

DOVER Corp
Form 10-K
February 14, 2014

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For fiscal year ended December 31, 2013

Commission File Number: 1-4018

Dover Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

53-0257888

(I.R.S. Employer
Identification No.)

3005 Highland Parkway

Downers Grove, Illinois 60515

(Address of principal executive offices)

Registrant's telephone number: (630) 541-1540

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock, par value \$1

2.125% Notes due 2020

Name of Each Exchange on Which Registered

New York Stock Exchange

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 ☒ No ☐

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

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. ☒

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 ☒ 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 in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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 on June 30, 2013 was \$13,254,013,509. The registrant's closing price as reported on the New York Stock Exchange-Composite Transactions for June 30, 2013 was \$77.66 per share. The number of outstanding shares of the registrant's common stock as of February 6, 2014 was 170,017,999.

Documents Incorporated by Reference: Part III — Certain Portions of the Proxy Statement for Annual Meeting of Shareholders to be held on May 1, 2014 (the "2014 Proxy Statement").

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, especially “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, contains “forward-looking” statements within the meaning of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, 2014 revenue growth and earnings per share, statements regarding the planned spin-off of Knowles, including the benefits of such transaction and the expected performance following the completion of the planned spin-off of Knowles, anticipated market conditions and our positions, expected contributions from acquisitions, as well as productivity initiatives, leverage on increased sales and share repurchase activities, operating and strategic plans, cash flows, industries in which Dover businesses operate and the U.S. and global economies. “Forward-looking statements” in this Annual Report on Form 10-K may be indicated by words or phrases such as “anticipates,” “expects,” “believes,” “indicates,” “suggests,” “will,” “plans,” “supports,” “projects,” “should,” “would,” “could,” “forecast” and “management is of the use of the future tense. Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from current expectations including, but not limited to, the state of the worldwide economy and sovereign credit; political events; the impact of natural disasters and their effect on global supply chains and energy markets; current economic conditions and uncertainties in the credit and capital markets; instability in countries where Dover conducts business; the ability of Dover’s businesses to expand into new geographic markets and to anticipate and meet customer demands for new products; increased competition and pricing pressures in the markets served by Dover’s businesses; the impact of the proposed spin-off and our ability to consummate it as anticipated as to fully realize the expected benefits of the spin-off; the terms and timing of the sale of any business in discontinued operations; the impact of loss of a single-source manufacturing facility; changes in customer demand or loss of a significant customer; the relative mix of products and services which impacts margins and operating efficiencies; short-term capacity constraints; increases in the cost of raw materials; domestic and foreign governmental and public policy changes including environmental regulations, conflict mineral disclosure requirements, and tax policies (including domestic and international export subsidy programs, R&E credits and other similar programs); protection and validity of patent and other intellectual property rights; the ability to identify and successfully consummate value-adding acquisition opportunities; the Company’s ability to achieve expected savings from integration, synergy and other cost-control initiatives; unforeseen developments in contingencies such as litigation; international economic conditions including interest rate and currency exchange rate fluctuations; possible future terrorist threats and their effect on the worldwide economy; and a downgrade in Dover’s credit ratings. 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 update any forward-looking statements, 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.

TABLE OF CONTENTS

PART I

<u>Item 1.</u>	<u>Business</u>	<u>3</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>13</u>
<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>	<u>17</u>
<u>Item 2.</u>	<u>Properties</u>	<u>18</u>
<u>Item 3.</u>	<u>Legal Proceedings</u>	<u>18</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>18</u>
	<u>Executive Officers of the Registrant</u>	<u>19</u>

PART II

<u>Item 5.</u>	<u>Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities</u>	<u>21</u>
<u>Item 6.</u>	<u>Selected Financial Data</u>	<u>25</u>
<u>Item 7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>26</u>
<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>51</u>
<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	<u>52</u>
<u>Item 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>100</u>
<u>Item 9A.</u>	<u>Controls and Procedures</u>	<u>100</u>
<u>Item 9B.</u>	<u>Other Information</u>	<u>100</u>

PART III

<u>Item 10.</u>	<u>Directors and Executive Officers and Corporate Governance</u>	<u>101</u>
<u>Item 11.</u>	<u>Executive Compensation</u>	<u>101</u>
<u>Item 12.</u>	<u>Security Ownership of certain Beneficial Owners and Management and Related Shareholder Matters</u>	<u>101</u>
<u>Item 13.</u>	<u>Certain Relationships and Related Transactions and Director Independence</u>	<u>102</u>
<u>Item 14.</u>	<u>Principal Accountant Fees and Services</u>	<u>102</u>

PART IV

<u>Item 15.</u>	<u>Exhibits, Financial Statement Schedules</u>	<u>102</u>
<u>SIGNATURES</u>		<u>103</u>
<u>EXHIBIT INDEX</u>		<u>105</u>

Table of Contents

PART I

ITEM 1. BUSINESS

Overview

Dover Corporation is a diversified global manufacturer focusing on innovative equipment and components, specialty systems, and support services provided through its four major operating segments: Energy, Engineered Systems, Printing & Identification, and Communication Technologies. The Company's entrepreneurial business model encourages, promotes, and fosters deep customer engagement, which has lead to Dover's well-established and valued reputation for providing superior customer service and industry-leading product innovation. Unless the context indicates otherwise, references herein to "Dover," "the Company," and words such as "we," "us," and "our" include Dover Corporation and its subsidiaries. Dover was incorporated in 1947 in the State of Delaware and became a publicly traded company in 1955. Dover is headquartered in Downers Grove, Illinois and currently employs approximately 37,000 people worldwide within its continuing operations.

Our Energy segment provides highly-engineered solutions for the safe and efficient extraction and handling of oil and gas in the drilling, production, and downstream markets. Our Engineered Systems segment is comprised of two platforms, Fluid Solutions and Refrigeration & Industrial, which are industry leaders in the fluids systems, refrigeration and food equipment, and certain other industrial markets. Our Printing & Identification segment provides integrated printing, coding, and dispensing solutions for the consumer goods, food, pharmaceutical, and industrial markets. Our Communication Technologies segment is engaged in the design and manufacture of innovative products and components in the consumer electronics, medical technology, aerospace/defense, and telecom/other markets.

The following table shows the percentage of total revenue and segment earnings generated by each of our four segments for the years ended December 31, 2013, 2012 and 2011:

	Revenue			Segment Earnings					
	2013	2012	2011	2013	2012	2011			
Energy	26	% 27	% 26	% 36	% 39	% 36		%	
Engineered Systems	43	% 42	% 42	% 38	% 35	% 35		%	
Printing & Identification	12	% 12	% 14	% 10	% 10	% 11		%	
Communication Technologies	19	% 19	% 18	% 16	% 16	% 18		%	

Management Philosophy

Our businesses are committed to operational excellence and to being market leaders as measured by market share, customer service, innovation, profitability, and return on invested capital. Our operating structure of four business segments and two platforms allows for focused acquisition activity, accelerates opportunities to identify and capture operating synergies, including global sourcing and supply chain integration, and advances the development of our executive talent. Our segment and executive management set strategic direction, initiatives and goals, provide oversight, allocate and manage capital, are responsible for major acquisitions, and provide other services. We foster an operating culture with high ethical standards, trust, respect, and open communication, to allow individual growth and operational effectiveness.

In addition, we are committed to creating value for our customers, employees, and shareholders through sustainable business practices that protect the environment and developing products that help our customers meet their sustainability goals. Our companies are increasing their focus on efficient energy usage, greenhouse gas reduction, and waste management as they strive to meet the global environmental needs of today and tomorrow.

Table of Contents

Company Goals

We are committed to driving shareholder return through three key objectives. First, we are committed to achieving annual organic sales growth over the midterm of 3% to 5%, complemented by acquisition growth of 3% to 5% over the same period. Secondly, we continue to focus on segment margin expansion through productivity initiatives, including supply chain activities, strategic pricing, and portfolio shaping. Lastly, we are committed to generating free cash flow as a percentage of sales of approximately 10% through disciplined capital allocation, strong performance, productivity improvements, and active working capital management. We support these goals through (1) alignment of management compensation with financial objectives, (2) well-defined and actively managed merger and acquisition processes, and (3) talent development programs.

Business Strategy

To achieve our goals, we are focused on execution of the following three key business strategies:

Positioning ourselves for growth

We have aligned our business segments to focus on key-end markets that are well-positioned for future growth. In particular, our businesses are well-positioned to capitalize on growth trends in the areas of global energy demand, sustainability, consumer product safety, communications, and emerging economies. For instance, our Communication Technologies segment is positioned to capitalize on growth in hand-held communications (handsets), medical technology, and aerospace/defense, with its complement of micro audio components and communication components serving those markets. Our Energy segment is driven by a growing demand for innovative extraction technologies. The growing demand from emerging economies, plus expanding exploration activity around the globe will provide significant opportunities for this segment. Our Engineered Systems segment combines its engineering technology, unique product advantages, and applications expertise to address market needs and requirements including sustainability, consumer product safety, and growth in emerging economies, while our Printing & Identification segment is responding to the growing requirements for consumer product safety and traceability technologies by providing integrated printing, coding, and identification solutions with a global reach, in the growing markets of fast moving consumer goods and industrial applications.

Capturing the benefits of common ownership

We are committed to operational excellence, and have implemented various productivity initiatives, such as supply chain management, lean manufacturing, and facility consolidations to maximize our efficiency, coupled with workplace safety initiatives to help ensure the health and welfare of our employees. We foster the sharing of best practices throughout the organization. To ensure success, our businesses place strong emphasis on continual quality improvement and new product development to better serve customers and expand into new product and geographic markets. We have also developed regional support centers and shared manufacturing centers in China, Brazil, and India. Further, we continue to make significant investments in talent development, recognizing that the growth and development of our employees are essential for our continued success.

Disciplined capital allocation

Our businesses generate annual free cash flow of approximately 10% of revenue. We are focused on the most efficient allocation of our capital to maximize investment returns. To do this, we grow and support our existing businesses, with annual investment in capital spending approximating 2.5% of revenue with a focus on internal projects to expand markets, develop products, and boost productivity. We continue to evaluate our portfolio for strategic fit and intend to

make additional acquisitions focused on our key growth spaces: consumer electronics, energy, product ID, refrigeration and food equipment, and fluid solutions. We consistently provide shareholder returns by paying dividends, which have increased annually over each of the last 58 years. We will also continue to repurchase our shares per our previously announced share repurchase programs.

Table of Contents

Portfolio Development

Acquisitions

Our acquisition program has two key elements. First, we seek to acquire value creating add-on businesses that enhance our existing businesses either through their global reach and customers, or by broadening their product mix. Second, in the right circumstances, we will strategically pursue larger, stand-alone businesses that have the potential to either complement our existing businesses or allow us to pursue innovative technologies within our key growth spaces. Over the past three years (2011 – 2013), we have spent over \$2.7 billion to purchase 26 businesses that strategically fit within our business model. This included the largest acquisition in our history, that of Sound Solutions in July of 2011 for net purchase consideration of approximately \$779.3 million. By enhancing the product offerings serving the high growth handset market, the acquisition of Sound Solutions has enabled our Communication Technologies segment to be a global leader in audio components serving this market. In 2012, we spent approximately \$603.2 million to acquire Anthony International, a leading manufacturer of specialty glass, commercial glass refrigerator and freezer doors, lighting systems, and display equipment. The acquisition of Anthony expands our portfolio of industry-leading technology in the refrigeration space and provides access to new geographies and new markets, most notably the convenience store market. Recent significant acquisitions have also included Harbison-Fischer, which we acquired for approximately \$401.4 million at the beginning of 2011 in order to enhance our artificial lift portfolio within our Energy segment, Maag Pump Systems, a European acquisition for our Fluid Solutions platform, which we acquired in the first quarter of 2012 for approximately \$265.8 million, Production Control Services, acquired in the second quarter of 2012 for consideration totaling \$220.0 million, which added to our artificial lift technology in our Energy segment, and Finder Pompe, which we acquired in the fourth quarter of 2013 for approximately \$142.2 million to expand our Fluid Solutions platform.

For more details regarding acquisitions completed over the past two years, see Note 3. Acquisitions in the Consolidated Financial Statements in Item 8 of this Form 10-K. Our future growth depends in large part on finding and acquiring successful businesses, as a substantial number of our current businesses operate in relatively mature markets. While we expect to generate annual organic growth of 3% - 4% over a long-term business cycle absent extraordinary economic conditions, sustained organic growth at these levels for individual businesses is difficult to achieve consistently each year. Our success is also dependent on the ability to successfully integrate our acquired businesses within our existing structure. To track post-merger integration and accountability, we utilize an internal tool kit and defined processes to help ensure synergies are realized and value is created, as had been planned when the acquisition was made.

Dispositions

We continually review our portfolio to evaluate whether our businesses continue to be essential contributors to our long-term strategy. Occasionally, we may also make an opportunistic sale of one of our businesses based on specific market conditions and strategic considerations. Accordingly, in an effort to reduce our exposure to cyclical markets and focus on our higher margin growth spaces, during the past three years (2011 – 2013) we have sold four businesses for aggregate consideration of \$604.8 million. Over the same period, disposals of a few minor non-core divisions of our businesses generated additional proceeds of \$8.5 million. In addition, the Company signed a definitive agreement in 2013 to sell DEK International within the Printing & Identification segment, and expects to complete the sale of this business in the first half of 2014.

The financial position and results of operations for these businesses have been presented as discontinued operations for all periods presented. For more details, see Note 4. Disposed and Discontinued Operations in the Consolidated Financial Statements in Item 8 of this Form 10-K.

Spin-Off of Knowles

On May 23, 2013, Dover announced its Board of Directors approved a preliminary plan to spin-off certain of its communication technologies businesses into a stand-alone, publicly-traded company known as Knowles Corporation ("Knowles"). On February 6, 2014, Dover announced that its Board of Directors approved the separation of Knowles from Dover through the pro rata distribution by Dover of 100% of the common stock of Knowles to Dover's stockholders on February 28, 2014. In addition, on February 10, 2014, the U.S. Securities and Exchange Commission declared Knowles' Registration Statement on Form 10 effective. As a result, the following is expected to occur: (1) the distribution of Knowles' shares would be made on February 28, 2014 to Dover stockholders of record as of the close of business on February 19, 2014, the record date for the distribution, (2) on the distribution date, Dover stockholders will receive one share of Knowles common stock for every two shares of Dover common stock held as of the record date, and (3) following the distribution, Knowles will be an independent, publicly traded

Table of Contents

company on the New York Stock Exchange (utilizing ticker symbol "KN") and Dover will retain no ownership interest in Knowles. The distribution has been structured to be tax-free to Dover and its shareholders for U.S. federal income tax purposes. The results of operations, financial condition and cash flows for the businesses to be transferred to Knowles and included in the spin-off are, and will continue to be, presented within Dover's consolidated financial statements as continuing operations within the Communication Technologies segment until the spin-off is complete (which is expected to occur on February 28, 2014), upon which the financial presentation of these businesses will be included within Dover's discontinued operations. Following the spin-off of Knowles, Dover expects to align its segment structure to ensure it is properly organized to execute its future growth plans.

Business Segments

As noted previously, we currently operate through four business segments that are aligned with the key end-markets they serve and comprise our operating and reportable segments: Energy, Engineered Systems, Printing & Identification, and Communication Technologies. For financial information about our segments and geographic areas, see Note 17. Segment Information in the Consolidated Financial Statements in Item 8 of this Form 10-K.

Table of Contents

Energy

Our Energy segment serves the oil, gas, and power generation industries with products that promote efficient and cost-effective drilling, extraction, storage, and movement of oil and gas products, or constitute critical components for power generation equipment. This segment consists of the following lines of business:

Production – Our businesses serving the production market design and manufacture products and components that facilitate the extraction and movement of fuel from the ground, including steel sucker rods, down-hole rod pumps, progressive cavity pumps and drive systems, plunger lifts, and accessories used in artificial lift applications in 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 businesses manufacture various compressor parts that are used in the natural gas production, distribution, and oil refining markets; and winches, hoists, gear drives, swing drives, auger drives, slewing ring bearings, hydraulic pump, and electronic monitoring solutions for energy, infrastructure, and recovery markets worldwide.

Downstream – Our businesses serving the downstream market produce systems and products that support efficient, safe, and environmentally-sensitive transportation and handling of fuel, hazardous liquids, and dry-bulk commodities. 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, aeration systems, industrial access ports, manholes, hatches, collars, weld rings, and fill covers. In addition, we offer bearings, bearing isolators, seals, 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.

Drilling – Our businesses serving the drilling market design and manufacture products that promote efficient and cost-effective drilling, including long-lasting polycrystalline diamond cutters (PDCs) for applications in down-hole drilling tools and quartz pressure transducers and hybrid electronics used in down-hole tools and monitoring devices.

Our Energy segment's sales are made directly to customers and through various distribution channels. We manufacture our products primarily in North America, and our sales are concentrated in North America with an increasing level of international sales directed largely to Europe, Central and South America, China, the Middle East, and Australia.

Engineered Systems

Our Engineered Systems segment combines its engineering technology, unique product advantages, and applications expertise to address market needs and requirements including sustainability, consumer product safety needs, and growth in emerging economies. To better serve its end-markets, the segment manages its products and services through two core business platforms, Refrigeration & Industrial and Fluid Solutions, as described below.

Refrigeration & Industrial

The Refrigeration & Industrial platform manufactures products and systems serving the refrigeration and food equipment and other industrial markets, as follows:

Refrigeration and food equipment – Our businesses manufacture refrigeration systems, refrigeration display cases, walk-in coolers and freezers, specialty glass, commercial glass refrigerator and freezer doors, 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. The platform's refrigeration/food related manufacturing facilities and distributing operations are principally in North America, Europe, and Asia.

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

Table of Contents

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

Other industrial – We also serve the vehicle service, industrial automation, and waste and recycling markets. Our businesses serving the vehicle service markets provide a wide range of products and services that are utilized in vehicle services, maintenance, washing, repair, and modification. Vehicle lifts and collision equipment are sold through equipment distributors 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, governments, and directly to consumers via the Internet. The businesses also produce 4WD and AWD powertrain systems and accessories for off-road vehicles, which are sold to OEMs and through extensive dealer networks primarily in North America. These other industrial manufacturing operations are located primarily in North and South America, Asia, and Europe.

The businesses 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, glove ports and manipulators, 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. They are produced in North America, Europe, and Asia and are marketed globally on a direct basis to OEMs and through a global dealer and distribution network to industrial end users. We also provide highly engineered hydraulic cylinders and swivels to the North American markets for use in mining and resource recovery, vehicle recovery, materials handling, and various other OEM applications.

Our businesses serving waste and recycling markets 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 stationary compactors, wire processing and separation machines, and balers that are manufactured and sold primarily in the United States to distribution centers, malls, stadiums, arenas, office complexes, retail stores, and recycling centers.

Fluid Solutions

The Fluid Solutions platform designs and manufactures pumps, compressors, and chemical proportioning and dispensing products. The 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. The pumps include centrifugal, reciprocating (double diaphragm), and rotary pumps that are used in demanding and specialized fluid transfer process applications. 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. In addition, the platform manufactures copper-brazed compact heat exchangers and designs software for heating and cooling substations. Fluid Solutions products are manufactured in the United States, South America, Asia, and Europe and marketed globally through direct channels and a network of distributors.

Printing & Identification

Our Printing & Identification segment is a worldwide supplier of precision marking & coding, printing, dispensing, soldering and coating equipment, and related consumables and services. The segment serves two broad global end-markets: fast moving consumer goods and industrial.

Fast Moving Consumer Goods (FMCG) – Our businesses serving this market primarily design and manufacture marking & coding products used for printing variable information (such as date codes and serial numbers) on food, beverage, consumer goods, and pharmaceutical products, capitalizing on expanding food and product safety requirements and growth in emerging markets.

Industrial – Our products used by the industrial market are primarily marking & coding, bar code & portable printers, and fluid dispensing related products serving a number of industrial end markets including aerospace, cable, military, material packaging, industrial assembly, and medical devices capitalizing on growing industrial-related manufacturing in emerging markets. Additional products include broad line marking solutions leveraged for secondary packaging, such as cartons and

Table of Contents

pallets for use in warehouse logistics operations and bar code and portable printers used where on-demand labels/receipts are required.

Printing & Identification's products are manufactured primarily in the United States, France, China, and India, and are sold throughout the world directly and through a network of distributors.

Communication Technologies

Our Communication Technologies segment serves the following major markets: consumer electronics, aerospace/defense, medical technology and telecom/other.

• Consumer electronics – Our businesses serving the consumer electronics market design, manufacture, and assemble micro-acoustic audio input and output components for use principally in personal mobile handsets.

• Aerospace/Defense – Our businesses serving the aerospace/defense markets manufacture precision engineered components and aftermarket parts across a broad array of market applications. This includes the design and manufacture of specialty hydraulics, fasteners, bearings, switches, and filters sold to both original equipment manufacturers ("OEMs") and as aftermarket products, as well as mechanical and frequency control communication components serving shipboard applications, strategic mission critical parts on key Airborne programs and Command and Control communications, and frequency control components, electromechanical switches, multi-layered capacitors, filters, and quick disconnect couplings. These businesses also support key space initiatives with critical communication components.

• Medical technology – Our businesses serving the medical technology market manufacture advanced miniaturized receivers and electromechanical components for use in hearing aids, connectors for use in a variety of medical devices and bio processing applications, and specialized components for use in implantable devices and medical equipment.

• Telecom/Other - Our businesses serving these markets manufacture frequency control components for wired and wireless network base station communications that ensure precise signal timing and filters for non-interrupted access across high speed networks.

Communication Technologies' products are manufactured primarily in North America, Europe, and Asia and are sold globally, directly and through a network of distributors.

Raw Materials

We 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 the required raw materials are generally available, commodity pricing has trended upward over the past few years, particularly for various grades of steel, copper, aluminum, select other commodities, and rare earth metals. Although some cost increases may be recovered through increased prices to customers, our operating results are exposed to such fluctuations. We attempt to control such costs through fixed-price contracts with suppliers and various other programs, such as our global supply chain activities.

Research and Development

Our businesses 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 2013, we spent \$185.6 million for research and development, including qualified engineering costs. In 2012 and 2011, research and development spending totaled \$189.8 million and \$175.5 million, respectively.

Table of Contents

Our Communication Technologies and Printing & Identification segments expend significant effort in research and development because the rate of product development by their customers is often quite high. Our businesses that develop product identification and printing equipment and specialty electronic components for the consumer electronics, medical technology, and datacom/telecom markets believe that their customers expect a continuing rate of product innovation, 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.

Our 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 Communication Technologies and Printing & Identification segments.

Intellectual Property and Intangible Assets

Our businesses 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 our businesses' intellectual property consists of patents, unpatented technology, and proprietary information constituting trade secrets that we seek to protect in various ways, including confidentiality agreements with employees and suppliers where appropriate. In addition, a significant portion of our intangible assets relate to customer relationships. While our intellectual property and customer relationships are important to our success, the loss or expiration of any of these rights or relationships, or any group of related rights or relationships, is not likely to materially affect our results on a consolidated basis. We believe that our commitment to continuous engineering improvements, new product development, and improved manufacturing techniques, as well as strong sales, marketing, and service efforts, are significant to our general leadership positions in the niche markets we serve.

Seasonality

In general, our businesses, while not strongly seasonal, tend to have stronger revenue in the second and third quarters, particularly those serving the consumer electronics, transportation, construction, waste and recycling, petroleum, commercial refrigeration, and food service markets. Our businesses serving the major equipment markets, such as power generation, chemical, and processing industries, have longer 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 that tend to moderate the aforementioned seasonality patterns.

Customers

We serve thousands of customers, no one of which accounted for more than 10% of our consolidated revenue in 2013. Given our diversity of served markets, customer concentrations are quite varied. Businesses supplying the waste and recycling, agricultural, defense, energy, automotive, commercial refrigeration, handset, and hearing aid industries tend to deal with a few large customers that are significant within those industries. This also tends to be true for businesses 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 and services applicable to a broad range of end-use applications.

Certain of our businesses, particularly within the Communication Technologies segment, serve the military, space, aerospace, commercial, and telecom infrastructure markets. Their customers include some of the largest businesses in these markets. In addition, many of the OEM customers within the Communication Technologies segment outsource

their manufacturing to Electronic Manufacturing Services (“EMS”) companies. Other customers include global cell phone and hearing aid manufacturers and many of the largest global EMS companies, particularly in China.

Backlog

Backlog is more relevant to our businesses that produce larger and more sophisticated machines or have long-term government contracts, primarily for the global pump and refrigeration and food equipment markets of our Engineered Systems segment, as well as the aerospace/defense market of our Communication Technologies segment. Our total backlog relating to our continuing operations as of December 31, 2013 and 2012 was \$1.6 billion and \$1.5 billion, respectively.

Table of Contents

Competition

Our competitive environment is complex because of the wide diversity of our products manufactured and the markets served. In general, most of our businesses are market leaders that compete with only a few companies, and the key competitive factors are customer service, product quality, price, and innovation. However, as we become increasingly global, we are exposed to more competition. Certain businesses in the Communication Technologies and Printing & Identification segments compete globally against a variety of companies, primarily operating in Europe and East Asia. A summary of our key competitors by end market within each our segments follows:

Segment	End Market	Key Competitors
Energy	Drilling	DeBeers Group (Element Six), Schlumberger Ltd. (MegaDiamond)
	Production	Weatherford International Ltd., General Electric (Lufkin) Industries, Paccar Inc.
	Downstream	Danaher Corp. (Gilbarco Veeder-Root), Franklin Electric, Gardner Denver, Inc. (Emco Wheaton)
Engineered Systems	Refrigeration and food systems	Hussman Corp., Heatcraft Worldwide Refrigeration (Kysor/Warren), Manitowoc Company, Illinois Tool Works
	Other industrial	Oshkosh Corp. (McNeilus), Siemens AG (Weiss GmbH), Challenger Lifts, Labrie Enviroquip Group, and numerous others
	Fluid solutions	IDEX Corp, Alfa Laval, Ingersoll Rand, Danfoss, SPX Corp.
Printing & Identification	Fast moving consumer goods	Danaher Corp. (Videojet), Domino Printing
	Industrial	Danaher Corp. (Videojet), Domino Printing, Zebra Technologies
Communication Technologies	Consumer electronics	AAC Technologies, GoerTek Inc.
	Medical technology	Sonion A/S
	Aerospace/Defense	Smiths Interconnect, SPS Technologies
	Telecom/Other	Rakon Ltd., NDK Ltd.

International

Consistent with our strategic focus on positioning our businesses for growth, we continue to increase our expansion into international markets, particularly in developing economies in South America, Asia, and Eastern Europe.

Most of our non-U.S. subsidiaries and affiliates are currently based in France, Germany, the Netherlands, Sweden, Switzerland, the United Kingdom and, with increasing emphasis, Australia, Canada, China, Malaysia, India, Mexico, Brazil, and Eastern Europe.

The following table shows annual revenue derived from customers outside the U.S. as a percentage of total annual revenue for each of the last three years, by segment and in total:

	% Non-U.S. Revenue by Segment Years Ended December 31,			
	2013	2012	2011	
Energy	35	% 31	% 32	%

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Engineered Systems	37	% 37	% 36	%
Printing & Identification	72	% 72	% 74	%
Communication Technologies	75	% 73	% 71	%
Total percentage of revenue derived from customers outside of the U.S.	48	% 46	% 47	%

Our percentage of revenue derived from customers outside of the U.S. increased slightly in 2013 as compared to 2012 as a result of improvement in Communication Technologies in the Asian markets and Energy's geographic expansion programs in the Middle East and Australia.

Table of Contents

Our international operations are subject to certain risks, such as price and exchange rate fluctuations and non-U.S. governmental restrictions, which are discussed further in “Item 1A. Risk Factors.” For additional details regarding our non-U.S. revenue and the geographic allocation of the assets of our continuing operations, see Note 17. Segment Information to the Consolidated Financial Statements in Item 8 of this Form 10-K.

Environmental Matters

Our operations are governed by a variety of international, national, state, and local environmental laws. We are committed to continued compliance and believe our operations generally are in substantial compliance with these laws. 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.

In 2010, we developed and implemented a process to conduct an inventory of greenhouse gas emissions. Since then, we have evaluated our climate change risks and opportunities and have developed an energy and climate change strategy that includes clearly defined goals and objectives, along with prioritized programs and projects for achieving energy use and greenhouse gas emissions reductions. We have committed to reducing our overall energy and greenhouse gas intensity indexed to net revenue by 20% from 2010 to 2020. We also participated as a respondent in the 2012 Carbon Disclosure Project.

All of our segments are investigating the energy efficiencies related to their operations and the use of their products and services by customers. In some instances, our businesses may be able to help customers reduce some of their energy needs. Increased demand for energy-efficient products, based on a variety of drivers (including, but not limited to, reduction of greenhouse gas emissions) could result in increased sales for a number of our businesses.

There have been no material effects upon our earnings and competitive position resulting from compliance with laws or regulations enacted or adopted relating to the protection of the environment. We are aware of a number of existing or upcoming regulatory initiatives intended to reduce emissions in geographies where our manufacturing and warehouse/distribution facilities are located and have evaluated the potential impact of these regulations on our businesses. We anticipate that direct impacts from regulatory actions will not be significant in the short- to medium-term. We expect the regulatory impacts associated with climate change regulation would be primarily indirect and would result in “pass through” costs from energy suppliers, suppliers of raw materials, and other services related to our operations.

Employees

We had approximately 37,000 employees in our ongoing operations as of December 31, 2013, which was an increase of 6% from the prior year end. The increase is primarily the result of recent acquisitions, slightly offset by headcount reduction programs in certain businesses.

Other Information

We make available through the “Financial Reports” link on our Internet website, <http://www.dovercorporation.com>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports. We post 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 our Internet website is not incorporated into this Form 10-K.

Table of Contents

ITEM 1A. RISK FACTORS

Our business, financial condition, operating results, and cash flows can be impacted by a number of factors which could cause our actual results to vary materially from recent results or from anticipated future results. In general, we are subject to the same general risks and uncertainties that impact many other industrial companies such as general economic, industry and/or market conditions, and growth rates; the impact of natural disasters, and their effect on global markets; possible future terrorist threats and their effect on the worldwide economy; and changes in laws or accounting rules. The risk factors discussed in this section should be considered together with information included elsewhere in this Form 10-K and should not be considered the only risks to which we are exposed.

Our results may be impacted by current domestic and international economic conditions and uncertainties.

Our businesses may be adversely affected by disruptions in the financial markets or declines in economic activity both domestically and internationally in those countries in which we operate. These circumstances will also impact our suppliers and customers in various ways which could have an impact on our business operations, particularly if global credit markets are not operating efficiently and effectively to support industrial commerce.

Our Energy segment is subject to risk due to the volatility of global energy prices and regulations that impact production, although overall demand is more directly related to depletion rates and global economic conditions and related energy demands.

Negative changes in worldwide economic and capital market conditions are beyond our control, are highly unpredictable, and can have an adverse effect on our revenue, earnings, cash flows, and cost of capital.

We are subject to risks relating to our existing international operations and expansion into new geographical markets.

Approximately 48% of our revenues for 2013 and 46% of our revenues for 2012 were derived outside the United States. We continue to focus on penetrating global markets as part of our overall growth strategy and expect sales from outside the United States to continue to represent a significant portion of our revenues. In addition, many of our manufacturing operations and suppliers are located outside the United States. Our international operations and our global expansion strategy are subject to general risks related to such operations, including:

- o political, social, and economic instability and disruptions;
- o government embargoes or trade restrictions;
- o the imposition of duties and tariffs and other trade barriers;
- o import and export controls;
- o limitations on ownership and on repatriation of earnings;
- o transportation delays and interruptions;
- o labor unrest and current and changing regulatory environments;
- o increased compliance costs, including costs associated with disclosure requirements and related due diligence;

- o the impact of loss of a single-source manufacturing facility;
- o difficulties in staffing and managing multi-national operations; and
- o limitations on our ability to enforce legal rights and remedies.

If we are unable to successfully manage the risks associated with expanding our global business or adequately manage operational risks of our existing international operations, the risks could have a material adverse effect on our growth strategy involving expansion into new geographical markets or our results of operations and financial position.

Increasing product/service and price competition by international and domestic competitors, including new entrants, and our inability to introduce new and competitive products could cause our businesses to generate lower revenue, operating profits, and cash flows.

Our competitive environment is complex because of the wide diversity of the products that our businesses manufacture and the markets they serve. In general, most of our businesses compete with only a few companies. Our ability to compete effectively depends on how successfully we anticipate and respond to various competitive factors, including new products

Table of Contents

and services that may be introduced by competitors, changes in customer preferences, new business models and technologies, and pricing pressures. If our businesses are unable to anticipate their competitors' development of new products and services, and/or identify customer needs and preferences on a timely basis, or successfully introduce new products and services in response to such competitive factors, they could lose customers to competitors. If our businesses do not compete effectively, we may experience lower revenue, operating profits, and cash flows.

Some of our businesses may not anticipate, adapt to, or capitalize on technological developments and this could cause these businesses to become less competitive and lead to reduced market share, revenue, operating profits, and cash flows.

Certain of our Communication Technologies businesses sell their products in electronic and technology-based industries that are constantly experiencing change as new technologies are developed. In order to grow and remain competitive in these industries, they must adapt to future changes in technology to enhance their existing products and introduce new products to address their customers' changing demands. If these businesses are unable to adapt to the rapid technological changes, it could have a material impact on our consolidated results of operations, financial position, and cash flows.

We could lose customers or generate lower revenue, operating profits, and cash flows if there are significant increases in the cost of raw materials (including energy) or if we are unable to obtain raw materials.

We purchase raw materials, sub-assemblies, and components for use in our manufacturing operations, which expose us to volatility in prices for certain commodities. Significant price increases for these commodities could adversely affect operating profits for certain of our businesses. While we generally attempt to mitigate the impact of increased raw material prices by hedging or passing along the increased costs to customers, there may be a time delay between the increased raw material prices and the ability to increase the prices of products, or we may be unable to increase the prices of products due to a competitor's pricing pressure or other factors. In addition, while raw materials are generally available now, the inability to obtain necessary raw materials could affect our ability to meet customer commitments and satisfy market demand for certain products. Consequently, a significant price increase in raw materials, or their unavailability, may result in a loss of customers and adversely impact revenue, operating profits, and cash flows.

- Customer requirements and new regulations may increase our expenses and impact the availability of certain raw materials, which could adversely affect our revenue and operating profits.

Our businesses use parts or materials that are impacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requirement for disclosure of the use of "conflict minerals" mined in the Democratic Republic of the Congo and adjoining countries. It is possible that some of our businesses' customers will require "conflict free" metals in products purchased from us. We have begun the process of determining the country of origin of certain metals used by our businesses, as required by the Dodd-Frank Act. The supply chain due diligence and verification of sources may require several years to complete based on the current availability of smelter origin information and the number of vendors. We may not be able to complete the process in the time frame required because of the complexity of our supply chain. Other governmental social responsibility regulations also may impact our suppliers, manufacturing operations, and operating profits.

The need to find alternative sources for certain raw materials or products because of customer requirements and regulations may impact our ability to secure adequate supplies of raw materials or parts, lead to supply shortages, or adversely impact the prices at which our businesses can procure compliant goods.

Our businesses and their profitability and reputation could be adversely affected by domestic and foreign governmental and public policy changes (including environmental and employment regulations and tax policies such as export subsidy programs, research and experimentation credits, carbon emission regulations, and other similar programs), risks associated with emerging markets, changes in statutory tax rates, and unanticipated outcomes with respect to tax audits.

Our businesses' domestic and international sales and operations are subject to risks associated with changes in local government laws (including environmental and export/import laws), regulations, and policies. Failure to comply with any of these laws could result in civil and criminal, monetary, and non-monetary penalties as well as potential damage to our reputation. In addition, we cannot provide assurance that our costs of complying with new and evolving regulatory reporting requirements and current or future laws, including environmental protection, employment, and health and safety laws, will not exceed our estimates. In addition, we have invested in certain countries, including Brazil, Russia, India, and China, and may in the future invest in other countries, any of which may carry high levels of currency, political, compliance, and economic risk. While these risks or the impact of these risks are difficult to predict, any one or more of them could adversely affect our businesses and reputation.

Table of Contents

Our effective tax rate is impacted by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowance of deferred tax assets, and changes in tax laws. The amount of income taxes and other taxes paid can be adversely impacted by changes in statutory tax rates and laws and are subject to ongoing audits by domestic and international authorities. If these audits result in assessments different from amounts estimated, then our financial results may be adversely affected by unfavorable tax adjustments.

• Our revenue, operating profits, and cash flows could be adversely affected if our businesses are unable to protect or obtain patent and other intellectual property rights.

Our businesses own patents, trademarks, licenses, and other forms of intellectual property related to their products. Our businesses employ various measures to maintain and protect their intellectual property. These measures may not prevent their intellectual property from being challenged, invalidated, or circumvented, particularly in countries where intellectual property rights are not highly developed or protected. Unauthorized use of these intellectual property rights could adversely impact the competitive position of our businesses and have a negative impact on our revenue, operating profits, and cash flows.

• Our growth and results of operations may be adversely affected if we are unsuccessful in our capital allocation and acquisition program.

We expect to continue our strategy of seeking to acquire value creating add-on businesses that broaden our existing position and global reach as well as, in the right circumstances, strategically pursue larger acquisitions that could have the potential to either complement our existing businesses or allow us to pursue a new platform. However, there can be no assurance that we will be able to continue to find suitable businesses to purchase, that we will be able to acquire such businesses on acceptable terms, or that all closing conditions will be satisfied with respect to any pending acquisition. If we are unsuccessful in our acquisition efforts, then our ability to continue to grow at rates similar to prior years could be adversely affected. In addition, we face the risk that a completed acquisition may underperform relative to expectations. We may be unable to achieve synergies originally anticipated, exposed to unexpected liabilities and unable to sufficiently integrate completed acquisitions into our current business and growth model. Further, if we fail to allocate our capital appropriately, in respect of either our acquisition program or organic growth in our operations, we could be overexposed in certain markets and geographies and unable to expand into adjacent products or markets. These factors could potentially have an adverse impact on our operating profits and cash flows.

• Our operating profits and cash flows could be adversely affected if we cannot achieve projected savings and synergies.

We are continually evaluating our cost structure and seeking ways to capture synergies across our operations. If we are unable to reduce costs and expenses through our various programs, it could adversely affect our operating profits and cash flows.

• Unforeseen developments in contingencies such as litigation could adversely affect our financial condition.

We and certain of our subsidiaries are, and from time to time may become, parties to a number of legal proceedings incidental to their businesses involving alleged injuries arising out of the use of their products, exposure to hazardous substances, or patent infringement, employment matters, and commercial disputes. The defense of these lawsuits may require significant expenses and divert management's attention, and we may be required to pay damages that could adversely affect our financial condition. In addition, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against potential loss exposures.

The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and may result in unexpected liabilities.

Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited and certain former owners may be unable to meet their indemnification responsibilities. We cannot be assured that these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

Table of Contents

Failure to attract, retain, and develop personnel or to provide adequate succession plans for key management could have an adverse effect on our operating results.

Our growth, profitability, and effectiveness in conducting our operations and executing our strategic plans depend in part on our ability to attract, retain, and develop qualified personnel, align them with appropriate opportunities, and maintain adequate succession plans for key management positions and support for strategic initiatives. If we are unsuccessful in these efforts, our operating results could be adversely affected and we could miss opportunities for growth and efficiencies.

Our business operations may be adversely affected by information systems interruptions or intrusion.

Our businesses rely on a number of information technologies to manage, store, and support business activities. We have put in place a number of systems, processes, and practices designed to protect against intentional or unintentional misappropriation or corruption of our systems and information, disruption of our operations, or corruption of the software that supports our products. Disruptions or cybersecurity attacks, such as unauthorized access, malicious software, or other violations may lead to exposure of proprietary or confidential information as well as potential data corruption. Any intrusion may cause operational stoppages, loss of business, violations of applicable law, diminished competitive advantages or reputational damages, and increased operational costs for remedial activities.

Our reputation, ability to do business, and results of operations may be impaired by improper conduct by any of our employees, agents, or business partners.

While we strive to maintain high standards, we cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws or fail to protect our confidential information, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims rules, competition, export and import compliance, money laundering, and data privacy laws, as well as the improper use of proprietary information or social media. Any such violations of law or improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions, could lead to substantial civil or criminal, monetary and non-monetary penalties, and related shareholder lawsuits, could lead to increased costs of compliance and could damage our reputation.

Our exposure to exchange rate fluctuations on cross-border transactions and the translation of local currency results into U.S. dollars could negatively impact our results of operations.

We conduct business through our subsidiaries in many different countries, and fluctuations in currency exchange rates could have a significant impact on the reported results of operations, which are presented in U.S. dollars. A significant and growing portion of our products are manufactured in lower-cost locations and sold in various countries. Cross-border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Accordingly, significant changes in currency exchange rates, particularly the Euro, Pound Sterling, Swiss franc, Chinese Renminbi (Yuan), and the Canadian dollar, could cause fluctuations in the reported results of our businesses' operations that could negatively affect our results of operations. Additionally, the strengthening of certain currencies such as the Euro and U.S. dollar potentially exposes us to competitive threats from lower cost producers in other countries such as China. Our sales are translated into U.S. dollars for reporting purposes. The strengthening of the U.S. dollar could result in unfavorable translation effects as the results of foreign locations are translated into U.S. dollars.

Our borrowing costs may be impacted by our credit ratings developed by various rating agencies.

Three major ratings agencies (Moody's, Standard and Poor's, and Fitch Ratings) evaluate our credit profile on an ongoing basis and have each assigned high ratings for our long-term debt as of December 31, 2013. Although we do not anticipate a material change in our credit ratings, if our current credit ratings deteriorate, then our borrowing costs could increase, including increased fees under our Five-Year Credit Facility, and our access to future sources of liquidity may be adversely affected.

• The proposed spin-off of certain of our communication technologies businesses may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits.

There can be no assurance that the spin-off of Knowles will be completed in the contemplated manner or timeframe, or at all. If the spin-off transaction is not completed in the contemplated manner or timeframe or not completed at all, among other things, the price of Dover's stock may decline.

Table of Contents

We have and will continue to incur significant expenses in connection with the proposed transaction which may exceed our current expectations.

We cannot predict with certainty when the benefits expected from the proposed transaction will occur or the extent to which they will be achieved, if at all. For example, there can be no assurance that analysts and investors will place values on each of the independent companies that will equal a total value that is greater than that which Dover has today. In addition, if the proposed spin-off is consummated, our operational and financial profile will change and we will face new risks, including the possibility of reduced financial resources and less diversification of our revenue sources which could adversely impact our future results. In addition, the changes in our operational and financial profile may not meet some of our shareholders' investment strategies, which could cause investors to sell their shares and otherwise decrease demand for our common stock. Excess selling could cause the relative market price of our common stock to decrease and be subject to greater volatility following the consummation of the proposed spin-off.

If the spin-off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we and our shareholders could be subject to significant tax liabilities.

A condition to the spin-off is the receipt by us of either (i) a private letter ruling from the Internal Revenue Service ("IRS") together with an opinion of Baker & McKenzie LLP, our tax counsel, substantively to the effect that, among other things, the distribution of shares to our shareholders, will qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the "Code"), or (ii) an opinion of Baker & McKenzie LLP, our tax counsel, substantively to the effect that, among other things, the spin-off will qualify as tax-free for U.S. Federal income tax purposes under Sections 355 and 36x(c)(i)(D) of the Code. We received an opinion from Baker & McKenzie LLP that the spin-off will so qualify, which opinion is expected to be confirmed on the distribution date of the Knowles spin-off. The opinion relies on certain facts, assumptions, representations and undertakings of us and Knowles, including those regarding the past and future conduct of certain of our businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, we may not be able to rely on the opinion, and we and our shareholders could be subject to significant tax liabilities. Notwithstanding the opinion of tax counsel, the IRS could determine on audit that the distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. In addition, we and Knowles intend for certain related transactions to qualify for tax-free treatment under federal, state and local tax law and/or foreign tax law.

If the distribution is determined to be taxable for U.S. federal income tax purposes, we and our shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities. For example, if the distribution fails to qualify for tax-free treatment, we would, for U.S. federal income tax purposes, be treated as if we had sold the Knowles common stock in a taxable sale for its fair market value, and our shareholders who are subject to U.S. federal income tax would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Knowles common stock received in the distribution. In addition, if certain related transactions fail to qualify for tax-free treatment under federal, state and local tax law and/or foreign tax law, we could incur significant tax liabilities under U.S. federal, state, local and/or foreign tax law.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Table of Contents

ITEM 2. PROPERTIES

The number, type, location and size of the properties used by our continuing operations as of December 31, 2013 are shown in the following charts, by segment:

	Number and nature of facilities			Square footage (in 000s)	
	Manufacturing	Warehouse	Sales / Service	Owned	Leased
Energy	65	59	63	2,923	1,889
Engineered Systems	79	33	51	6,144	4,502
Printing & Identification	11	22	73	627	748
Communication Technologies	33	5	14	1,219	1,495

	Locations				Expiration dates of leased facilities (in years)	
	North America	Europe	Asia	Other	Minimum	Maximum
Energy	147	12	9	4	1	12
Engineered Systems	75	43	22	8	1	10
Printing & Identification	13	28	42	2	1	7
Communication Technologies	18	9	10	1	1	15

We believe our owned and leased facilities are well-maintained and suitable for our operations.

ITEM 3. LEGAL PROCEEDINGS

A few of our 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 it is anticipated to be immaterial to us on a consolidated basis. In addition, a few of our subsidiaries are involved in ongoing remedial activities at certain plant sites, in cooperation with regulatory agencies, and appropriate reserves have been established. At December 31, 2013 and 2012, we have reserves totaling \$30.3 million and \$28.9 million, respectively, for environmental matters that are probable and estimable.

We and certain of our subsidiaries are, and from time to time may become, parties to a number of other legal proceedings incidental to our businesses. These proceedings primarily involve claims by private parties alleging injury arising out of the use of our businesses’ products, 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. At December 31, 2013 and 2012, we have reserves totaling \$0.9 million and \$1.2 million for legal matters that are probable and estimable and not otherwise covered by insurance. While it is not possible at this time to predict the outcome of these legal actions, in the opinion of management, based on the aforementioned reviews, we are not currently involved in any legal proceedings which, individually or in the aggregate, could have a material affect on our financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

EXECUTIVE OFFICERS OF THE REGISTRANT

All of our officers are elected annually at the first meeting of the Board of Directors following our annual meeting of shareholders, and are subject to removal at any time by the Board of Directors. Our executive officers as of February 14, 2014, and their positions with Dover (and, where relevant, prior business experience) for the past five years, are as follows:

Name	Age	Positions Held and Prior Business Experience
Robert A. Livingston	60	Chief Executive Officer and Director (since December 2008), President (since June 2008) and Chief Operating Officer (from June 2008 to December 2008) of Dover; prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Engineered Systems (from July 2007 to May 2008); prior thereto Vice President of Dover and President and Chief Executive Officer of Dover Electronics (from October 2004 to June 2007). Senior Vice President, General Counsel and Secretary of Dover (since January 2013); prior thereto Vice President, Deputy General Counsel, and Assistant Secretary of Dover (from November 2012 to December 2012); prior thereto Vice President, Business Affairs and General Counsel of Knowles Electronics, LLC (from February 2011 to December 2012); prior thereto Vice President (from May 2010 to February 2011), Deputy General Counsel and Assistant Secretary (from February 2004 to February 2011) of Dover.
Ivonne M. Cabrera	47	Senior Vice President and Chief Financial Officer (since May 2011) of Dover; prior thereto Vice President and Chief Financial Officer (from August 2009 to May 2011) of Dover; prior thereto Vice President, Finance (from June 2009 to August 2009) of Dover; prior thereto Vice President and Controller (from August 2005 to June 2008) of Trane, Inc.
Brad M. Cerepak	54	Vice President (since May 2011) of Dover and President and Chief Executive Officer (since November 2011) of Dover Printing & Identification; prior thereto Executive Vice President (from April 2011 to November 2011) of Dover Engineered Systems; prior thereto Executive Vice President (from October 2007 to April 2011) of Dover Electronic Technologies.
John F. Hartner	51	Senior Vice President, Human Resources (since May 2011) of Dover; prior thereto Vice President, Human Resources (from January 2009 to May 2011) of Dover; prior thereto Executive Vice President - Business Excellence (from May 2005 to January 2009) of AES Corporation.
Jay L. Kloosterboer	53	Vice President of Dover and President and Chief Executive Officer of Dover Communication Technologies (since November 2011); prior thereto President (from January 2008 to November 2011) and Chief Executive Officer (from February 2010 to November 2011) of Knowles Electronics; prior thereto Chief Operating Officer (from January 2007 to February 2010) of Knowles Electronics.
Jeffrey S. Niew	47	Senior Vice President, Corporate Development (since May 2011) of Dover; prior thereto Vice President, Corporate Development (from January 2009 to May 2011) of Dover; prior thereto Vice President,
Stephen R. Sellhausen	55	

Sivasankaran Somasundaram	48	Business Development (from April 2008 to January 2009) of Dover; prior thereto investment banker with Citigroup Global Markets. Vice President (since January 2008) of Dover and President and Chief Executive Officer (since August 2013) of Dover Energy; prior thereto Executive Vice President (from November 2011 to August 2013) of Dover Energy; prior thereto Executive Vice President (from January 2010 to November 2011) of Dover Fluid Management; President (from January 2008 to December 2009) of Dover's Fluid Solutions Platform; prior thereto President (from May 2006 to January 2008) of Gas Equipment Group. Vice President (since October 2004) of Dover and President and Chief Executive Officer (since August 2013) of Dover Engineered Systems; prior thereto President and Chief Executive Officer (from November 2011 to August 2013) of Dover Energy; prior thereto President and Chief Executive Officer (from July 2007 to November 2011) of Dover Fluid Management.
William W. Spurgeon, Jr.	55	Senior Vice President, Global Sourcing (since January 2012) of Dover; prior thereto Vice President, Global Strategic Sourcing (from April 2006 to December 2011) of AES Corporation.
Niclas Ytterdahl	49	

Table of Contents

Name	Age	Positions Held and Prior Business Experience
Kevin P. Buchanan	58	Vice President, Tax (since July 2010) of Dover; prior thereto Deputy General Counsel, Tax (from November 2009 to June 2010) and Vice President, Tax (from May 2000 to October 2009) of Monsanto Company.
C. Anderson Fincher	43	Vice President (since May 2011) of Dover and Executive Vice President (since November 2011) of Dover Engineered Systems; prior thereto Executive Vice President (from May 2009 to November 2011) of Dover Industrial Products; prior thereto President (from January 2005 to May 2009) of Heil Trailer International.
Paul E. Goldberg	50	Vice President, Investor Relations (since November 2011) of Dover; prior thereto Treasurer and Director of Investor Relations (from February 2006 to November 2011) of Dover.
Raymond T. McKay, Jr.	60	Vice President (since February 2004) and Controller (since November 2002) of Dover.
Brian P. Moore	43	Vice President, Treasurer (since November 2011) of Dover; prior thereto Senior Director, Investor Relations (from April 2010 to October 2011) of USG Corporation; prior thereto Director of Credit & Accounts Receivable (from December 2008 to April 2010) of USG; prior thereto Director of Finance (from December 2007 to December 2008) at USG; prior thereto Assistant Treasurer (from October 2004 to December 2008) of USG.
James H. Moyle	61	Vice President (since 2009) of Dover and Executive Vice President (since January 2012) of Dover Engineered Systems; prior thereto Senior Vice President, Global Sourcing and Supply Chain (from April 2009 to December 2011) of Dover; prior thereto Chief Financial Officer (from July 2007 to April 2009) of Dover Fluid Management; prior thereto Vice President and Chief Financial Officer (from November 2005 to July 2007) of Dover Diversified.
Michael Y. Zhang	50	Vice President (since May 2010) of Dover and President, Asia (since May 2011) of Dover; prior thereto Managing Director (from January 2009 to May 2011) of Dover Regional Headquarters, China; prior thereto various roles at ABB, Ltd. including Vice President, ABB Control System and Product Business (from September 2004 to March 2008).

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Dividends

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

	2013		Dividends per Share	2012		Dividends per Share
	Market Prices High	Low		Market Prices High	Low	
First Quarter	\$74.62	\$65.40	\$0.350	\$67.20	\$56.81	\$0.315
Second Quarter	80.75	67.45	0.350	64.36	50.88	0.315
Third Quarter	92.87	75.96	0.375	61.64	50.27	0.350
Fourth Quarter	97.00	85.10	0.375	65.80	54.90	0.350
			\$1.450			\$1.330

Holders

The number of holders of record of Dover common stock as of January 31, 2014 was approximately 19,653. This figure includes participants in our domestic 401(k) program.

Securities Authorized for Issuance Under Equity Compensation Plans

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

Recent Sales of Unregistered Securities

None.

Table of Contents

Issuer Purchases of Equity Securities

During the fourth quarter of 2013, we made the following purchases of Dover shares:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value in Thousands) of Shares that May Yet Be Purchased under the Plans or Programs (2)	
				May 2012 Program	November 2012 Program
October 1 to October 31	550,645	\$90.82	550,645	3,908,289	\$292,565
November 1 to November 30	—	—	—	3,908,289	292,565
December 1 to December 31	—	—	—	3,908,289	292,565
For the Fourth Quarter	550,645	\$90.82	550,645	3,908,289	\$292,565

In May 2012, the Board of Directors renewed its standing authorization of the Company's share repurchase program, on terms consistent with its prior five-year authorization which expired at that time. This renewal authorizes the repurchase of up to 10,000,000 shares of the Company's common stock during the five-year period (1) ending May 2017. We did not make any repurchases under this program during the fourth quarter. Additionally, in November 2012, the Board of Directors approved a \$1.0 billion share repurchase program authorizing repurchases of Dover's common shares over the following 12 to 18 months, which is expected to be completed in 2014. All 550,645 shares repurchased during the fourth quarter were acquired under the November 2012 program.

As of December 31, 2013, the number of shares still available for repurchase under the May 2012 share repurchase (2) authorization was 3,908,289. The approximate dollar amount still available for repurchase under the November 2012 share repurchase authorization was \$292,565 thousand.

Table of Contents

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 our filings under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date of this Form 10-K and irrespective of any general incorporation language in any such filing, except to the extent we specifically incorporate this performance graph by reference therein.

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

Total Shareholder Returns

Data Source: Research Data Group, Inc

*Total return assumes reinvestment of dividends.

This graph assumes \$100 invested on December 31, 2008 in Dover Corporation common stock, the S&P 500 index, and a peer group index.

Gardner Denver Inc., a company that was part of the peer index group in 2012, was acquired by Kohlberg Kravis Roberts & Co. L.P. during 2013 and had since been removed from the index. The 2013 peer index consists of the following 36 public companies selected by the Company.

3M Company	FMC Technologies Inc.	Regal Beloit Corp.
Actuant Corp.	Honeywell International Inc.	Rockwell Automation Inc.
Ametek Inc.	Hubbell Incorporated	Roper Industries Inc.
Amphenol Corp.	IDEX Corporation	Snap-On Inc.
Cameron International	Illinois Tool Works Inc.	SPX Corporation
Carlisle Companies	Ingersoll-Rand PLC	Teledyne Technologies Inc.
Corning Inc.	Lennox International Inc.	Textron Inc.
Crane Company	Nordson Corp.	The Timken Company
Danaher Corporation	Pall Corporation	Tyco International Limited
Eaton Corporation	Parker-Hannifin Corp.	United Technologies Corp.
Emerson Electric Co.	Pentair Limited	Vishay Intertechnology Inc.
Flowserve Corporation	Precision Castparts Corp.	Weatherford International Limited

Table of Contents

24

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

dollars in thousands except share data	2013	2012	2011	2010	2009
Revenue	\$8,729,813	\$8,104,339	\$7,369,154	\$6,109,507	\$5,055,796
Earnings from continuing operations	965,805	833,119	773,186	619,497	390,705
Net earnings	1,003,129	811,070	895,243	700,104	356,438
Basic earnings (loss) per share:					
Continuing operations	\$5.64	\$4.59	\$4.16	\$3.31	\$2.10
Discontinued operations	0.22	(0.12)) 0.66	0.43	(0.18)
Net earnings	5.86	4.47	4.82	3.75	1.91
Weighted average shares outstanding	171,271,000	181,551,000	185,882,000	186,897,000	186,136,000
Diluted earnings (loss) per share:					
Continuing operations	\$5.57	\$4.53	\$4.09	\$3.27	\$2.09
Discontinued operations	0.22	(0.12)) 0.65	0.43	(0.18)
Net earnings	5.78	4.41	4.74	3.70	1.91
Weighted average shares outstanding	173,547,000	183,993,000	188,887,000	189,170,000	186,736,000
Dividends per common share	\$1.45	\$1.33	\$1.18	\$1.07	\$1.02
Capital expenditures	\$236,833	\$297,012	\$262,676	\$169,297	\$108,639
Depreciation and amortization	421,616	357,585	290,477	229,237	217,981
Total assets	10,838,172	10,443,943	9,500,552	8,558,743	7,882,403
Total debt	2,828,479	2,800,116	2,187,252	1,807,476	1,860,884

All results and data in the table above reflect continuing operations, unless otherwise noted. As a result, the data presented above will not necessarily agree to previously issued financial statements. See Note 4. Disposed and Discontinued Operations in the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information on disposed and discontinued operations and Note 3. Acquisitions for additional information regarding the impact of 2013 and 2012 acquisitions.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition for the three years ended December 31, 2013. The MD&A should be read in conjunction with our Consolidated Financial Statements and Notes included in Item 8 of this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed elsewhere in this Form 10-K, particularly in Item 1A. "Risk Factors" and in the "Special Note Regarding Forward-Looking Statements" preceding Part I of this Form 10-K.

OVERVIEW AND OUTLOOK

Dover is a diversified global manufacturer focusing on innovative equipment and components, specialty systems, and support services provided through its four major operating segments: Energy, Engineered Systems, Printing & Identification, and Communication Technologies. The Company's entrepreneurial business model encourages, promotes, and fosters deep customer engagement, which has led to Dover's well-established and valued reputation for providing superior customer service and industry-leading product innovation. Unless the context indicates otherwise, references herein to "Dover," "the Company," and words such as "we," "us," and "our" include Dover Corporation and its subsidiaries.

Our Energy segment provides highly-engineered solutions for the safe and efficient extraction and handling of oil and gas in the production, downstream and drilling markets. Our Engineered Systems segment is comprised of two platforms, Refrigeration & Industrial and Fluid Solutions, which are industry leaders in the refrigeration and food equipment, certain other industrial markets and fluids systems. Our Printing & Identification segment provides integrated printing, coding, and dispensing solutions for the fast moving consumer goods and industrial markets. Our Communication Technologies segment is engaged in the design and manufacture of innovative products and components in the consumer electronics, aerospace/defense, medical technology and telecommunication/other markets.

We delivered solid growth during 2013, as our consolidated revenue increased 7.7%, representing organic growth of 2.9% and acquisition-related growth of 4.8%. The impact from foreign currency translation was negligible. Gross profit increased \$232.7 million, or 7.5%, to \$3.3 billion. We saw momentum in the second half of the year, as broad-based order and shipment activity was particularly strong at our businesses serving the refrigeration and food equipment, fast moving consumer goods, fluids, drilling and downstream energy markets. In the consumer electronics market, revenue growth was due to increased microelectronic mechanical ("MEMs") microphone volumes resulting from new OEM product introductions and overall smartphone market growth. This growth was offset in part by the continued market decline of two OEM customers, principally affecting our speaker and receiver volumes. Overall, productivity initiatives and the leveraging of higher volumes, more than offset normal pricing concessions. For further discussion related to our consolidated and segment results, see "Consolidated Results of Operations" and "Segment Results of Operations", respectively, within Management's Discussion and Analysis of Financial Condition and Results of Operations.

Bookings increased 8.2% over the prior year to \$8.7 billion, representing growth across all segments, with strong growth of 12.7% in Engineered Systems, and increases of 5.9% in Communications Technologies, 5.5% in Energy and 2.4% in Printing & Identification. Overall, the book-to-bill of 1.00 slightly improved over the prior year. Backlog increased 4.6% to \$1.6 billion.

From a geographic perspective for the year, our North American markets were solid. Our European markets continued to show improvement throughout the year with incremental growth, driven by our short cycle business activity, complemented by project shipments. China and the rest of the world markets were strong.

On May 23, 2013, Dover announced its Board of Directors approved a preliminary plan to spin-off certain of its communication technologies businesses into a stand-alone, publicly-traded company known as Knowles Corporation ("Knowles"). On February 6, 2014, Dover announced that its Board of Directors approved the separation of Knowles from Dover through the pro rata distribution by Dover of 100% of the common stock of Knowles to Dover's stockholders on February 28, 2014. In addition, on February 10, 2014, the U.S. Securities and Exchange Commission declared Knowles' Registration Statement on Form 10 effective. As a result, the following is expected to occur: (1) the distribution of Knowles' shares would be made on February 28, 2014 to Dover stockholders of record as of the close of business on February 19, 2014, the record date for the distribution, (2) on the distribution date, Dover stockholders will receive one share of Knowles common stock for every two shares of Dover

Table of Contents

common stock held as of the record date, and (3) following the distribution, Knowles will be an independent, publicly traded company on the New York Stock Exchange (utilizing ticker symbol "KN") and Dover will retain no ownership interest in Knowles. The distribution has been structured to be tax-free to Dover and its shareholders for U.S. federal income tax purposes. The results of operations, financial condition and cash flows for the businesses to be transferred to Knowles and included in the spin-off are, and will continue to be, presented within Dover's consolidated financial statements as continuing operations within the Communication Technologies segment until the spin-off is complete (which is expected to occur on February 28, 2014), upon which the financial presentation of these businesses will be included within Dover's discontinued operations. One-time costs associated with the transaction are expected to be in the range of \$60.0 to \$70.0 million, of which \$30.1 million has been incurred by Dover through December 31, 2013. Following the spin-off of Knowles, Dover expects to align its segment structure to ensure it is properly organized to execute its future growth plans.

As previously disclosed, in the fourth quarter of 2012 in connection with our periodic review for our businesses' strategic fit within Dover, we announced our intention to divest DEK International and Everett Charles Technologies (including the Multitest business, collectively "ECT") within the Printing & Identification segment. These businesses were reclassified to discontinued operations, and in 2013, we recorded a pre-tax goodwill impairment charge of \$54.5 million, as well as a \$25.5 million tax benefit in the discontinued operations deferred income tax provision for 2013. The Company completed the sale of ECT in the fourth quarter of 2013 for total proceeds of \$92.7 million, which resulted in an after-tax loss on sale of \$2.8 million. In 2013, the Company signed a definitive agreement to sell DEK. Based on the anticipated proceeds from this sale, the Company recognized an impairment loss of \$14.0 million in the fourth quarter of 2013. Management intends to complete the sale of DEK in the first half of 2014.

Other actions that we undertook in order to strengthen our position in 2014 and beyond included raising €300.0 million in the Euro debt market in 2013. Some of the proceeds were used to repay commercial paper of approximately \$381.0 million in the fourth quarter of 2013. In addition, we expanded our competitive position with ten business acquisitions during the year for net cash consideration of approximately \$323.0 million, notably in the fluids and downstream energy spaces. Dover expects additional acquisitions to be closed in the first quarter of 2014.

Under our November 2012 \$1.0 billion share repurchase program, we repurchased 6.0 million shares during the year for a total of \$457.3 million. There is \$292.6 million remaining under this program, and we expect to complete the balance of this program in the first quarter of 2014. In addition, we continued our history of increasing our annual dividend payments to shareholders by paying \$247.8 million in dividends in 2013.

Regarding our business activity, near term we expect:

- continued positive performance in Energy driven by expanding international activity, and the ongoing improvement in drilling;
- strong results in our Fluids markets from the benefits of our recent acquisitions and positive markets;
- solid results in our refrigeration and food equipment markets; and
- normal seasonality in our fast moving consumer goods markets.

If global or domestic economic conditions accelerate or deteriorate, our operating results for 2014 could be materially different than currently projected.

Table of Contents

CONSOLIDATED RESULTS OF OPERATIONS

As discussed in Note 4. Disposed and Discontinued Operations to the Consolidated Financial Statements in Item 8 of this Form 10-K, in the fourth quarter of 2012, we reclassified certain businesses in the Printing & Identification segment to discontinued operations based on our decision to divest these businesses. The results of operations of these businesses have been removed from the results of continuing operations and are presented within results of discontinued operations for all periods presented.

(dollars in thousands, except per share figures)	Years Ended December 31,			% / Point Change		
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011	
Revenue	\$8,729,813	\$8,104,339	\$7,369,154	7.7	% 10.0	%
Cost of goods and services	5,390,032	4,997,274	4,524,351	7.9	% 10.5	%
Gross profit	3,339,781	3,107,065	2,844,803	7.5	% 9.2	%
Gross profit margin	38.3					