

DOVER CORP  
Form DEF 14A  
March 06, 2007

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

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use  
of the Commission  
Only (as permitted by  
Rule 14a-6(e)(2))

Definitive Proxy  
Statement

Definitive Additional  
Materials

Soliciting Material  
Pursuant to  
Section 240.14a-11(c)  
or Section 240.14a-2.

**Dover Corporation**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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Notice Of Annual Meeting Of Stockholders

March 6, 2007

To the stockholders:

The Annual Meeting of Stockholders of DOVER CORPORATION will be held on the 3rd Floor, Room 305, Wilmington Trust Company, 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890, on April 17, 2007, at 10:00 A.M., local time, for the following purposes:

1. To elect eleven directors (page 2);
2. To act upon a stockholder proposal regarding a sustainability report (page 45); and
3. To transact such other business as may properly come before the meeting (page 49).

Only holders of record of the outstanding common stock at the close of business on February 28, 2007 are entitled to notice of and to vote at the meeting or any adjournments thereof.

By authority of the board of directors,

Joseph W. Schmidt  
*Secretary*

**Dover urges its stockholders to vote their shares as soon as possible. The proxy card contains instructions on how stockholders may cast their votes.**

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**DOVER CORPORATION**

**PROXY STATEMENT**

**General**

This statement is furnished by Dover Corporation ( **Dover** ), whose principal executive offices are at 280 Park Avenue, New York, NY 10017, in connection with the solicitation of proxies by the board of directors for use at the Annual Meeting of Stockholders (the **Meeting** ) to be held on April 17, 2007, or any adjournments thereof, for the purposes set forth in the notice of meeting. Dover will pay the reasonable and actual costs of soliciting proxies, but Dover will not pay any amount to any officers or employees of Dover or its subsidiaries as compensation for soliciting proxies. Dover has retained Morrow & Co. to solicit brokerage houses and other custodians, nominees or fiduciaries and to send proxies and proxy material to the beneficial owners of such shares, at a fee of \$7,500 plus expenses. Dover is first sending this statement and the proxy form to the stockholders on or about March 6, 2007.

As of the close of business on February 28, 2007, the record date for determining stockholders eligible to vote at the Meeting, Dover had outstanding 204,790,069 shares of common stock. Each share of common stock is entitled to one vote on all matters.

**Dover has provided to each stockholder as of the record date a copy of Dover s 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission (including the financial schedules thereto but without the exhibits) as part of Dover s Annual Report to Stockholders for 2006. Dover will furnish any exhibit to its 2006 Annual Report on Form 10-K to any such stockholder upon written request and payment of a reasonable fee as Dover may specify to cover Dover s expenses in providing the exhibit. Requests for exhibits should be directed to the Corporate Secretary at Dover Corporation, 280 Park Avenue, New York, New York 10017.**

The shares covered by a proxy will be voted in accordance with the voting instructions given by the stockholder. If a stockholder returns a proxy but does not provide voting instructions, the shares covered by the proxy will be voted as follows:

for the election of the eleven nominees for director (or their substitutes as indicated below); and

against the stockholder proposal for a sustainability report.

The proxy also grants discretionary authority to the persons named as proxies in connection with other matters that may properly come before the Meeting if and to the extent allowed by the rules under the Securities Exchange Act of 1934, as amended, and any other applicable rules and regulations.

For purposes of the Meeting, there will be a quorum if the holders of a majority of the shares of common stock are present in person or by proxy. Abstentions and broker non-votes will be included in determining whether a quorum exists. Assuming a quorum exists, Proposal 1, regarding the election of directors, will require the vote of a plurality of shares present in person or by proxy and entitled to vote at the Meeting. Stockholders may not cumulate their votes. Proposal 2 and any other matter to properly come before the Meeting will require the affirmative vote of a majority of shares present in person or by proxy and entitled to vote at the Meeting. Abstentions and broker non-votes will not be counted for purposes of the election of directors and will have no effect on the outcome of the vote. For Proposal 2 and any other matter, abstentions and broker non-votes will have the same effect as a vote against the proposal.

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Delaware law permits voting by telephone and on the internet and all votes submitted by those methods will be treated in the same manner as if submitted by mail. Stockholders of record may vote their shares by returning the enclosed proxy by mail, by telephone at 1-866-540-5760 or on the

internet at <http://www.proxyvoting.com/dov>. Stockholders who hold their shares in street name through a broker or other nominee must follow the instructions provided by such broker or nominee to vote their shares. A person giving a proxy by mail, by telephone or on the internet may revoke it at any time before it is exercised, by giving written notice to the Corporate Secretary of Dover at the address referred to above or by attending the Meeting and requesting in writing the cancellation of the proxy.

### 1. ELECTION OF DIRECTORS

The persons named as proxies will vote the shares covered by a proxy for the election of the eleven nominees listed below unless directed otherwise in the proxy, in which case the shares will be voted as directed. Votes may be cast only for the nominees listed below. If any such nominee for election is not for any reason a candidate for election at the Meeting, an event which management does not anticipate, the proxies will be voted for a substitute nominee or nominees as may be designated by the board of directors and for the others named below. Directors will be elected by a plurality of the votes cast. All the nominees are presently directors. Each director elected at the Meeting will serve until the election and qualification of his or her successor.

Name and Age	Business Experience for Past Five Years, Positions with Dover, and other Directorships	Year First Became Director
David H. Benson 69	Senior Advisor, Fleming Family & Partners (since September 2001; investment management company); Director of Murray International Investment Trust (investment management) and F. F. and P. Alternative Strategies Income Fund (investment management); formerly Vice Chairman of The Kleinwort Benson Group plc (financial services company), Chairman of The COIF Charities Fund (investment and cash management for charities), Director of BG Group plc (gas exploration and production) and The Rouse Company (real estate development).	1995
Robert W. Cremin 66	Chairman (since 2001), President (since 1997) and Chief Executive Officer (since 1999), Esterline Technologies Corporation (manufacturer of aerospace and defense products); Director of British-American Business Council of the Pacific Northwest; British Honorary Consul in Seattle.	2005
Jean-Pierre M. Ergas 67	Chairman and Chief Executive Officer (since January 2000) and Director (since 1995), BWAY Corporation (steel and plastic container manufacturer); Director of Plastic Omnium (manufacturer of automotive components and plastic products).	1994
Kristiane C. Graham 49	Private Investor.	1999
Ronald L. Hoffman 58	Chief Executive Officer (since January 2005), President (since July 2003) and Chief Operating Officer (from July 2003 to December 2004) of Dover; President and Chief Executive Officer of Dover Resources, Inc. (from January 2002 to July 2003); Executive Vice President of Dover Resources, Inc. (from May 2000 to January 2002); President of Tulsa Winch (through mid-2000).	2003





Name and Age	Business Experience for Past Five Years, Positions with Dover, and other Directorships	Year First Became Director
James L. Koley 76	Director (until April 2006) and Chairman (until February 2002) of Art s-Way Manufacturing Co., Inc. (agricultural manufacturer); Chairman and shareholder (until July 2002), Koley Jessen, P.C. (law firm).	1989
Richard K. Lochridge 63	President, Lochridge & Company, Inc. (management consulting firm); Director of The Lowe s Company, Inc. (home improvement retailer), PETsMART (pet supplies retailer) and John H. Harland Company (financial marketing services).	1999
Thomas L. Reece 64	Chairman of the Board (since May 1999), Chief Executive Officer (until December 2004) and President (until July 2003) of Dover.	1993
Bernard G. Rethore 65	Chairman of the Board Emeritus, Flowserve Corporation (fluid transfer and control equipment and services); previously Chairman (from July 1997 to April 2000), Chief Executive Officer (from July 1997 to December 1999) and President (from October 1998 to July 1999), Flowserve Corporation; Director of Mueller Water Products, Inc. (fire hydrants, valves and ductile iron pipes), BeldenCDT, Inc. (specialty wires and cables) and Walter Industries, Inc. (homebuilding, financing, carbon and natural resources).	2001
Michael B. Stubbs 58	Private Investor; Director of Moore-Handley, Inc. (wholesale hardware distributor).	1999
Mary A. Winston 45	Executive Financial Consultant (since January 2007), previously Executive Vice President and Chief Financial Officer (from February 2004 to January 2007), Scholastic Corporation (children s publishing and media company); Vice President (first VP-Treasurer and then VP-Controller), Visteon Corporation (from 2002 to 2004; automotive parts supplier); Vice President (various finance positions), Pfizer, Inc. (from 1995 to 2002; manufacturer of pharmaceuticals).	2005

### Board of Directors and Committees

During 2006, the board of directors held four regular meetings and two special meetings. The board has three standing committees, namely an audit committee, a compensation committee and a governance and nominating committee. Each of the committees has a written charter that is available on Dover s website at <http://www.dovercorporation.com> and in print to any stockholder who requests it. Requests should be directed to the Corporate Secretary at Dover Corporation, 280 Park Avenue, New York, NY 10017. In 2006, each director attended at least 75% of the meetings of the board of directors and the standing committees of which he or she was a member.

The **audit committee** is currently composed of five directors, all of whom satisfy all the criteria for being independent members of the board and the audit committee established by the SEC and the New York Stock Exchange Listing Standards ( **NYSE Listing Standards** ) and also Dover s standards for classification as an independent director (the **Dover Independence Standards** ) which are available on Dover s website at <http://www.dovercorporation.com>. In



addition, the board of directors has determined that all members of the audit committee qualify as audit committee financial experts as defined in the applicable SEC rules. The primary functions of the audit committee consist of:

- selecting and engaging Dover's auditors; overseeing the work of Dover's auditors and director of internal audit;
- approving in advance all services to be provided by, and all fees to be paid to, Dover's auditors, who report directly to the committee;
- reviewing with management and the auditors the audit plan and results of the auditing engagement; and
- reviewing with management and Dover's auditors the quality and adequacy of Dover's internal accounting controls.

See the audit committee report beginning on page 43. The audit committee's responsibilities, authority and resources are described in greater detail in its written charter. In 2006, the audit committee held eight meetings. The members of the audit committee are Michael B. Stubbs (Chair), David H. Benson, James L. Koley, Bernard G. Rethore and Mary A. Winston.

The **compensation committee** is composed of four directors, all of whom satisfy all the criteria for being independent members of the board established in the NYSE Listing Standards and the Dover Independence Standards. The compensation committee, together with the other independent directors, approves compensation for the chief executive officer. The compensation committee also:

- approves compensation for executive officers who report directly to the CEO (together with the CEO, senior executive officers );
- grants awards and approves payouts under Dover's equity and cash performance incentive plans;
- approves changes to the compensation plans; and
- supervises the administration of the compensation plans.

See the compensation committee report on page 21. The compensation committee's responsibilities, authority and resources are described in greater detail in its written charter. In 2006, the compensation committee held four meetings. The members of the compensation committee are Richard K. Lochridge (Chair), Robert W. Cremin, Jean-Pierre M. Ergas, and Kristiane C. Graham.

The **governance and nominating committee** is composed of four directors, all of whom satisfy all the criteria for being independent members of the board established in the NYSE Listing Standards and the Dover Independence Standards. The governance and nominating committee develops and recommends to the board corporate governance principles for Dover. In addition, the governance and nominating committee identifies and recommends to the board candidates for election as directors and any changes it believes desirable in the size and composition of the board, and also makes recommendations to the board concerning the structure and membership of the board's committees. The governance and nominating committee's responsibilities, authority and resources are described in greater detail in its written charter. The governance and nominating committee held four meetings in 2006. The members of the governance and nominating committee are James L. Koley (Chair), David H. Benson, Robert W. Cremin and Kristiane C. Graham.

Dover does not require directors to attend the annual meeting of stockholders. Directors generally do not, and in 2006 did not, attend the annual meeting.

## Corporate Governance

Dover is committed to conducting its business in accordance with the highest level of ethical and corporate governance standards. The following describes some of the actions taken to help ensure that the conduct of Dover and its employees earns the respect and trust of stockholders, customers, business partners, employees and the communities in which they live and work.

The board of directors has adopted written corporate governance guidelines which set forth the responsibilities of the board and guidelines relating to the qualifications and independence of its members and the members of its standing committees. In addition, the board has adopted a code of business conduct and ethics setting forth standards applicable to all Dover companies and their employees, a code of ethics for the chief executive officer and senior financial officers, and charters for each of its standing committees. All of these documents (referred to collectively as governance materials) are available on Dover's website at <http://www.dovercorporation.com>, and in print to any stockholder who requests them. Requests should be directed to the Corporate Secretary at Dover Corporation, 280 Park Avenue, New York, NY 10017. The board, its committees and management periodically review the requirements of the Sarbanes-Oxley Act of 2002 (the **Sarbox Act**), the rules of the SEC, the NYSE's Listing Standards and governance best practices, and revise the governance materials as warranted in light of corporate governance developments. Each of Dover's segment subsidiaries and operating companies has a written code of conduct that meets or exceeds the standards of Dover's code of business conduct and ethics.

The board has determined that at least two-thirds of its members and all of the members of its audit, compensation and governance and nominating committees shall be independent from management and shall meet all of the applicable criteria for independence established by the NYSE, the SEC and Dover. Currently, nine of eleven Dover directors meet all of these standards for independence. The board makes an annual determination of the independence of each nominee for director prior to his or her nomination for (re)election. No director may be deemed independent unless the board determines that he or she has no material relationship with Dover, directly or as an officer, stockholder or partner of an organization that has a material relationship with Dover.

The board has determined that each of the current members of the board, except for Thomas L. Reece, who was formerly a management representative, and Ronald L. Hoffman, who is the current management representative on the board, has no relationship with Dover and meets the independence requirements in the NYSE Listing Standards and the independence requirements of the SEC. In addition, all members of the board, except for Messrs. Reece and Hoffman, meet the Dover standards for director independence, which are set forth below.

The board holds four regular meetings a year, on a quarterly basis, and additional meetings as it deems necessary. In accordance with the NYSE Listing Standards, its non-management members meet at regularly scheduled executive sessions without management representatives and its independent directors meet alone at least annually. Mr. Koley, the chair of the governance and nominating committee, presides at these sessions. In addition to their normal board meeting attendance, many non-management directors periodically attend the board and company presidents' meetings of the segment subsidiaries. At least one non-management director serves on the board of each of the six segment subsidiaries, and at least one non-management director usually attends the segment subsidiaries' regular board and company presidents' meetings. The board and its committees conduct annual self-evaluations of their performance.

At each of its regular quarterly meetings, the audit committee meets with each of the auditors, the director of internal audit and management separately to assess the effectiveness of the independent audit process. In addition to its regular quarterly meetings, the audit committee as a whole reviews and meets to discuss each Quarterly Report on Form 10-Q and the Annual Report on Form 10-K (including financials) prior to its filing with the SEC. The audit committee chair or his/her designee participates in meetings with management and Dover's auditors to review earnings releases prior to

the release of such information. At least one such meeting is held each quarter by

management's disclosure controls and procedures committee, which includes among its members the chief financial officer, the controller, the director of internal audit and the general counsel of Dover, as well as the chief financial officers of Dover's segment subsidiaries (the DC&P committee). The meeting takes place immediately before Dover's release of earnings and the filing of its Quarterly Report on Form 10-Q or its Annual Report on Form 10-K, as the case may be, and is for the purpose of reviewing the earnings release, the contents of the quarterly or annual report, as the case may be, and Dover's disclosure controls and procedures. The meeting is attended by the chair of the audit committee or his/her designee from the audit committee and Dover's auditors, who review Dover's earnings releases and reports before the meeting and discuss them with management at the meeting.

In accordance with the Sarbox Act, the audit committee has established procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters (accounting matters), and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting matters. Such complaints or concerns may be submitted to Dover, care of the Corporate Secretary, or through the communications coordinator, an external service provider (the communications coordinator), by mail, fax, telephone or via the internet as published on Dover's website at <http://www.dovercorporation.com>. The communications coordinator will forward such communications to the chair of the audit committee and, in most circumstances, to Dover's General Counsel, in each case without disclosing the identity of the sender if anonymity is requested. Stockholders and other interested persons may also communicate with the board and the non-management directors in any of these same manners. Such communications will be forwarded to the chair of the governance and nominating committee and Dover's General Counsel.

#### ***Dover Independence Standards***

In order for a Dover director to qualify as independent for purposes of the NYSE Listing Standards, the Dover board must affirmatively determine that the director has no material relationship with Dover and its subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a material relationship with Dover or its subsidiaries). The board has determined that individuals who satisfy the following standards shall be deemed independent per se for purposes of board membership, although additional eligibility standards may exist with respect to a specific board committee. The board may amend these standards from time to time in its discretion or for consistency with then applicable NYSE standards. In the following list, the term "Dover" means Dover and its consolidated subsidiaries. "Current" means being an executive, employee or partner at the time of determination of independence. "Executive officer of Dover" means Dover's chief executive officer and those executive officers who report directly to him.

1. The director is not and has not been, within the prior three years, an employee of Dover (excluding service as an interim chairman, CEO or executive officer of Dover).
2. No member of the director's immediate family is or has been, within the prior three years, an executive officer of Dover (excluding service as an interim chairman, CEO or executive officer of Dover).
3. The director has not received, during any twelve-month period within the prior three years, more than \$100,000 in direct compensation from Dover (other than director or committee fees, pension and other deferred compensation for prior services not contingent on continued service).
4. No member of the director's immediate family has received, during any twelve-month period within the prior three years, more than \$100,000 in direct compensation from Dover (other than compensation received for services as a non-executive employee of Dover or pension or other deferred compensation for prior services not contingent on continued service).





5. The director is not a current partner or a current employee of Dover's external auditor (or, if Dover has engaged a third party to provide internal auditing services, such internal auditor) and was not within the last three years a partner or employee of Dover's external auditor (or, if Dover has engaged a third party to provide internal auditing services, such internal auditor) who personally worked on Dover's audit and, in the case that Dover has changed its independent auditors within the prior three years, such former auditors.
6. No member of the director's immediate family is a current partner of Dover's external auditor (or, if Dover has engaged a third party to provide internal auditing services, such internal auditor) or a current employee of Dover's external auditor (or, if Dover has engaged a third party to provide internal auditing services, such internal auditor) who participates in such auditor's audit, assurance or tax compliance (but not tax planning) practice, or was within the last three years a partner or employee of Dover's external auditor (or, if Dover has engaged a third party to provide internal auditing services, such internal auditor) who personally worked on Dover's audit and, in the case that Dover has changed its independent auditors within the prior three years, such former auditors.
7. Neither the director nor any member of the director's immediate family is, or has been within the last three years, employed as an executive officer of a company during the same period that any of Dover's current executive officers serves or served on the compensation committee of that company.
8. The director is not a current employee of a company that has made payments to, or received payments from, Dover for property or services in an amount which, in any of the three most recent fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.
9. No member of the director's immediate family is a current executive officer of a company that has made payments to, or received payments from, Dover for property or services in an amount that, in any of the three most recent fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.
10. The director does not serve as an executive officer in any tax exempt organization to which Dover has made contributions in any single fiscal year within the last three years in an amount that exceeds the greater of \$1 million or 2% of such tax exempt organization's consolidated gross revenues.

### ***Qualifications and Nominations of Directors***

The governance and nominating committee considers and recommends to the board of directors nominees for election to, or for filling any vacancy on, the board in accordance with Dover's by-laws and the committee's charter. The committee annually reviews the requisite skills and characteristics of board members as well as the size, composition, functioning and needs of the board as a whole. To be considered for board membership, a nominee for director must be an individual who has the highest personal and professional integrity, who has demonstrated exceptional ability and judgment, and who will be most effective, in conjunction with the other nominees to the board, in collectively serving the long-term interests of Dover's stockholders. The committee also considers members' qualifications as independent (the board requires that at least two-thirds of its members be independent in accordance with applicable NYSE and SEC criteria), the financial literacy of members of the audit committee, the qualification of at least one member of the audit committee as an audit committee financial expert, and the diversity, skills, background and experiences of board members in the context of the needs of the board.

The governance and nominating committee may also consider such other factors as it may deem to be in the best interests of Dover and its stockholders. The board believes it appropriate and



important that at least one key member of Dover's management participate as a member of the board. In appropriate circumstances, this number may be increased to two.

Whenever the committee concludes, based on the reviews or considerations described above or due to a vacancy, that a new nominee to the board is required or advisable, it will consider recommendations from directors, management, stockholders and, if it deems appropriate, consultants retained for that purpose. In such circumstances, it will evaluate individuals recommended by stockholders in the same manner as nominees recommended from other sources. Stockholders who wish to recommend an individual for nomination should send that person's name and supporting information to the committee, care of the Corporate Secretary, or through Dover's communications coordinator. Stockholders who wish to directly nominate an individual for election as a director, without going through the governance and nominating committee or using Dover's proxy material, must comply with the procedures in Dover's by-laws.

All of the nominees for director for election at the Meeting currently serve on the board and are being proposed by the board.

### **Compensation Committee Procedures**

Under its charter, the compensation committee is required to meet at least annually. In practice the compensation committee has been meeting on a quarterly basis to review regulatory developments that may impact Dover's compensation arrangements and employee benefit plans, consider amendments to compensation and benefit plans and perform various administrative tasks of the committee, including its annual review. At the committee's regular meeting in February of each year, the committee reviews the results of the prior year and determines whether the relevant performance criteria required for the payment to senior executive officers of annual bonuses and medium-term cash incentive compensation for the prior year have been satisfied and, if so, considers and approves the actual amounts of any such payouts. At that meeting, the committee determines the participants in the Executive Officer Annual Incentive Plan and establishes performance criteria for annual bonuses to be awarded under such plan for the coming year, considers and approves any changes in base salary of senior executive officers and determines and makes medium-term cash performance and long-term equity awards under the 2005 Equity and Cash Incentive Plan (the 2005 plan). The 2005 plan allows Dover to award stock option and SSAR grants, and restricted stock and cash incentive awards. In making its executive compensation decisions, the committee utilizes tally sheets prepared by outside consultants, detailing all compensation payable to each senior executive officer, including potential post-termination benefits.

Awards under the 2005 plan are typically made at the scheduled February compensation committee meeting each year shortly after the announcement of the earnings for the prior year. Except in very limited circumstances, the committee does not grant equity awards to executive officers at other times during a given year. Even in such cases, the grants are made by the compensation committee at regularly scheduled quarterly meetings with an exercise price equal to fair market value on the date of grant. Mid-year hires who will participate in the long-term incentive plan usually receive their first grant the following February.

All equity awards are made at fair market value on the date of grant, which is the date on which the compensation committee approves the grant. Under the 2005 plan, fair market value is determined in good faith by the compensation committee, taking into consideration the factors the committee deems appropriate from time to time, typically the closing price on the date of grant and the average of the high and low market prices on the date of grant. In November 2006, in light of the new SEC regulations relating to executive compensation disclosure, the committee adopted a principle that, going-forward, no grant will be made with an exercise price below the closing market price on the date of grant. The committee has delegated to its chair the authority to make the final determination of the exercise price following the close of business on the date of grant.



The compensation committee annually reviews the performance of Dover's chief executive officer and recommends his compensation for review and revision or approval by Dover's independent directors acting as a group. The compensation of the executive officers who report directly to Dover's chief executive officer is recommended by Dover's chief executive officer to the committee, which reviews and revises or approves the recommendation as the committee deems appropriate.

The compensation committee has the authority and discretion to retain external compensation consultants as it deems appropriate. Until recently, Dover's compensation committee and management were advised by Jude Rich of Rich Associates and Semler Brossy Consulting Group LLC. Following Mr. Rich's retirement, the compensation committee selected and retained Mercer Human Resource Consulting, Inc. to serve as its compensation consultant. The compensation committee generally does not ask its consultants to develop recommendations for the compensation of individual executive officers. Rather, the compensation committee looks to its consultant to periodically review and advise regarding the adequacy and appropriateness of Dover's overall executive compensation plans, programs and practices and, from time to time, to answer specific questions raised by the committee or management. Compensation decisions are made by, and are the responsibility of, the compensation committee and the board, and may reflect factors and considerations other than the information and recommendations provided by the committee's consultants. Dover's compensation consultants perform substantially no other services for Dover.

#### **Procedures for Approval of Related Person Transactions**

Dover does not generally engage in transactions in which its senior executive officers or directors, any of their immediate family members or any of its 5% stockholders have a material interest. Should a proposed transaction involve any such persons, the transaction is referred to Dover's board of directors for consideration and approval by the disinterested directors. Dover's code of business conduct and ethics, which sets forth standards applicable to all employees, officers and directors of any Dover company, generally proscribes transactions that could result in a conflict of interest for Dover. Any waiver of the code for any senior executive officer or director requires the approval of Dover's board of directors. Any such waiver will be disclosed on Dover's website or on a Form 8-K. No such waivers were granted in 2006.

#### **Directors Compensation**

Under Dover's 1996 Non-Employee Directors' Stock Compensation Plan (the directors' plan), non-employee directors receive annual compensation in an amount the board sets from time to time. The directors' annual compensation is payable partly in cash and partly in common stock in an allocation the board may adjust from time to time. The cash portion is paid in equal quarterly payments. The stock portion is paid as of November 15 of each year. If any director serves for less than a full calendar year, the compensation to be paid to that director for the year will be pro-rated as deemed appropriate by the compensation committee.

Annual compensation for 2006 under the directors' plan was \$120,000, payable 40% in cash and 60% in common stock, and was paid by \$48,000 in cash and 1,428 shares of common stock. The number of shares granted to any director is determined by dividing the dollar amount of the director's annual compensation to be paid in shares by the fair market value of a share on the date of grant. The board has selected November 15 of each year as the date for stock compensation to directors. Fair market value is determined in good faith by the compensation committee on the basis of considerations the committee deems appropriate, including, for example, the closing price on the date of grant and the average of the high and low sales prices on the date of grant.

At its November 2006 meeting, the board of directors increased the base annual compensation of non-employee directors from \$120,000 to \$140,000, effective January 1, 2007. The percentage of the annual compensation payable

in stock and cash remains 60% and 40%, respectively. The board

of directors also approved an increase in the additional annual cash retainer for the chair of the audit committee from \$10,000 to \$15,000 and the payment of an additional annual cash retainer of \$7,500 to the chair of each of the compensation committee and the governance and nominating committee. The additional annual retainer for the chairman of the board remains at \$80,000, payable 60% in stock and 40% in cash. In addition, effective for calendar year 2007, Dover directors will receive an annual cash retainer of \$15,000 if they serve on a segment subsidiary board plus an additional annual cash retainer of \$10,000 if they serve on the board of a second segment subsidiary. No meeting fees will be paid to directors for attending subsidiary meetings.

The board also amended Dover's corporate governance guidelines to reflect the board's new policy, effective January 1, 2007, that directors are expected to hold at any time at least the aggregate number of shares they were entitled to receive as the stock portion of their annual retainer during the previous five years, net of an assumed 30% withholding tax.

The table below sets forth the compensation Dover paid to its directors for services in 2006.

Name	Fees Earned or Paid in cash(\$)	Stock Awards (\$)(1)	Option Awards(\$)	Change in Pension Value and Nonqualified		All Other Compensation (\$)(2)	Total(\$)
				Non-Equity Incentive Plan Compensation(\$)	Deferred Compensation Earnings(\$)		
David H. Benson	48,000	72,000	0	0	0	3,000	123,000
Robert W. Cremin	48,000	72,000	0	0	0	0	120,000
Jean-Pierre M. Ergas	48,000	72,000	0	0	0	1,500	121,500
Kristiane C. Graham	48,000	72,000	0	0	0	7,500	127,500
James L. Koley	48,000	72,000	0	0	0	16,500	136,500
Richard K. Lochridge	48,000	72,000	0	0	0	0	120,000
Thomas L. Reece(3)	80,000	120,000	0	0	0	0	200,000
Bernard G. Rethore	48,000	72,000	0	0	0	9,000	129,000
Michael B. Stubbs(4)	58,000	72,000	0	0	0	12,000	142,000
Mary A. Winston	48,000	72,000	0	0	0	0	120,000

(1) Amounts represent the value on November 15, 2006 of the stock awards granted to non-management directors for the year 2006 under the directors' plan. Mr. Ronald L. Hoffman is a management director and does not receive any additional compensation for his service as a director. For a discussion of Mr. Hoffman's compensation for his services as President and Chief Executive Officer, see Executive Compensation Summary Compensation Table.

(2) The amounts in the column All Other Compensation reflect meeting fees for attending segment subsidiary board meetings. To facilitate the knowledge on Dover's board of the operations of its six business segments, Dover invites non-employee directors to serve on the board of directors of one or two of its six segment subsidiaries. Non-employee directors are also invited to attend segment subsidiary regular board and company presidents meetings. During 2006, each of directors Benson, Ergas, Graham, Koley, Rethore and Stubbs served as a

director of at least one segment subsidiary. Each Dover director received a fee of \$1,500 for each subsidiary meeting attended.

- (3) In addition to the regular annual director compensation of \$120,000, Mr. Reece received \$80,000 for his services as chairman of the board of directors, paid 60% in stock and 40% in cash. Mr. Reece retired as an officer of Dover in 2004. During 2006, Mr. Reece was reimbursed for a trip given to him by the board of directors in 2005 as a retirement gift for his 38 years of service to Dover, the last 10 as President and Chief Executive Officer. The value of this trip was \$40,684 (including tax gross-up). Pursuant to his retirement arrangements, during 2006 Mr. Reece received reimbursement of COBRA medical payments (including tax gross-up) in the amount of \$30,683 and a payout under the SERP in the amount of \$802,749. In February 2007, Mr. Reece received a payment of \$1,626,330, representing payout of a cash performance award granted to Mr. Reece in February 2004 in his capacity at that time as Dover's Chief Executive Officer.



- (4) In addition to the regular annual director compensation of \$120,000, Mr. Stubbs received \$10,000 for his services as chairman of the audit committee.

### **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the beneficial ownership, as of February 28, 2007 (except as otherwise stated), of Dover common stock by:

- each of the senior executive officers listed in the Summary Compensation Table;
- each of Dover's directors and nominees for director;
- all of the directors, nominees and senior executive officers as a group; and
- each person known to Dover to own beneficially more than 5% of its outstanding common stock.

The beneficial ownership of Dover common stock set forth in the table is determined in accordance with the rules of the SEC. The calculation of the percentage of beneficial ownership is based on 204,790,069 shares of common stock outstanding on February 28, 2007. In computing the number of shares beneficially owned by any stockholder and the percentage ownership of such stockholder, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the record date are deemed to have been exercised and to be outstanding. Such shares, however, are not deemed to have been issued and to be outstanding for purposes of computing the percentage ownership of any other person. Share amounts held in the Dover Corporation Retirement Savings Plan (the 401(k) plan) are reported as of February 26, 2007.

Unless otherwise indicated in the footnotes below, the persons and entities named in the table have sole voting and investment power as to all shares beneficially owned. Unless otherwise indicated, the business address for all directors and senior executive officers is c/o Dover Corporation, 280 Park Avenue, New York, NY 10017.

<b>Name of Beneficial Owner</b>	<b>Number of Shares</b>	<b>Percentage</b>
David H. Benson	21,986(1)	*
Robert W. Cremin	4,228	*
Jean-Pierre M. Ergas	28,718	*
Kristiane C. Graham	979,998(2)	*
Ronald L. Hoffman	249,151(3)	*
James L. Koley	23,418(4)	*
Robert G. Kuhbach	329,910(5)	*
Richard K. Lochridge	13,868(6)	*
Thomas L. Reece	1,422,799(7)	*
Bernard G. Rethore	8,561(8)	*
David J. Ropp	111,417(9)	*
Timothy J. Sandker	138,904(10)	*
Michael B. Stubbs	117,908(11)	*
David R. Van Loan	95,764(12)	*
Mary A. Winston	2,871	*
Directors and senior executive officers as a group	4,357,368(13)	2.13
GE Asset Management Incorporated 3001 Summer Street Stamford, Connecticut 06904	13,258,720(14)	6.47