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in the cost or availability of energy or raw materials; changes in customer demand; the extent to which Dover companies are successful in expanding into new geographic markets, particularly outside of North America; the relative mix of products and services which impacts margins and operating efficiencies; short-term capacity restraints; the achievement of lower costs and expenses; domestic and foreign governmental and public policy changes including environmental regulations and tax policies (including domestic and 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 success of the Company s acquisition program; the cyclical nature of some of Dover s companies; the impact of natural disasters, such as hurricanes, and their effect on global energy markets; domestic housing industry weakness and related credit market challenges; and continued events in the Middle East and possible future terrorist threats and their effect on the worldwide economy. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions including interest rate and currency exchange rate fluctuations. In light of these risks and uncertainties, actual events and results may vary significantly from those included in or contemplated or implied by such statements. Readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Company may, from time to time, post financial or other information on its Internet website, www.dovercorporation.com. The Internet address is for informational purposes only and is not intended for use as a hyperlink. The Company is not incorporating any material on its website into this report.

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PART I

Item 1. *Business*

Overview

Dover Corporation (Dover or the Company), incorporated in 1947 in the State of Delaware, became a publicly traded company in 1955. The Company owns and operates 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. Additional information is contained in Items 7 and 8.

Recent Events

In the fall of 2004, the Company embarked on a strategic portfolio review, looking at all of its companies to determine whether every company warranted continued ownership and investment. As part of that process, the Company elected to expand its executive management team and changed its operating structure to accommodate both the strategic review and expanded leadership. This resulted in the creation of six segments and 13 platforms effective October 1, 2004. Over the next three years, as a result of the strategic review, Dover decided to discontinue and sell 22 businesses with annual revenue of approximately $1.3 billion and aggregate operating margins of 5%, generating net proceeds of $696 million. At the same time, the Company spent $2.5 billion acquiring 24 businesses with expected annual revenue of $1.4 billion and projected operating margins of 15%.

As a result of these actions, in the third quarter of 2007, the Company elected to change its operating structure to more logically align its businesses with respect to end markets, resulting in the creation of four segments and six platforms, which is expected to be the ongoing operating structure for the foreseeable future.

Operating Structure

The Company reports its results in four business segments Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. Dover discusses its operations at the platform level within the Industrial Products, Engineered Systems, and Fluid Management segments, each of which contains two platforms. Electronic Technologies results are discussed at the segment level. Dover companies within its business segments and platforms design, manufacture, assemble and/or service the following:

Material handling equipment such as industrial and recreational winches, utility, construction and demolition machinery attachments, hydraulic parts, industrial automation tools, four-wheel-drive (4WD) and all-wheel drive (AWD) powertrain systems and other accessories for off-road vehicles.

Mobile equipment related products primarily refuse truck bodies, tank trailers, compactors, balers, vehicle service lifts, car wash systems, internal engine components, fluid control assemblies and various aerospace components.

Engineered products such as refrigeration systems, refrigeration display cases, walk-in coolers, foodservice equipment, commercial kitchen air and ventilation systems, heat transfer equipment, food and beverage packaging machines and ATM machines.

Product identification related products such as industrial marking and coding systems used to code information (i.e. dates and serial numbers) on consumer products, printing products for cartons used in warehouse logistics operations, bar code printers and portable printers.

Energy market production and distribution products such as sucker rods, drill bit inserts for oil and gas exploration, gas well production control devices, control valves, piston and seal rings, control instrumentation, remote data collection and transfer devices, and components for compressors, turbo machinery, motors and generators.

Fluid solution products including nozzles, swivels and breakaways used to deliver various types of fuel, suction system equipment, unattended fuel management systems, integrated tank monitoring, pumps used in fluid transfer applications, quick disconnect couplings used in a wide variety of biomedical and commercial applications, and chemical proportioning and dispensing systems.

Electronic technology equipment and devices/components such as advanced micro-component products for the hearing aid and consumer electronics industries, high frequency capacitors, microwave electro-magnetic switches, radio frequency and microwave filters, electromagnetic products, frequency control/select components and sophisticated automated assembly and testing equipment.

Business Strategy

The Company operates with certain fundamental business strategies. First, it seeks to acquire and own businesses which manufacture proprietary engineered industrial products which are leaders in four broad markets: Industrial Products, Engineered Systems, Fluid Management and Electronic Technologies. To ensure success, Dover companies place strong emphasis on new product development to better serve customers and expand into new product and geographic markets. Second, the Company drives its businesses to be committed to operational excellence, and to be market leaders as measured by market share, customer service, innovation, profitability and return on invested capital. Third, the Company is committed to an operating culture with high ethical standards, trust, respect and open communication, to allow individual growth and operational effectiveness. Fourth, the Company seeks to utilize its strong free cash flow in a balanced manner to grow its businesses and to increase shareholder value.

Management Philosophy

The Company s operating structure of four defined industry segments and six core business platforms drives focused acquisition activity, accelerates opportunities to identify and capture operating synergies, including global sourcing and supply chain integration, and advances the development of Dover s executive talent. The presidents of Dover s operating companies and groups have responsibility for their businesses performance as they are able to serve customers by focusing closely on their products and markets, and by reacting quickly to customer needs. The Company s platform, segment and executive management sets strategic direction, provides oversight, allocates and manages capital, assists in major acquisitions and provides other services.

Portfolio Development

Acquisitions

Dover s acquisition program has two elements. First, it seeks to acquire value creating add-on businesses that broaden its existing platforms and global reach, manufacture innovative components and equipment, specialty systems and/or support services, and sell to industrial or commercial users. Second, it will strategically pursue larger, stand-alone businesses that have the potential to either complement our existing companies or allow Dover to pursue a new platform. During the period from 2005 through 2007, the Company significantly increased the level of acquisition spending, buying 24 businesses with an aggregate cost of $2.5 billion. Annualized revenue of these companies was approximately $1.4 billion as of their date of acquisition with projected operating margins in the range of 15%.

In 2007, the Company acquired seven businesses, all of which were add-on businesses, for an aggregate cost of $273.6 million. In 2006, Dover acquired seven companies (five add-ons) for an aggregate cost of $1,116.8 million, the highest annual acquisition investment level in its history. During 2005, the Company acquired a total of ten businesses (eight add-ons) for an aggregate cost of $1,089.7 million.

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

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Divestitures

While the Company generally expects to hold businesses that it buys, during the past three years (2005 2007) the Company engaged in a thorough review of its portfolio of businesses to verify that those businesses continue to be essential contributors to Dover s long-term growth strategy. Based on that review, the Company has over the past three years discontinued 22 and sold 20 operations for an aggregate consideration of approximately $696 million. In addition, there are occasionally situations in which one of Dover s companies is a very attractive acquisition for another company based on specific market conditions. In those circumstances, Dover might make an opportunistic sale. For more details, see the Discontinued Operations discussion below and Note 8 to the Consolidated Financial Statements in Item 8.

Reportable Segments

Below is a description of Dover s reportable segments and related platforms. For additional financial information about Dover s reportable segments, see Note 14 to the Consolidated Financial Statements in Item 8 of this Form 10-K.

Industrial Products

The Industrial Products segment provides products and services that improve its customers productivity as well as products used in various mobile equipment applications primarily in the transportation equipment, vehicle service and solid waste management markets. The segment manages and sells its products and services through two business platforms described below.

Material Handling

The Material Handling platform primarily serves two global markets infrastructure and industrial automation. The companies in this platform develop and manufacture branded customer productivity enhancing systems. These products are produced in the United States, Mexico, Germany, Belgium, Thailand, India, China, Brazil and France and are marketed globally on a direct basis to original equipment manufacturers (OEMs) and through a global dealer and distribution network to industrial end users.

The Material Handling platform companies in the infrastructure market sell to broad segments of the construction, utility, demolition, recycling, scrap processing, material handling, forestry, energy, military, marine, towing/recovery, refuse and automotive OEM markets. Major products include mobile shears, concrete demolition tools, buckets, backhoes, trenchers, augers, worm gear and planetary winches, and hydraulic lift and electronic control/monitoring systems for mobile and structural cranes, 4WD and AWD powertrain systems and other accessories for off-road vehicles. These products are sold to OEMs and extensive dealer networks primarily in North America.

The Material Handling platform companies in the industrial automation market provide a wide range of modular automation components including manual clamps, power clamps, rotary and linear mechanical indexers, conveyors, pick and place units, as well as end-of-arm robotic grippers, slides and end effectors. These products serve a very broad market including food processing, packaging, paper processing, medical, electronic, automotive, nuclear, and general industrial products. These businesses generate almost half of their revenues outside the U.S.

Mobile Equipment

The Mobile Equipment platform serves three primary markets transportation equipment, solid waste management and vehicle service. The companies in this platform manufacture tank trailers, specialty trailers, refuse collection bodies (garbage trucks), container lifts, on-site waste management and recycling systems, vehicle service lifts, touch-free and friction vehicle wash systems, vehicle collision measuring and repair systems, aerospace and submarine related fluid control assemblies, fasteners and bearings, internal engine components and other engine accessories. The businesses also provide components for off-road sports vehicles and high performance autos. The platform has manufacturing operations in North and South America, Asia and Europe.

The businesses in the transportation equipment market manufacture and sell aluminum, stainless steel and steel tank trailers that carry petroleum products, chemical, edible and dry bulk products, as well as specialty trailers focused on the heavy haul, oil field and recovery markets. Trailers are marketed both directly and indirectly through distributors to customers in the construction, trucking, railroad, oilfield and heavy haul industries. These products are also sold to government agencies in the U.S. and globally.

The businesses in the solid waste management market provide products and services for the refuse collection industry and for on-site processing and compaction of trash and recyclable materials. Products are sold to municipal customers, national accounts and independent waste haulers through a network of distributors and directly in certain geographic areas. The on-site waste management and recycling systems include a variety of stationery compactors, wire processing and separation machines, and balers that are manufactured and sold primarily in the U.S. to distribution centers, malls, stadiums, arenas, office complexes, retail stores and recycling centers.

The businesses in the vehicle service market provide a wide range of products and services that are utilized in vehicle services, maintenance, repair and modification. Vehicle lifts and collision equipment are sold through equipment distribution and directly to a wide variety of markets, including independent service and repair shops, collision repair shops, national chains and franchised service facilities, new vehicle dealers, and governments. Car wash suppliers, both touch-free and friction are sold primarily in the U.S. and Canada to major oil companies, convenience store chains and individual investors. These products are sold through a distribution network that installs the equipment and provides after sale service and support. High performance internal combustion engine components, including pistons, connecting rods and accessories, are designed to meet customer specifications for the racing and enthusiast markets in both the motor sports and automotive market segments. These products are sold directly and through distribution networks on a global basis.

Engineered Systems

The Engineered Systems segment provides products and services for the refrigeration, storage, packaging and preparation of food products, as well as industrial marking and coding systems for various markets and ATM machines used by retailers. The segment serves its markets by managing these products and services through two business platforms which are described below.

Product Identification

The Product Identification platform (PI) is a worldwide supplier of industrial marking and coding systems that serves the food, beverage, cosmetic, pharmaceutical, electronic, automotive and other markets where variable marking is required. Its primary printing products are used for marking variable information (such as date codes or serial numbers) on consumer products. PI provides solutions for product marking on primary packaging, secondary packaging such as cartons, and pallet marking for use in warehouse logistics operations. PI also manufactures bar code printers and portable printers used where on demand labels/receipts are required. The PI principal manufacturing facilities are in the United States, France and China with sales operations globally.

Engineered Products

The Engineered Products platform manufactures refrigeration systems, refrigeration display cases, walk-in coolers and freezers, electrical distribution products and engineering services, commercial foodservice equipment, cook-chill production systems, custom food storage and preparation products, kitchen ventilation systems, conveyer systems, beverage can-making machinery, and packaging machines used for meat, poultry and other food products. In addition, the platform manufactures copper-brazed compact heat exchangers, designs software for heating and cooling substations, and also manufactures ATM machines. The platform s manufacturing facilities and distributing operations are in North America and Europe with additional distribution facilities in South America and Asia.

The majority of the systems and machinery that are manufactured or serviced by the Engineered Products platform is used by the supermarket industry, big-box retail and convenience stores, the commercial/industrial refrigeration industry, institutional and commercial foodservice markets, and beverage can-making industries. The commercial foodservice cooking equipment products serve their markets worldwide through a network of dealers,

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distributors, national chain accounts, manufacturer representatives, and a direct sales force with the primary market being North America.

The heat exchangers are sold via a direct sales force throughout the world for various applications in a wide variety of industries. The ATM hardware, software and services are provided to retail and financial institutions and are found in numerous major retail chains, convenience stores, airports, hotels, office buildings, restaurants, shopping centers, supermarkets and casinos.

Fluid Management

The Fluid Management segment provides products and services for end-to-end stewardship of its customers critical fluids including liquids, gases, powders and other solutions that are hazardous, valuable or process-critical. The segment provides highly engineered, cost-saving technologies that help contain, control, move, measure and monitor these critical fluids. To better serve its end-markets, these products and services are channeled through two business platforms described below.

Energy

The Energy platform serves the oil, gas and power generation industries. Its products promote the efficient and cost-effective extraction, storage and movement of oil and gas products, or constitute critical components for power generation equipment. Major products manufactured by companies within this platform include polycrystalline diamond cutters (PDCs) used in drill bits for oil and gas wells; steel sucker rods and accessories used in on-shore oil and gas production; pressure, temperature and flow monitoring equipment used in oil and gas exploration and production applications; and control valves and instrumentation for oil and gas production. In addition, these companies manufacture various compressor parts that are used in the natural gas production, distribution and oil refining markets, as well as, bearings and remote condition monitoring systems that are used for rotating machinery applications such as turbo machinery, motors, generators and compressors used in energy, utility, marine and other industries. Sales are made directly to customers and through various distribution channels. Sales are predominantly in North America with international sales directed largely to Europe and South America.

Fluid Solutions

The Fluid Solutions platform manufactures pumps, compressors, vehicle fuel dispensing products, and products for the transfer, monitoring, measuring and protection of hazardous, liquid and dry bulk commodities. In addition, these companies manufacture quick disconnect couplings and chemical proportioning and dispensing products. The products are manufactured in the United States, South America, Asia and Europe and marketed globally through a network of distributors or via direct channels.

Vehicle fuel dispensing products include conventional, vapor recovery, and clean energy (LPG, CNG, and Hydrogen) nozzles, swivels and breakaways, as well as tank pressure management systems. Products manufactured for the transportation, storage and processing of hazardous liquid and dry-bulk commodities include relief valves, loading/unloading angle valves, rupture disc devices, actuator systems, level measurement gauges, swivel joints, butterfly valves, lined ball valves, actuators, aeration systems, industrial access ports, manholes, hatches, coamings, collars, weld rings and fill covers.

This platform s pumps and compressors are used to transfer liquid and bulk products and are sold to a wide variety of markets, including the refined fuels, LPG, pulp and paper, wastewater, food/sanitary, military, transportation and chemical process industries. These companies manufacture centrifugal, reciprocating (double diaphragm) and rotary pumps that are used in demanding and specialized fluid transfer process applications.

The quick disconnect couplings provide fluid control solutions to the industrial, food handling, life sciences and chemical handling markets. The chemical portioning and dispensing systems are used to dilute and dispense concentrated cleaning chemicals and are sold to the food service, health care, supermarket, institutional, school, building service contractor and industrial markets.

Electronic Technologies

The Electronic Technologies segment designs and manufactures electronic test, material deposition and manual soldering equipment, advanced micro-acoustic components, and specialty electronic components. The products are manufactured primarily in North America, Europe and Asia and are sold throughout the world directly and through a network of distributors.

The test equipment products include machines, test fixtures and related products used in testing bare and loaded electronic circuit boards and semiconductors. In addition, the segment manufactures high-speed precision material deposition machines and other related tools used in the assembly process for printed circuit boards and other specialty applications as well as precision manual soldering, de-soldering and other hand tools.

The micro-acoustic components manufactured include audio communications components, primarily miniaturized microphones, receivers and electromechanical components for use in hearing aids as well as high performance transducers for use in pro-audio devices, high-end headsets, medical devices, military headsets and far field arrays. The platform also designs, manufactures and assembles microphones for use in the personal mobile device and communications markets including mobile phones, PDAs, Bluetooth® headsets and laptop computers.

The specialty electronic components include frequency control/select components and modules employing quartz technologies, microwave electro-mechanical switches, radio frequency and microwave filters, and integrated assemblies, multi-layer ceramic capacitors and high frequency capacitors. These components are sold to communication, medical, defense, aerospace and automotive manufacturers worldwide.

Discontinued Operations

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

Raw Materials

Dover s operating companies use a wide variety of raw materials, primarily metals and semi-processed or finished components, which are generally available from a number of sources. As a result, shortages or the loss of any single supplier have not had, and are not likely to have, a material impact on operating profits. While generally available, commodity pricing has trended upward over the past few years, particularly for various grades of steel, copper, aluminum and select other commodities, the Company has generally kept pace, or exceeded raw material cost increases, using pricing strategies.

Research and Development

Dover s operating companies are encouraged to develop new products as well as to upgrade and improve existing products to satisfy customer needs, expand revenue opportunities domestically and internationally, maintain or extend competitive advantages, improve product reliability and reduce production costs. During 2007, $212.6 million was spent on research and development, including qualified engineering costs, compared with $155.0 million and

$144.7 million in 2006 and 2005, respectively.

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

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

Intellectual Property and Intangible Assets

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

Seasonality

In general, Dover companies, while not seasonal, tend to have stronger revenue in the second and third quarters, particularly companies serving the consumer electronics, transportation, construction, waste hauling, petroleum, commercial refrigeration and food service markets. Companies serving the major equipment markets, such as power generation, chemical and processing industries, have long lead times geared to seasonal, commercial or consumer demands, and tend to delay or accelerate product ordering and delivery to coincide with those market trends.

Customers

Dover s companies serve thousands of customers, no one of which accounted for more than 10% of the Company s consolidated revenue in 2007. Within each of the four segments, no customer accounted for more than 10% of that segment s revenue in 2007.

With respect to the Engineered Systems, Fluid Management and Industrial Products segments, customer concentrations are quite varied. Companies supplying the waste handling, construction, agricultural, defense, energy, automotive and commercial refrigeration industries tend to deal with a few large customers that are significant within those industries. This also tends to be true for companies supplying the power generation, aerospace and chemical industries. In the other markets served, there is usually a much lower concentration of customers, particularly where the companies provide a substantial number of products as well as services applicable to a broad range of end use applications.

Certain companies within the Electronic Technologies segment serve the military, space, aerospace, commercial and datacom/telecom infrastructure markets. Their customers include some of the largest operators in these markets. In addition, many of the OEM customers of these companies within the Electronic Technologies segment outsource their manufacturing to Electronic Manufacturing Services (EMS) companies. Other customers include global cell phone and hearing aid manufacturers, many of the largest global EMS companies, particularly in China, and major printed circuit board and semi-conductor manufacturers.

Backlog

Backlog generally is not a significant long-term success factor in most of Dover s businesses, as most of the products of Dover companies have relatively short order-to-delivery periods. It is more relevant to those businesses that produce larger and more sophisticated machines or have long-term government contracts, primarily in the Mobile Equipment platform within the Industrial Products segment, and in the testing equipment and components business in the Electronic Technologies segment. Total Company backlog as of December 31, 2007 and 2006 was $1,385.7 million and $1,227.0 million, respectively.

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Competition

Dover s competitive environment is complex because of the wide diversity of the products its companies manufacture and the markets they serve. In general, most Dover companies are market leaders that compete with only a few companies and the key competitive factors are customer service, product quality and innovation. Dover companies usually have more significant competitors domestically, where their principal markets are, than in non-U.S. markets; however, Dover companies are becoming increasingly global where more competitors exist.

Certain companies in the Electronic Technologies and Engineered Systems segments compete globally against a variety of companies, primarily operating in Europe and the Far East.

International

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

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

Most of Dover s non-U.S. subsidiaries and affiliates are based in France, Germany, the United Kingdom, the Netherlands, Sweden, Switzerland and, with increased emphasis, China, Malaysia, India, Mexico, Brazil and Eastern Europe.

Environmental Matters

Dover believes its companies operations generally are in substantial compliance with applicable regulations. In a few instances, particular plants and businesses have been the subject of administrative and legal proceedings with governmental agencies or private parties relating to the discharge or potential discharge of regulated substances. Where necessary, these matters have been addressed with specific consent orders to achieve compliance. Dover believes that continued compliance will not have a material impact on the Company s financial position and will not require significant expenditures or adjustments to reserves.

Employees

The Company had approximately 33,400 employees in continuing operations as of December 31, 2007.

Other Information

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

Item 1A. *Risk Factors*

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

Cyclical Economic Conditions May Affect the Company s Financial Performance

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

The Energy platform in the Fluid Management segment is subject to risk due to the volatility of energy prices, although overall demand is more directly related to depletion rates and rig counts.

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

Item 1B. ***Unresolved Staff Comments***

Not Applicable.

Item 2. ***Properties***

The number, type, location and size of the Company s properties as of December 31, 2007 are shown on the following charts, by segment:

	Number and Nature of Facilities			Square Footage (000 s)	
Segment	**Mfg.**	**Warehouse**	**Sales/ Service**	**Owned**	**Leased**
Industrial Products	80	12	27	4,300	2,000
Engineered Systems	36	44	136	2,700	1,600
Fluid Management	64	13	37	2,700	1,100
Electronic Technologies	58	8	49	1,300	1,600

	Locations				Leased Facilities Expiration Dates (Years)	
	North America	**Europe**	**Asia**	**Other**	**Minimum**	**Maximum**
Industrial Products	96	12	7	4	1	11
Engineered Systems	40	56	46	13	1	18
Fluid Management	79	14	5	3	1	5
Electronic Technologies	38	24	40	1	1	13

The facilities are generally well maintained and suitable for the operations conducted.

Item 3. ***Legal Proceedings***

A few of the Company s subsidiaries are involved in legal proceedings relating to the cleanup of waste disposal sites identified under federal and state statutes which provide for the allocation of such costs among potentially responsible parties. In each instance, the extent of the subsidiary s liability appears to be very small in relation to the total projected expenditures and the number of other potentially responsible parties involved and is anticipated to be immaterial to the

Company. In addition, a few of the Company s subsidiaries are involved in ongoing remedial activities at certain plant sites, in cooperation with regulatory agencies, and appropriate reserves have been established.

The Company and certain of its subsidiaries are, and from time to time may become, parties to a number of other legal proceedings incidental to their businesses. These proceedings primarily involve claims by private parties alleging injury arising out of use of products of Dover companies, exposure to hazardous substances or patent infringement, employment matters and commercial disputes. Management and legal counsel periodically review the probable outcome of such proceedings, the costs and expenses reasonably expected to be incurred, the availability and extent of insurance coverage, and established reserves. While it is not possible to predict the outcome of these legal actions or any need for additional reserves, in the opinion of management, based on these reviews, it is unlikely that the disposition of the lawsuits and the other matters mentioned above will have a material adverse effect on the Company s financial position, results of operations, cash flows or competitive position.

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

No matter was submitted to a vote of the Company s security holders in the last quarter of 2007.

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Executive Officers of the Registrant

All officers are elected annually at the first meeting of the Board of Directors and are subject to removal at any time by the Board of Directors. The executive officers of Dover as of February 28, 2008, and their positions with the Company (and, where relevant, prior business experience) for the past five years, are as follows:

Name	Age	Positions Held and Prior Business Experience
Ronald L. Hoffman	59	Chief Executive Officer (since January 2005), President (since July 2003) and Chief Operating Officer (from July 2003 December 2004) of Dover; President and Chief Executive Officer of Dover Resources, Inc. (from January 2002 to July 2003).
Ralph S. Coppola	63	Vice President of Dover and President of Engineered Products Platform (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Systems, Inc. (since October 2004); prior thereto for more than five years President of Hill Phoenix, Inc.
Thomas W. Giacomini	42	Vice President of Dover and President of Material Handling Platform (since October 2007); prior thereto President of Warn Industries, Inc. (since July 2005); prior thereto Chief Operating Officer of Warn Industries, Inc. (from 2000 to July 2005).
Paul E. Goldberg	44	Treasurer and Director of Investor Relations of Dover (since February 2006); prior thereto Assistant Treasurer of Dover (since July 2002).
Robert G. Kuhbach	60	Vice President, Finance and Chief Financial Officer (since November 2002).
Robert A. Livingston	54	Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Electronics, Inc. (since October 1, 2004); prior thereto President of Vectron International, Inc. (since January 2002).
Raymond T. McKay, Jr.	54	Vice President of Dover (since February 2004), Controller of Dover (since November 2002).
George Pompetzki	55	Vice President, Taxation of Dover (since May 2003); prior thereto for more than five years Senior Vice President of Taxes, Siemens Corporation (a manufacturer of diversified industrial products).
David J. Ropp	62	Vice President of Dover and President and Chief Executive Officer of Dover Industrial Products, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Resources, Inc. (since July 2003); prior thereto, Executive Vice President of Dover Resources, Inc. (since February 2003); prior thereto, President of OPW Fueling Components (since February 1998).
Timothy J. Sandker	59	

		Vice President of Dover; prior thereto, Vice President of Dover and President and Chief Executive Officer of Dover Industries, Inc. (July 2003 through June 2007); prior thereto Executive Vice President Dover Industries (since April 2000).
Joseph W. Schmidt	61	Vice President, General Counsel and Secretary of Dover (since January 2003); prior thereto for more than five years partner in Coudert Brothers LLP (a multi-national law firm).

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Name	Age	Positions Held and Prior Business Experience
Sivasankaran Somasundaram	42	Vice President of Dover and President of Fluid Solutions Platform (since January 2008); prior thereto President of Gas Equipment Group (since May 2006); prior thereto President of RPA Process Technologies (since March 2004); prior thereto Vice President of Dorr-Oliver Eimco (supplier of solid/liquid separation equipment and wholly-owned subsidiary of GLV Inc.) (from November 2002 through February 2004).
William W. Spurgeon	49	Vice President of Dover and President and Chief Executive Officer of Dover Fluid Management, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Diversified, Inc. (since October 1, 2004); prior thereto Executive Vice President of Dover Diversified, Inc. (since March 2004); prior thereto President of Sargent Controls & Aerospace (since October 2001).
Robert A. Tyre	63	Vice President, Corporate Development of Dover.
David Van Loan	59	Vice President of Dover and President and Chief Executive Officer of Dover Electronic Technologies, Inc. (since July 2007); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Technologies International, Inc. (since January 2006) and President and Chief Executive Officer of Dover Technologies International, Inc. (since May 2005); prior thereto for more than eight years, President and Chief Executive Officer of Everett Charles Technologies Inc.

PART II

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

Market Information and Dividends

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

	2007 Market Prices		Dividends Per Share	2006 Market Prices		Dividends Per Share
	High	Low		High	Low	
First Quarter	$ 50.92	$ 46.07	$ 0.185	$ 49.55	$ 40.30	$ 0.170
Second Quarter	53.75	47.41	0.185	51.92	44.22	0.170
Third Quarter	54.59	47.16	0.200	50.23	45.12	0.185
Fourth Quarter	51.58	44.34	0.200	51.50	46.83	0.185
			$ 0.770			$ 0.710

Holders

The number of holders of record of the Company s Common Stock as of January 31, 2008 was approximately 16,282. This figure includes participants in the Company s 401(k) program.

Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding securities authorized for issuance under the Company s equity compensation plans is contained in Part III, Item 12 of this Form 10-K.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The table below presents shares of the Company s stock which were acquired by the Company during the fourth quarter.

	Total Number	Maximum Number (or Approximate Dollar

Period	Total Number of Shares Purchased		Average Price Paid Per Share	of Shares Purchased as Part of Publicly Announced Plans or Programs	Value) of Shares that May Yet Be Purchased under the Plans or Programs(2)
October 1 to October 31	1,505,038	$	46.11	1,500,000	2,500,000
November 1 to November 30	3,252,006		45.77	3,250,000	9,250,000
December 1 to December 31	106,987		47.00	89,500	9,160,500
For the Fourth Quarter 2007	4,864,031(1)		45.90	4,839,500	9,160,500

(1) 5,038, 2,006 and 17,487 of these shares were acquired by the Company in October, November and December, respectively, from the holders of its employee stock options when they tendered shares as full or partial payment of the exercise price of such options. These shares are applied against the exercise price at the market price on the date of exercise. The remainder of the shares were purchased in open market transactions.

(2) As of October 31, 2007, 2,500,000 shares were still available for repurchase under the 10,000,000 share repurchase program announced in the third quarter of 2007. In November 2007, the Board of Directors announced an additional program authorizing repurchases of additional shares at an aggregate price of up to $500 million.

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Performance Graph

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

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

Total Stockholder Returns

Data Source: Hemscott, Inc.

This graph assumes $100 invested on December 31, 2002 in Dover Corporation common stock, the S&P 500 index and a peer group index. The peer index consists of the following public companies selected by the Company based on its assessment of businesses with similar industrial characteristics: Actuant Corp., Ametek Inc., Carlisle Cos. Inc., Cooper Industries Inc., Crane Co., Danaher Corp., Eaton Corp., Emerson Electric Co., Federal Signal Corp., Honeywell International, Inc., Hubbell Incorporated, Illinois Tool Works, Ingersoll-Rand Company Limited, ITT Industries Inc., 3M Co. (formerly Minnesota Mining & Mfg.), Parker-Hannifin Corp., Pentair Inc., Perkinelmer Inc., Tecumseh Products CL A., Tyco International Ltd. And United Technologies Corp.

* Total return assumes reinvestment of dividends.

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Item 6. *Selected Financial Data*

Selected Dover Corporation financial information for the years 2003 through 2007 is set forth in the following 5-year Consolidated Table.

	2007	2006	2005	2004	2003
		(In thousands, except per share figures)			
Revenue	$ 7,226,089	$ 6,329,279	$ 5,134,828	$ 4,311,596	$ 3,497,568
Earnings from continuing operations	653,273	592,455	432,503	351,518	252,463
Basic earnings (loss) per share:					
Continuing operations	$ 3.24	$ 2.91	$ 2.13	$ 1.73	$ 1.25
Discontinued operations	0.04	(0.15)	0.38	0.30	0.20
Net earnings	3.28	2.76	2.51	2.03	1.45
Weighted average shares outstanding	201,330	203,773	202,979	203,275	202,576
Diluted earnings (loss) per share:					
Continuing operations	$ 3.22	$ 2.88	$ 2.12	$ 1.72	$ 1.24
Discontinued operations	0.04	(0.15)	0.38	0.30	0.20
Net earnings	3.26	2.73	2.50	2.02	1.44
Weighted average shares outstanding	202,918	205,497	204,177	204,786	203,614
Dividends per common share	$ 0.77	$ 0.71	$ 0.66	$ 0.62	$ 0.57
Capital expenditures	$ 174,252	$ 190,732	$ 126,395	$ 82,293	$ 71,938
Depreciation and amortization	245,028	195,633	148,538	127,934	120,444
Total assets	8,069,770	7,626,657	6,580,492	5,777,853	5,151,398
Total debt	2,090,652	1,771,040	1,538,335	1,090,393	1,066,071

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

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

Special Note Regarding Forward-Looking Statements

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

(1) FINANCIAL CONDITION

Liquidity and Capital Resources

Management assesses the Company s liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are: cash flows generated from operating activities, capital expenditures, acquisitions, dispositions, dividends, repurchases of outstanding shares, adequacy of available commercial paper and bank lines of credit, and the ability to attract long-term capital with satisfactory terms. The Company generates substantial cash from operations and remains in a strong financial position, with sufficient liquidity available for reinvestment in existing businesses and strategic acquisitions while managing its capital structure on a short and long-term basis.

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

Cash Flows from Continuing Operations	**Years Ended December 31, 2007**	**2006**
	(In thousands)	
Net Cash Flows Provided By (Used In):		
Operating activities	$ 901,941	$ 866,082
Investing activities	(332,411)	(842,600)
Financing activities	(345,673)	128,290

Cash flows provided by operating activities during 2007 increased $35.9 million over the prior year primarily reflecting higher earnings from continuing operations before depreciation and amortization partially offset by higher incentive compensation, interest and tax payments.

Cash used in investing activities during 2007 decreased $510.2 million compared to 2006, reflecting lower acquisition spending and capital expenditures, partially offset by lower proceeds from the disposition of businesses during 2007 compared to 2006. Acquisition expenditures in 2007 were $273.6 million compared to $1,116.8 million in 2006, while proceeds from the disposition of businesses were $91.0 million, down $354.9 million from $445.9 million in 2006. Capital expenditures of $174.3 million decreased from $190.7 million in the prior year, and primarily funded investments in plant expansions, plant machinery and information systems. The Company currently anticipates that any acquisitions made during 2008 will be funded from available cash and internally generated funds and, if necessary, through the issuance of commercial paper, established lines of credit or public debt markets. Capital expenditures for 2008 are generally expected to be at or below 2007 levels.

Cash used in financing activities during 2007 totaled $345.7 million compared to cash provided by financing activities of $128.3 million in the 2006 period. The change in financing activity during 2007 primarily reflected cash used to purchase 12.4 million shares of Dover common stock on the open market, under its share repurchase program, throughout 2007 for a total of $591 million. A portion of these shares were acquired through an accelerated share repurchase agreement (ASR) under which the Company, during the third quarter of 2007, purchased 6 million shares of its common stock at an initial purchase price of $51.64 per share. Upon settlement of this ASR in the fourth quarter of 2007, the final economic purchase price was $48.36 per share, representing an average of the volume weighted average price of the Company s common stock during the outstanding period less a negotiated discount amount. The 2007 share repurchases were funded through cash from operations, proceeds from the disposition of businesses and an increase in outstanding commercial paper borrowings.

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Adjusted working capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) increased from the prior year end by $29.1 million, or 2%, to $1,363.0 million which reflected an increase in receivables of $57.4 million, a decrease in inventory of $13.0 million and an increase in accounts payable of $15.3 million. Excluding acquisitions and the effects of foreign exchange translation, adjusted working capital would have decreased by $50.1 million, or 4%. 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 slightly to 19.2% at December 31, 2007 from 19.0% at December 31, 2006.

In addition to measuring its cash flow generation and usage based upon the operating, investing and financing classifications included in the Consolidated Statements of Cash 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. For further information, see Non-GAAP Disclosures at the end of this Item 7.

Free cash flow for the year ended December 31, 2007 was $727.7 million or 10.1% of revenue compared to $675.4 million or 10.7% of revenue in the prior year. The 2007 increase in free cash flow reflected higher earnings from continuing operations before depreciation and amortization and lower capital expenditures, partially offset by higher tax payments in 2007. The following table is a reconciliation of free cash flow to cash flows from operating activities:

Free Cash Flow	**Years Ended December 31, 2007**	**2006**
	(In thousands)	
Cash flow provided by operating activities	$ 901,941	$ 866,082
Less: Capital expenditures	174,252	190,732
Free cash flow	$ 727,689	$ 675,350
Free cash flow as a percentage of revenue	10.1%	10.7%

At December 31, 2007, the Company s net property, plant, and equipment totaled $885.1 million compared to $815.2 million at the end of 2006. The increase in net property, plant and equipment reflected capital expenditures of $174.3 million, acquisitions of $27.0 million and $25.0 million related to foreign currency fluctuations, partially offset by depreciation and disposals.

The aggregate of current and deferred income tax assets and liabilities decreased from a $268.5 million net liability at the beginning of the year to a net liability of $238.6 million at year-end 2007. This resulted primarily from an increase in deferred tax assets arising from accrued expenses, principally for state income taxes, and a decrease in deferred tax liabilities related to intangible assets.

Dover s consolidated benefit obligation related to defined and supplemental retirement benefits decreased by $31.0 million in 2007. The decrease was due primarily to actuarial gains, benefits paid and plan amendments, offset by benefits earned, interest cost and currency rate changes. In 2007, plan assets increased $18.8 million primarily due to gains on plan investments during the year and company contributions, partially offset by benefits paid. It is estimated that the Company s defined and supplemental retirement benefits expense will decrease from $49.5 million in 2007 to approximately $38.3 million in 2008.

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

Net Debt to Total Capitalization Ratio	At December 31, 2007	At December 31, 2006
	(In thousands)	
Current maturities of long-term debt	$ 33,175	$ 32,267
Commercial paper and other short-term debt	605,474	258,282
Long-term debt	1,452,003	1,480,491
Total debt	2,090,652	1,771,040
Less: Cash and cash equivalents	602,412	374,845
Net debt	1,488,240	1,396,195
Add: Stockholders equity	3,946,173	3,811,022
Total capitalization	$ 5,434,413	$ 5,207,217
Net debt to total capitalization	27.4%	26.8%

The total debt level of $2,090.7 million at December 31, 2007 increased $319.6 million from December 31, 2006 due to increased commercial paper borrowings used to fund the Company s ASR program and other open market purchases of its common stock. Net debt at December 31, 2007 increased $92 million as a result of the total debt increase, partially offset by an increase in cash generated from operations. The percentage increase in net debt to total capital, after $591 million of share repurchases, reflects strong operational free cash flow and proceeds from dispositions of $91 million.

Dover s long-term debt instruments had a book value of $1,485.2 million on December 31, 2007 and a fair value of approximately $1,496.0 million. On December 31, 2006, the Company s long-term debt instruments had a book value of $1,512.8 million and a fair value of approximately $1,502.9 million.

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

Management is not aware of any potential impairment to the Company s liquidity, and the Company is in compliance with all of its long-term debt covenants. It is anticipated that in 2008 any funding requirements above cash generated from operations will be met through the issuance of commercial paper and, depending upon market conditions, through the issuance of long-term debt.

As of December 31, 2007, there were two interest rate swap agreements outstanding for a total notional amount of $100.0 million designated as fair value hedges on part of the Company s $400.0 million 6.50% Notes due on

February 15, 2011. One $50 million interest rate swap exchanges fixed-rate interest for variable-rate interest. The other $50 million swap is designated in foreign currency and exchanges fixed-rate interest for variable-rate interest, and also hedges a portion of the Company s net investment in international operations. The swap agreements have reduced the effective interest rate on the notes to 6.43%. There is no hedge ineffectiveness, and the fair value of the interest rate swaps outstanding as of December 31, 2007 was determined through market quotation.

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At December 31, 2007, the Company had open foreign exchange forward purchase contracts expiring through February 2008 related to fair value hedges of foreign currency exposures as follows:

	Currencies Sold					
Currencies Purchased	**U.S. Dollar Value**	**Average Contract Rate**	**Euro Value**	**Average Contract Rate**	**Swiss Franc Dollar Value**	**Average Contract Rate**
	(In thousands)					
Euro	$				18,000	1.6379
Swiss Franc	11,000	0.8812	4,000	0.6038		

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

	2007		2006	
	Short term	**Long term**	**Short term**	**Long term**
Moody s	P-1	A2	P-1	A2
Standard & Poor s	A-1	A	A-1	A
Fitch	F1	A	F1	A

Contractual Obligations Table

A summary of the Company s undiscounted long-term debt, commitments and obligations as of December 31, 2007 and the years when these obligations are expected to be due is as follows:

	Payments Due by Period					
	Total	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**	**Other(A)**
	(In thousands)					
Long-term debt	$ 1,485,178	$183,175(B)	$ 73,904	$ 434,372	$ 793,727	$
Interest expense	905,424	73,966	140,120	91,370	599,968	
Rental commitments	185,561	45,493	61,100	34,007	44,961	