IDEX CORP /DE/
Form S-3/A
April 10, 2002

As Filed With the Securities and Exchange Commission on April 10, 2002

Registration No. 333-84036

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-3
REGISTRATION STATEMENT
Under
The Securities Act of 1933

IDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-3555336**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

630 Dundee Road
Northbrook, Illinois 60062
(847) 498-7070
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Wayne P. Sayatovic
Senior Vice President Finance and Chief Financial Officer
IDEX Corporation
630 Dundee Road
Northbrook, Illinois 60062
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ¨.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value $.01 per share	5,750,000	$38.40	$220,800,000	$20,314

(1) Includes 750,000 shares of common stock which the underwriters have an option to purchase from KKR Associates, L.P. to cover over-allotments, if any.
(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) of the Securities Act, as amended, based upon the average of the high and low trading prices of the common stock on the New York Stock Exchange on April 3, 2002.
(3) $9,711 of the registration fee was paid with the initial filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated April 10, 2002

PROSPECTUS

5,000,000 Shares

[LOGO]

IDEX CORPORATION

Common Stock

We are selling 1,500,000 shares and the selling shareholders are selling 3,500,000 shares. The underwriters are offering all 5,000,000 shares in the U.S. and Canada. We will not receive any of the proceeds from the shares of common stock sold by the selling shareholders.

The shares trade on the New York Stock Exchange and the Chicago Stock Exchange under the symbol IEX. On April 8, 2002, the last sale price of the shares as reported on the New York Stock Exchange was $39.31 per share.

Investing in the common stock involves risks that are described in the Risk Factors section beginning on page 7 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to IDEX	$	$
Proceeds, before expenses, to the selling shareholders	$	$

The underwriters may also purchase up to an additional 750,000 shares from KKR Associates, L.P. at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state regulatory securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2002.

Merrill Lynch & Co. **Credit Suisse First Boston**

Robert W. Baird & Co.

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

The date of this prospectus is , 2002.

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A person may only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of any shares in circumstances in which Section 21(1) of the FSMA does not apply to us.

This communication is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2) (a) to (d) (high net worth companies, unincorporated associations etc.) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons together being referred to as relevant persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that are incorporated by reference as set forth in Information Incorporated by Reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Exchange Act of 1934, as amended. Such statements relate to, among other things, capital expenditures, cost reductions, cash flow, and operating improvements and are indicated by words or phrases such as anticipate, estimate, plans, expects, projects, management believes, the cor believes, the company intends and similar words or phrases. Such statements are subject to inherent uncertainties and risks which could cause actual results to differ materially from those anticipated as of the date of this prospectus. The risks and uncertainties include, but are not limited to, the following:

- r economic and political consequences resulting from the September 11, 2001 terrorist attacks;
- r levels of industrial activity and economic conditions in the U.S. and other countries around the world, pricing pressures and other competitive factors, and levels of capital spending in certain industries, all of which could have a material impact on order rates and our results, particularly in light of the low levels of order backlogs we typically maintain;
- r our ability to make acquisitions and to integrate and operate acquired businesses on a profitable basis;
- r the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness;
- r political and economic conditions in foreign countries in which we operate;
- r interest rates;
- r utilization of our capacity and the effect of capacity utilization on costs;
- r labor market conditions and material costs; and
- r developments with respect to contingencies, such as litigation and environmental matters.

The forward-looking statements included herein are only made as of the date of this prospectus and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein.

MARKET AND INDUSTRY DATA

This prospectus, and the documents incorporated by reference in this prospectus, include market share data based upon revenues that we obtained from internal company surveys, market research, publicly available information and industry publications and surveys. Much of the market share information for each of our business units is based upon their current products and current markets served. Information sources with respect to market share data for each of these niche markets are limited, and are generally based on a combination of the above sources. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal company surveys and market research, which we believe to be reliable based upon management s knowledge of the industry, have not been verified by any independent sources.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the selling shareholders and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the selling shareholders and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. Because this is a summary, it is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus carefully, including the information under Risk Factors and the consolidated financial statements and the related notes incorporated by reference into this prospectus before making an investment decision. See Where You Can Find Additional Information. Unless the context requires otherwise, the references to we, us, our, the Company, or IDEX refer collectively to IDEX Corporation and its subsidiaries. Unless otherwise stated, the information contained in this prospectus assumes that the underwriters do not exercise their over-allotment option.

IDEX Corporation

Our Business

We are a leading global manufacturer of fluid handling products and other specialized industrial equipment. We manufacture an extensive array of proprietary, engineered industrial products sold to customers in a variety of industries around the world. We believe that each of our principal business units holds the number-one or number-two market share position in the niche markets they serve. We believe that our historical financial performance has been attributable to our expertise in designing and manufacturing quality proprietary products, coupled with our ability to identify and successfully integrate strategic acquisitions. Our business reports results in three segments: Pump Products Group, Dispensing Equipment Group, and Other Engineered Products Group. In 2001, we had $726.9 million in sales and $84.7 million in operating income before restructuring charges, with 42% of our sales shipped to customers outside the U.S.

Pump Products Group. The Pump Products Group produces a wide variety of industrial pumps, compressors, flow meters and related controls for the movement of liquids, air and gases. The devices and equipment produced by this group are used by a large and diverse set of industries, including chemical processing, machinery, water treatment, medical equipment, liquid petroleum distribution, oil and refining, and food and drug processing. In 2001, the six business units that comprised this group were Gast Manufacturing, Liquid Controls, Micropump, Pulsafeeder, Viking Pump and Warren Rupp. The group accounted for 59% of our total sales in 2001, 37% of which were shipped to customers outside the U.S.

Dispensing Equipment Group. The Dispensing Equipment Group produces highly engineered equipment for dispensing, metering and mixing colorants, paints, inks, and dyes; refinishing equipment; and centralized lubrication systems. This proprietary equipment is used in a variety of retail and commercial industries around the world. This group provides equipment, systems, and service for applications such as tinting paints and coatings, industrial and automotive refinishing; and the precise lubrication of machinery and transportation equipment. In 2001, the three business units that comprised this group were FAST, Fluid Management and Lubriquip. The group accounted for 19% of our total sales in 2001, 57% of which were shipped to customers outside the U.S.

Other Engineered Products Group. The Other Engineered Products Group produces engineered banding and clamping devices, fire fighting pumps and rescue tools, and other components and systems for the fire and rescue industry. The high-quality stainless steel bands, buckles and preformed clamps and related installation tools are used in a wide variety of industrial and commercial applications. The group also includes the world s leading manufacturer of truck-mounted fire pumps and rescue tool systems used by public and private fire and rescue organizations. In 2001, the two units that comprised this group were Band-It and Hale Products. The group accounted for 22% of our total sales in 2001, 41% of which were shipped to customers outside the U.S.

Our Strengths

As a world leading manufacturer of positive displacement pumps, dispensing equipment and other industrial equipment, we have a number of competitive advantages, including:

Brand Name, Market Leading Products. We offer a wide range of products with strong brand recognition, compared with the single line offered by most of our competitors. Our primary products are market leaders, including positive displacement pumps, vacuum pumps, flow meters, fractional horsepower compressors, color formulation equipment, refinishing equipment, centralized lubrication systems, fire truck pumps and rescue tools, and stainless steel banding and clamping devices. We believe that each of our principal business units holds the number-one or number-two market share position in the niche markets they serve. We believe we have some of the strongest brand recognition in the markets we serve, including Viking&, FAST&, Fluid Management&, BAND-IT& and Hurst Jaws of Life&.

Highly Engineered Products with High Margins. We tailor our highly engineered products to the specific needs of our niche market customers. We have a regular flow of new products generated through our engineering staff. In 2001, approximately 25% of our annual sales were generated from products we introduced or completely redesigned over the prior four years. This focus on highly engineered products, along with our efficient operations, has enabled us to achieve strong operating margins since our initial public offering in 1989.

Strong Distribution and Service. A significant portion of our products are sold through distributors in more than 100 countries around the world. In 2001, we renewed our efforts to continuously upgrade our distribution network. This included launching IDEXconnect.com, our online distribution effort, to improve channel efficiency and identifying service-minded distributors to become certified service centers to add to our network. Through these service partners, we will have better insight into customer needs and product improvement ideas.

Diverse End Markets and Broad Customer Base. Serving diverse end-users and worldwide markets reduces our dependence on particular geographic or industry segments. No customer accounts for more than 2% of our sales. Our largest four end markets paints and coatings, fire and rescue, machinery, and chemical processing each account for about 15% of total sales. We believe we enjoy a strong reputation for quality across our global customer base.

High Levels of Free Cash Flow. Our free cash flow (cash flows from operating activities minus capital expenditures) has exceeded our net income every year since our initial public offering in 1989. Free cash flow in 2001 was a record $85.7 million, which was more than double our net income before restructuring charges. We expect strong free cash flow to continue as we focus on using operational excellence tools such as Six Sigma, Kaizen and Lean, as well as our global sourcing initiative.

Successful Acquisition Track Record. We have acquired 19 businesses since our initial public offering in 1989, including three businesses in 2001. Our acquisition strategy focuses on companies that manufacture proprietary engineered products with leading positions in niche markets. We believe that our ability to successfully integrate acquired businesses into our overall structure has resulted in additional growth and improved financial performance.

Our Business Strategy

Our business strategy is to:

- use operational excellence initiatives (Six Sigma, Kaizen, Lean, global sourcing and eBusiness) to enhance our productivity and customer service in order to expand margins;
- invest in new products and identify new markets to drive organic growth in excess of market rates; and
- acquire companies that fit our acquisition criteria.

Achieve Greater Operational Excellence. One of the cornerstones of our business model is achieving greater operational excellence. In the last two years, we have implemented several new initiatives that are aimed at enhancing our productivity, improving our customer service and reducing our cost structure. They are as follows:

- *Six Sigma*. The Six Sigma methodology is a statistically-based discipline of improving product quality and streamlining manufacturing and transactional processes. Our Six Sigma process begins with identifying our customers critical-to-quality needs and then measuring the gap between their expectations and our actual performance. We analyze the causes of performance shortfalls and use a range of tools to remedy the problems. The resulting changes in our processes and products are systemic and long lasting. Through the use of these powerful tools, we have been able to solve problems that have eluded solution by traditional approaches, enabling us to improve product quality and on-time delivery for our customers.
- *Kaizen*. Kaizen manufacturing techniques focus on eliminating waste from wasted motion to wasted space in each operation in the manufacturing process. Kaizen is being used to shorten cycle time, reduce the amount of manufacturing space needed and lower inventories. This initiative enables us to improve our productivity and thereby lower our cost of manufacturing.
- *Lean*. Lean manufacturing techniques focus on a one-piece flow in manufacturing, based on customer needs. It is a visual pull system that allows us to determine how many products a customer needs, rather than a forecasted batch process that focuses on how many products we can push through the system. Lean principles improve the overall manufacturing process by reducing cycle time, inventory, floor space and non-value-added work, which results in higher returns on invested capital.
- *Global sourcing*. Global sourcing of materials and components used in our manufacturing process is reducing our variable cost while providing us with materials and components of equal or better quality. Our business unit sourcing teams work together to streamline the global sourcing process, find new suppliers and leverage company-wide purchasing power. In 2001, our global sourcing initiative generated several million dollars in savings. Based on purchase agreements already in place, we expect to achieve a significant increase in savings from global sourcing in 2002.
- *eBusiness.* Our goal is to make it easier for our customers to do business with IDEX. In September 2001, we launched IDEXconnect.com, our online distribution effort for our Pump Products Group distributors. By year-end, six distributors and 121 users were on the system. We are in the process of extending this system to our Dispensing Equipment and Other Engineered Products Groups.

Achieve Organic Growth in Excess of Market Rates.

- *Expand Our Product Lines and Markets.* We are investing a portion of our free cash flow, including savings generated from our operational excellence initiatives, to develop new products. At the same time, we are identifying new markets in an effort to seek additional sales opportunities. This approach is leading to the development of new products and product extensions to reach adjacent markets, new applications for existing products and new service offerings.

- *Cross-Selling*. By reorganizing our management structure in late 2000, we have more closely aligned operations with similar products, and created opportunities for the sales force to cross-sell the full line of products.

Complement Organic Growth with Acquisitions. We have acquired 19 businesses since our initial public offering in 1989, including three in 2001: Liquid Controls, Class 1 and Versa-Matic Tool. Acquisitions are a very important part of our growth strategy. We continue to look for companies that:

- offer proprietary, highly engineered brand-name products;
- are profitable;
- contribute to earnings in the first year;
- provide strong market positions;
- serve adjacent markets or complement current product lines;
- reach a diverse customer base; and
- have a strong management team.

Recent Developments

2001 Restructuring

Our management took aggressive actions in the first and fourth quarters of 2001 to downsize operations to be consistent with reduced business activity levels experienced across the U.S. and world economies. The restructuring, which affected all three of our business groups, resulted in our taking a total restructuring charge of $11.2 million ($7.1 million after tax, or $.23 per diluted share). During the year, excluding the effect of acquisitions, we reduced our workforce by 15%, affecting almost 600 employees. These actions were necessary to appropriately size our businesses, lower costs and improve efficiencies. We expect that the annual savings from these actions will exceed the total charge recorded.

How to Reach Us

Our principal executive office is located at 630 Dundee Road, Northbrook, Illinois 60062 and our telephone number at that address is (847) 498-7070. Our Internet address is http://www.idexcorp.com. The contents of our website are not part of this prospectus.

The Offering

Common stock offered:	
By IDEX	1,500,000 shares
By the selling shareholders	3,500,000 shares
Total	5,000,000 shares
Shares outstanding after the offering	32,386,199 shares (1)
Use of proceeds	We estimate that net proceeds to us from this offering will be approximately $55.7 million. We intend to use the net proceeds to repay outstanding indebtedness under our revolving credit facility, thereby increasing the amount available for borrowing under this facility, which we intend to use for general corporate purposes, including the funding of acquisitions. We will not receive any of the proceeds from the sale of shares by the selling shareholders.
Risk factors	See Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of the common stock.
New York Stock Exchange and Chicago Stock Exchange symbol	IEX

(1) Shares outstanding after this offering are based on the number of shares outstanding as of April 8, 2002. The number of shares outstanding after the offering excludes 4,367,127 shares reserved for issuance under our stock option plans, of which options to purchase 3,454,501 shares at an average option price of $29.21 have been issued as of April 8, 2002.

Summary Consolidated Financial Data

We derived the following summary consolidated financial data for the periods ended and as of the dates indicated from our audited consolidated financial statements. This financial and operating data is not necessarily indicative of the results that may be expected for any future period. You should read this information together with the Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the related notes, incorporated by reference into this prospectus. See Where You Can Find Additional Information.

	Years ended December 31,		
	1999	**2000**	**2001**
	(in thousands, except per share amounts)		
Statement of Operations Data:			
Net sales	$ 655,041	$ 704,276	$ 726,947
Gross profit	256,484	277,952	263,722
Operating income	104,677	116,516	73,438(1)
Net income	54,428	63,445	32,710(1)
Diluted earnings per share:			
Net income	$ 1.81	$ 2.07	$ 1.05(1)
Net income excluding restructuring and goodwill (2)	2.11	2.38	1.65
Fully diluted weighted average shares outstanding	30,085	30,632	31,047
Dividends declared per share	$ .56	$ .56	$ .56
Other Data:			
EBITDA (excluding restructuring charge) (3)	$ 139,709	$ 154,027	$ 129,328
Depreciation and amortization (4)	34,464	36,480	43,933
Cash flows from operating activities	96,156	92,728	107,300
Capital expenditures	18,338	20,739	21,639
Free cash flow (5)	77,818	71,989	85,661

	As of December 31, 2001	
	Actual	**As Adjusted (6)**
Balance Sheet Data:		
Total assets	$ 838,804	$ 838,804
Total debt	291,820	236,156
Shareholders equity	401,112	456,776

(1) Excluding a restructuring charge of $11,226 resulting from actions to downsize operations consistent with the reduced business activity levels in 2001, operating income was $84,664, net income was $39,782 and diluted earnings per share were $1.28.

(2) In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 establishes accounting and reporting standards for intangible assets and goodwill. It requires that goodwill and certain intangible assets no longer be amortized to earnings, but instead be reviewed periodically for impairment. Had the new pronouncement been adopted on January 1, 1999, goodwill and trademark amortization of $11,312, $12,166 and $14,574 (after tax: $8,983 or $.30 per diluted share, $9,523 or $.31 per diluted share and $11,433 or $.37 per diluted share) would not have been recorded in 1999, 2000 and 2001, respectively. Further, excluding the restructuring charge, IDEX s diluted earning per share in 2001 would have increased by another $.23 from $1.42 to $1.65.

(3) EBITDA means earnings before interest, income taxes, depreciation and amortization. EBITDA is commonly used as an analytical indicator and also serves as a measure of leverage capacity and debt servicing ability. EBITDA should not be considered as an alternative to net income, cash flows or any other items calculated in accordance with generally accepted accounting principles or as an indicator of our operating performance. The definition of EBITDA used herein may differ from the definition used by other companies.

(4) Excludes amortization of debt issuance expenses.

(5) Free cash flow means cash flows from operating activities minus capital expenditures.

(6) Reflects the use of proceeds from this offering as described under Use of Proceeds.

RISK FACTORS

You should carefully consider the following risks and uncertainties and all other information contained in this prospectus, including the documents incorporated by reference, before you decide whether to purchase our common stock. Any of the following risks, if they materialize, could adversely affect our business, financial condition and results of operations. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risk Factors Relating to Our Business

Continued terrorist attacks, war or other disturbances could lead to further economic instability and decreases in demand for our products and could have a material adverse effect on our business, financial condition and results of operations.

The terrorist attacks of September 11, 2001 caused instability in the global financial markets. The disruption of our business as a result of the terrorist attacks of September 11, including a decrease in customer demand for our products, had an immediate adverse impact on our business. Our business activity levels in the third and fourth quarters last year dropped significantly as a result of these attacks. Since we operate with a very small backlog of unfilled orders, reductions in order activity very quickly reduce our sales and profitability. The long-term effect of the September 11 attacks on our business are unknown. These attacks and the wars in Afghanistan and the Middle East may lead to additional armed hostilities or to further acts of terrorism and civil disturbance in the U.S. or elsewhere, which may further contribute to economic instability and could have a material adverse effect on our business, financial condition and results of operations.

We face risks from the uncertainty of prevailing economic conditions. Any decrease in customer demand for our products as a result of market downturns could have a material adverse effect on our business, financial condition and results of operations.

In 2001, the U.S. and other world markets experienced a significant downturn and many of the markets that we serve were affected. As a result of this downturn, customer demand decreased and our business and financial results were adversely affected. The impact of decreased demand for our products on our results is typically immediate given the low level of order backlogs we maintain. Lower demand also negatively affects our capacity utilization and the effect of capacity utilization on our costs could reduce our operating margins. If this economic slowdown were to continue for an extended period or if conditions were to worsen, the negative impact on our business and financial results could be further exacerbated. It is difficult for us to predict when and to what extent the markets we serve will recover.

Our growth strategy includes acquisitions and we may not be able to make acquisitions of suitable candidates or integrate acquisitions effectively.

Our markets primarily include mature industries. As a result, our historical growth has depended, and our future growth is likely to continue to depend, in large part on our acquisition strategy and the successful integration of acquired businesses into our existing operations. We intend to continue to seek additional acquisition opportunities both to expand into new markets and to enhance our position in existing markets throughout the world. We cannot assure you, however, that we will be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, obtain financing which may be needed to consummate such acquisitions, complete proposed acquisitions, successfully integrate acquired businesses into our existing operations or expand into new markets. In addition, we cannot assure you that any acquisition, once successfully integrated, will perform as planned, be accretive to earnings or prove to be beneficial to our operations and cash flow.

Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired companies and the diversion of management s attention from other business concerns. Although our management will endeavor to evaluate the risks inherent in any particular transaction, we cannot assure you that we will properly ascertain all such risks. In addition, prior acquisitions have resulted, and future acquisitions could result, in the incurrence of substantial additional indebtedness and other expenses. In addition, once integrated, acquired operations may not achieve levels of revenues, profitability or productivity comparable with those achieved by our existing operations, or otherwise perform as expected. We cannot assure you that our continuing acquisition strategy will not have a material adverse effect on our business, financial condition and results of operations.

The markets we serve are highly competitive and our competition may have greater resources than us. This competition could limit the volume of products that we sell and reduce our operating margins.

Most of our products are sold in competitive markets. We believe that the principal points of competition in our markets are product quality, price, design and engineering capabilities, product development, conformity to customer specifications, quality of post-sale support, timeliness of delivery, and effectiveness of our distribution organization. Maintaining and improving our competitive position will require continued investment by us in manufacturing, engineering, quality standards, marketing, customer service and support, and our distribution networks. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining our competitive position. Our competitors may develop products that are superior to our products, or may develop methods of more efficiently and effectively providing products and services or may adapt more quickly than us to new technologies or evolving customer requirements. Certain of our competitors are subsidiaries of larger, more diversified corporations and may have greater financial, marketing, production and research and development resources than us. As a result, they may be better able to withstand the effects of periodic economic downturns. Pricing pressures could also cause us to adjust the prices of certain of our products to stay competitive. We cannot assure you that we will be able to compete successfully with our existing competitors or with new competitors. Failure to continue competing successfully could adversely affect our business, financial condition and results of operations.

Significant movements in foreign currency exchange rates may harm our financial results.

We are exposed to fluctuations in foreign currency exchange rates, particularly with respect to the euro and the British pound. Any significant change in the value of the currencies of the countries in which we do business against the U.S. dollar could affect our ability to sell products competitively and control our cost structure, which could have a material adverse effect on our business, financial condition and results of operations. We seek to minimize the risk from these foreign currency exchange rate fluctuations principally through invoicing our customers in the same currency as the source of the products. However, we cannot assure you that our efforts to minimize these risks will be successful.

Political and economic conditions in foreign countries in which we operate could adversely affect us.

In 2001, approximately 42% of our total sales were international sales. We expect international operations and export sales to continue to contribute materially to earnings for the foreseeable future. Both the sales from international operations and export sales are subject in varying degrees to risks inherent in doing business outside the United States. Such risks include, without limitation, the following:

r possibility of unfavorable circumstances arising from host country laws or regulations;

r risks of economic instability;

r partial or total expropriation;

r currency exchange rate fluctuations and restrictions on currency repatriation;

- potential negative consequence from changes to significant taxation policies;
- the disruption of operations from labor and political disturbances;
- changes in tariff and trade barriers and import or export licensing requirements;
- insurrection or war; and
- potential negative consequences from the requirements of partial local ownership of operations in certain countries.

We cannot assure you of the impact on us if such events occur in the future.

We are exposed to potential environmental liabilities. Compliance with environmental regulations could require us to discharge environmental liabilities, increase the cost of manufacturing our products or otherwise adversely affect our business, financial condition and results of operations.

Our past and present business operations and the past and present ownership and operations of real property by us are subject to extensive and changing federal, state, and local environmental laws and regulations, as well as those of other countries, pertaining to the discharge of materials into the environment, the handling and disposition of wastes (including hazardous wastes) or otherwise relating to protection of the environment. In the future, we may be identified as a potentially responsible party and be subject to liability under applicable law. We have experienced, and expect to continue to experience, costs to comply with environmental laws and regulations. In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations.

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former properties are or have been used for industrial purposes. Accordingly, we are conducting investigation and remediation activities at several on-site and off-site locations. We may be subject to potential material liabilities relating to any investigation and clean-up of contaminated properties and to claims alleging personal injury.

We could be adversely affected by rapid changes in interest rates.

Our profitability may also be adversely affected during any period of unexpected or rapid increase in interest rates. At December 31, 2001, we had $291.8 million of total debt outstanding, of which approximately 47% was priced at interest rates that float with the market. A 50 basis point increase in the interest rate on the floating rate debt would result in an approximate $686,000 annualized increase in interest expense and decrease in cash flows. We will from time to time enter into interest rate swaps on our debt when we believe there is a clear financial advantage in doing so. As of March 31, 2002, we had no interest rate swaps in place.

Our intangible assets are valued at an amount greater than our net worth and a write-off of our intangible assets could cause us to have negative net worth.

Our total assets reflect substantial intangible assets, primarily goodwill. At December 31, 2001, goodwill totaled $454.6 million compared to $401.1 million of shareholders equity. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the tangible assets we have acquired. At each balance sheet date, we assess whether there has been an impairment in the value of our intangible assets. If future operating performance at one or more of our business units were to fall significantly below current levels, we could reflect, under current applicable accounting rules, a non-cash charge to operating earnings for goodwill impairment. Any determination requiring the write-off of a significant portion of unamortized intangible assets would negatively affect our results of operations and total capitalization, which effect could be material. As of January 1, 2002, we have determined that no impairment existed.

Our business could suffer if we are unsuccessful in negotiating new collective bargaining agreements.

As of December 31, 2001, we had approximately 3,900 employees. Approximately 15% of our employees are represented by unions with various contracts expiring through March 2005. Although we believe that our relations with our employees are good and we have not experienced any recent strikes or work stoppages, we cannot assure you that we will be successful in negotiating new collective bargaining agreements, that such negotiations will not result in significant increases in the cost of labor or that a breakdown in such negotiations will not result in the disruption of our operations. In addition, our closures of certain facilities may create the risk of strikes or work stoppages at those and other facilities.

We are dependent on the availability of raw materials and parts and components used in our products.

While we manufacture many of the parts and components used in our products, we require substantial amounts of raw materials and purchase some parts and components from suppliers. The availability and prices of raw materials and parts and components may be subject to curtailment or change due to, among other things, suppliers allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. Any change in the supply of, or price for, these raw materials or parts and components could materially affect our business, financial condition and results of operations.

Risk Factors Associated With Our Common Stock

Limited trading volume of our common stock may contribute to its price volatility.

Our common stock is traded on the New York Stock Exchange and the Chicago Stock Exchange. During the twelve months ended March 31, 2002, the average daily trading volume for our common stock as reported by the NYSE was 47,531 shares. Even if we achieve a wider dissemination as to the shares offered by us and the selling shareholders pursuant to this prospectus, we are uncertain as to whether a more active trading market in our common stock will develop. As a result, relatively small trades may have a significant impact on the price of our common stock**.**

Existing shareholders may sell their shares, which could depress the market price of our common stock.

In addition to the 5,750,000 shares covered by this prospectus (assuming the underwriters exercise their over-allotment option in full) which may be offered and sold from time to time by us and the selling shareholders, KKR Associates, L.P. has certain rights under a registration rights agreement to require us to register up to an additional 4,503,592 shares of common stock under the Securities Act to permit the public sale of its shares, as well as the ability to resell its shares into the public market pursuant to Rule 144 under the Securities Act (Rule 144). Moreover, as of April 8, 2002, our executive officers and directors beneficially owned 1,227,729 shares of common stock (not including shares held by KKR Associates, L.P.) that are eligible to be resold into the public market pursuant to Rule 144 or Rule 701 under the Securities Act. Significant sales of such shares of common stock, or the prospect of such sales, may depress the price of the shares.

If we need to sell or issue additional shares of common stock to finance future acquisitions, your stock ownership could be diluted.

Part of our business strategy is to expand into new markets and enhance our position in existing markets throughout the world through acquisitions. In order to successfully complete targeted acquisitions or fund our other activities, we may issue additional equity securities that could be dilutive to our earnings per share and to your stock ownership. We cannot assure you as to when, and how many of, the shares of our common stock will be sold or as to the effect those sales may have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options and warrants or in connection with acquisition financing), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

A significant amount of our common stock is owned by a single shareholder and that shareholder is in a position to exert influence over the outcome of corporate actions.

The selling shareholders owned approximately 28.3% of our common stock as of April 8, 2002 prior to this offering. Assuming the sale of all of the shares of common stock covered by this prospectus and the underwriters exercise of their over-allotment option in full, KKR Associates, L.P. will own approximately 13.9% of our common stock and will be in a position to exert influence over the outcome of corporate actions requiring shareholders approval, including the election of directors, additional issuances of our common stock or other securities, and transactions involving a change of control. If there is no exercise of the underwriters over-allotment option, KKR Associates, L.P. will own approximately 16.2% of our common stock after the offering. IDEX Associates, L.P. is selling all of the shares it owns in this offering.

Certain Provisions of Our Certificate of Incorporation, By-Laws and Delaware General Corporate Law May Have Possible Anti-Takeover Effects.

Some of the provisions of our certificate of incorporation and by-laws could discourage, delay or prevent an acquisition of our business at a premium price. The provisions:

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