

ROPER INDUSTRIES INC /DE/

Form 424B5

December 10, 2003

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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-110491

Subject to Completion
Preliminary Prospectus Supplement dated December 8, 2003

PROSPECTUS SUPPLEMENT

(To prospectus dated December 1, 2003)

3,955,000 Shares

Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol ROP. On December 3, 2003, the last reported sale price for our common stock as reported on the New York Stock Exchange was \$50.57 per share.

We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for our acquisition of Neptune Technology Group Holdings Inc., or NTGH, repay our existing credit facility and pay related fees and expenses.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, senior subordinated convertible notes of \$150 million principal amount at issuance, assuming the underwriters' overallotment option is not exercised. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes. The closing of this offering is conditioned upon the completion of our new senior secured credit facility and the NTGH acquisition. We refer you to Prospectus Supplement Summary Acquisition Financing and Related Transactions in this prospectus supplement. We expect this offering to close concurrently with the notes offering, our new senior secured credit facility and the NTGH acquisition.

Holders of shares purchased in this offering will initially be entitled to one vote per share. Holders of our common stock who have held their shares for at least four years without a change in beneficial ownership are entitled to five votes per share. If there is no change in beneficial ownership of the shares you purchase in this offering for at least four years, the shares will become entitled to five votes per share until a change in beneficial ownership occurs, at which time the shares will revert to one vote per share for a period of at least four years. See Description of Common Stock in the accompanying prospectus.

Investing in our common stock involves risks. See Risk Factors beginning on page S-18 of this prospectus supplement.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may also purchase up to an additional 593,250 shares from us at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement to cover any overallotments.

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

criminal offense.

The shares will be ready for delivery on or about December , 2003.

Sole Book-Running Manager

Merrill Lynch & Co.

JPMorgan

Wachovia Securities

Robert W. Baird & Co.

JMP Securities

McDonald

SunTrust Robinson Humphrey

Investments Inc.

The date of this prospectus supplement is , 2003.

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We have not authorized anyone to provide you with any information other than the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This document may only be used where it is legal to offer and sell the common stock.

This prospectus supplement is part of, and you should read it in conjunction with, the accompanying prospectus. Unless the context otherwise requires, references in this prospectus supplement to Roper, we, us and our and similar references refer to Roper Industries, Inc., a Delaware corporation, and its consolidated subsidiaries, including, after giving effect to the NTGH acquisition, NTGH. NTGH refers to Neptune Technology Group Holdings Inc., a Delaware corporation, and its consolidated subsidiaries.

This prospectus supplement and the accompanying prospectus contain some of our and NTGH's trademarks and service marks.

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Market and industry data used throughout this prospectus supplement and the accompanying prospectus, including information relating to market share and trends, is based on our good faith estimates. These estimates were based on our review of internal surveys, independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified this information.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. Such transactions may include stabilization and the purchase of common stock to cover short positions. For a description of these activities, see Underwriting.

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Special Note Regarding Forward-Looking Statements

This prospectus supplement includes and incorporates by reference forward-looking statements within the meaning of the federal securities laws. All statements that are not historical facts are forward-looking statements. The words estimate, project, intend, expect, anticipate and similar expressions identify forward-looking statements. In particular, this prospectus supplement contains forward-looking statements regarding the NTGH acquisition and its benefits to our business, and as described in the risk factor We may not be able to realize the anticipated benefits from the NTGH acquisition and we may experience unforeseen liabilities in connection with the acquisition, we may not be able to realize these benefits to our business. Other forward-looking statements include statements regarding our expected financial position, business, financing plans, business strategy, business prospectus, revenues, working capital, liquidity, capital needs, interest costs and income and potential acquisitions.

Forward-looking statements are estimates and projections reflecting our best judgment and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the cost, timing and success of product upgrades and new product introductions, raw materials costs, expected pricing levels, the timing and cost of expected capital expenditures, expected outcomes of pending litigation, competitive conditions, general economic conditions and expected synergies relating to acquisitions, joint ventures and alliances. These assumptions could prove inaccurate. Although we believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. In particular, the forward-looking statements regarding the NTGH acquisition are subject to the risks described in Risk Factors. Important factors that could cause actual results to differ materially from our other estimates or projections contained in the forward-looking statements include:

- our ability to realize the anticipated benefits from the NTGH acquisition;
- any unforeseen liabilities associated with the NTGH acquisition;
- limitations on our business imposed by our indebtedness;
- reductions in our business with Gazprom;
- unfavorable changes in foreign exchange rates;
- difficulties associated with exports;
- risks and costs associated with our international sales and operations;
- difficulty making acquisitions and successfully integrating acquired businesses;
- product liability and insurance risks and costs;
- our ability to achieve anticipated benefits from the realignment of our operating structure;
- the cyclical nature of our industry;
- future competition;
- changes in the supply of, or price for, parts and components;
- environmental compliance costs and liabilities;
- potential write-offs of our substantial intangible assets;

our ability to develop new products;

failure to protect our technology;

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terrorist attacks;

future health crises; and

those factors listed in this prospectus supplement under "Risk Factors" as well as those included in our SEC filings incorporated by reference in this prospectus supplement and the accompanying prospectus.

We believe our forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights selected information in this prospectus supplement. The summary does not contain all of the information that may be important to you, and you should carefully read the entire prospectus supplement and accompanying prospectus before deciding whether to invest in our common stock. In August 2003, we changed our fiscal year-end from October 31 to December 31 to more closely align our reporting periods with those of our customers. In this prospectus supplement and the accompanying prospectus, references to one of our fiscal years mean a year ended October 31 and references to one of NTGH's years means a year ended December 31. In this prospectus supplement, we use the terms adjusted EBITDA and free cash flow, which are financial measures not calculated in accordance with generally accepted accounting principles, or GAAP. We include reconciliations of these measures to the most directly comparable GAAP measures in Summary Consolidated Financial Data Roper, Summary Consolidated Financial Data NTGH and Summary Pro Forma Consolidated Financial Data. Unless otherwise noted herein, the information in this prospectus supplement assumes no exercise of the underwriters' overallotment options in this offering and the notes offering.

Roper Industries

We design, manufacture and distribute engineered products and solutions for selected segments of a broad range of global markets. Our principal markets include oil and gas, scientific and industrial research, medical, semiconductor, refrigeration, automotive, water and wastewater, power generation and general industrial.

We pursue consistent and sustainable growth in sales and earnings by emphasizing continuous improvement in the operating performance of our existing businesses and by acquiring other carefully selected businesses that offer high value-added, engineered products and solutions and are capable of achieving and maintaining high margins. We compete in many niche markets and are the market leader or the competitive alternative to the market leader in the majority of these markets.

We believe that our financial results reflect the high value we provide to our customers, our continuous improvement initiatives, our end market and geographic diversification and our ability to acquire and integrate businesses successfully. From fiscal 1992, the year of our initial public offering, through our fiscal year ended October 31, 2002, our net sales have grown at a compound annual growth rate of 24% and earnings from continuing operations before change in accounting principle per share have grown at a compound annual growth rate of 27%. In fiscal 2002, we generated net sales of \$617 million, adjusted EBITDA of \$130 million, or 21% of net sales, cash flows from operating activities of \$87 million, earnings from continuing operations before change in accounting principle of \$66 million and net earnings of \$40 million. During the nine months ended September 30, 2003, we generated net sales of \$488 million, adjusted EBITDA of \$96 million, or 20% of net sales, cash flows from operating activities of \$58 million, earnings from continuing operations of \$46 million and net earnings of \$43 million and during the nine months ended September 30, 2002, we generated net sales of \$455 million, adjusted EBITDA of \$90 million, or 20% of net sales, cash flows from operating activities of \$66 million and earnings from continuing operations and net earnings of \$45 million.

Our Business Segments

In early 2003, we realigned our operations into four market-based segments: Instrumentation, Industrial Technology, Energy Systems and Controls and Scientific and Industrial Imaging.

Instrumentation. Our Instrumentation segment provides sophisticated products and solutions that prepare material samples for analysis, test fluid products for physical and elemental properties, detect leaks in consumer and industrial products, perform spectrographic analyses and dispense fluids with extremely high precision. This segment focuses primarily on the test, inspection and measurement applications in oil and gas, research and industrial markets. Our primary business units in this segment are Acton Research, Antek Instruments, Integrated Designs, Logitech, PAC, Struers and Uson.

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Industrial Technology. Our Industrial Technology segment provides products and solutions for improving our customers' productivity. Industrial Technology offerings include centrifugal, gear, progressing cavity and diaphragm pumps; refrigeration controls and systems; rotating machinery and process controls; and precision metering, measurement and valves for specialty applications. Our primary business units in this segment are Abel Pump, AMOT Controls, Cornell Pump, Flow Technology, Fluid Metering, Hansen Technologies and Roper Pump, which provide products and solutions largely for diverse industrial, energy, commercial refrigeration and water and wastewater markets.

Energy Systems and Controls. Our Energy Systems and Controls segment provides control, monitoring and inspection systems and services, which improve the quality, safety and efficiency of customer equipment and processes, primarily in the energy markets. We offer our customers technologies for vibration measurement and monitoring of rotating and reciprocating machinery, control systems for turbomachinery and non-destructive testing solutions used primarily in power plant maintenance. Our primary business units in this segment are Compressor Controls, Metrix and Zetec.

Scientific and Industrial Imaging. Our Scientific and Industrial Imaging segment provides solutions that enable research in life and physical sciences and are used in various industrial applications. Our products include digital imaging cameras, spectrographic systems, electron microscope accessories, high-speed digital video equipment and image processing software. Our primary business units in this segment are Gatan, Media Cybernetics, QImaging, Redlake and Roper Scientific.

Our Strengths

Strategic

Leadership in Niche Markets. We have developed and maintained a leading position in many of our markets. We believe our market positions are attributable to the technical sophistication of our products, the applications expertise used to create our advanced products and systems and our service capabilities.

Diversified End Markets and Geographic Reach. Over the past decade, we have strategically expanded the number of end markets we serve to increase revenue and business stability and expand our opportunities for growth. During that same period, we grew our global presence to the degree that sales to customers outside the U.S. accounted for \$361 million for fiscal 2002, up from \$23 million in fiscal 1992.

Disciplined Acquisition Process. Acquisitions are an important part of our growth strategy. Over the past decade, we have followed a disciplined acquisition process to complement our existing businesses and to migrate into higher growth areas. From fiscal 1992 through fiscal 2002, we completed 33 acquisitions for an aggregate investment of over \$700 million.

Experienced Management Team. Our company combines disciplined corporate leadership with entrepreneurial business unit management to create stockholder value. We support the growth of our business units by providing strategic direction, assisting in the development of strategic initiatives, encouraging best practices among our business unit management teams, developing our managers' skills through focused forums, setting appropriate compensation policies and incentives and providing financial support. We believe that our recent organizational change to four market-based segments, led by a strengthened executive team, will allow us to better capture synergistic benefits among our business units and accelerate organic growth.

Financial

Significant and Consistent Growth. A decade of disciplined execution of our operating and acquisition strategies has led to sustained growth in our net sales, net earnings and cash flow. From fiscal 1992 through fiscal 2002, our net sales and earnings from continuing operations before change in accounting principle per share have grown at compound annual growth rates of 24% and 27%, respectively. As a result of our strong operations management and emphasis on working capital improvement, our free cash flow (cash flows from operating activities minus capital expenditures) has exceeded net earnings

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every year since 1998. We consistently reinvest in research and development to maintain technological leadership in our markets.

Strong and Sustainable Margins. We have been able to obtain favorable pricing and attractive gross margins throughout the business cycle due to the high level of engineered content of our customer offerings and our market leadership positions. In each fiscal year since 1993, we have achieved gross margins in excess of 50%, and our margins are well above those of most comparable industrial companies.

Attractive Cash Flow Characteristics. Our favorable margins and selective use of capital have allowed us to produce strong cash flows. All of our business units are actively focused on reducing capital intensity and improving contributions to working capital. From fiscal 1992 through fiscal 2002, we grew adjusted EBITDA by a compound annual growth rate of 25%. For fiscal 2002, we achieved adjusted EBITDA margins of 21% and generated \$87 million of cash flows from operating activities and free cash flow of \$79 million.

Our Business Strategy

We create stockholder value through the disciplined execution of our strategy:

Engineered Content for Diverse Niche Markets. Our operating units grow their businesses through new product development and development of new applications for existing products to satisfy customer needs. In addition, our operating units continue to grow our customer base by expanding our distribution.

Strong Operations Management. We continuously seek to improve our operations to increase our margins and cash flow. Our business units employ initiatives such as process reengineering, lean manufacturing techniques and global sourcing to increase productivity and reduce costs. In fiscal 2002, we generated approximately \$18 million of cash from working capital reductions and achieved gross margins of 54%.

Strategic Reinvestment of Cash Flow. We invest our strong cash flow in the development of new technologies and products, distribution channel management and operational improvements to drive organic growth and market expansion. We have increased our research and development spending by a compound annual growth rate of 39% since 1992, to \$30 million in fiscal 2002, which represented 5% of our fiscal 2002 net sales. We also strategically invest our cash flow in a disciplined manner in acquisitions meeting our stated criteria:

engineered, high value-added products and solutions;

high gross margins;

rapid cash return;

opportunity for enhanced growth; and

new strategic solutions and products.

The Neptune Technology Group Holdings Inc. Acquisition

On October 21, 2003, we entered into a stock purchase agreement to acquire NTGH, a leader in the water management market, for a cash purchase price of approximately \$475 million, which is net of cash acquired and includes debt to be repaid. The closing of this offering is conditioned on the closing of the NTGH acquisition. In connection with our acquisition of NTGH, we intend to enter into an agreement to purchase the remaining one-third interest in DAP Technologies, a Canadian company that manufactures fully-rugged handheld computers, that NTGH does not own for total consideration of approximately \$9.2 million.

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NTGH

NTGH operates in four lines of business:

meter products serving the water management market under the Neptune brand name;

automatic meter reading products and systems serving the water management market under the Neptune brand name;

fully-rugged handheld computers serving both utility and non-utility customers under the DAP Technologies brand name; and

software for route optimization, mapping and work order management under the DB Microware brand name.

Collectively, these technologies are brought together to provide a complete solution for measuring, metering and reading water consumption, primarily for North American residential markets. For over 110 years, many of the over 50,000 utilities and water systems throughout North America have used NTGH's water management systems and products to more efficiently and accurately measure water usage by consumers.

Meter Products. NTGH's meters currently account for approximately 35% of the installed base of approximately 70 million residential water meters in the U.S. In the commercial and industrial segments, NTGH offers fully integrated meters and metering systems for both potable and fire service use in high volume and high performance applications. Approximately 97% of NTGH's unit sales are for residential applications, while the remaining 3% are for commercial and industrial applications.

Automatic Meter Reading Products and Systems. NTGH's automatic meter reading, or AMR, systems allow for remote monitoring, measurement and reading of water usage. This feature reduces the labor costs required under manual methods, improves customer service through increased accuracy and faster identification of leaks, lowers environmental risks for meter-reading workers and enables utilities to bill customers more frequently and accurately. Since entering the radio frequency, or RF, segment of the AMR market in 1999, NTGH had increased its share of the AMR market to 16% and more than doubled its total AMR sales through 2002.

Fully-Rugged Handheld Computers. NTGH's DAP Technologies business unit is a growing business that manufactures fully-rugged handheld computers that serve utility and non-utility markets.

Software. NTGH's DB Microware business unit provides automation software for meter reading and service order management.

NTGH had net sales of \$190 million for 2002 and \$147 million for the nine months ended September 30, 2003, and employs approximately 800 people. NTGH's sales from AMR and water meters were roughly equivalent and represented the substantial majority of its net sales during 2002 and the nine months ended September 30, 2003, with the remainder of sales coming from fully-rugged handheld computers and automation software.

Strategic Benefits of the NTGH Acquisition

We expect to realize a number of strategic benefits as a result of the NTGH acquisition, including the following:

Furthering our Market Leadership in Niche Markets. NTGH is a market leader in North American residential water meters and AMR technologies, and also serves the global fully-rugged handheld computer market, which among other applications, includes applications for water utilities. NTGH offers a complete range of products from meters to the most innovative solutions available using RF capabilities, handheld computers and meter reading software.

Establishing a Strong Platform in the Attractive Water Management Market. The North American water management market is growing as utilities demand more accurate and reliable water management

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solutions to meet water conservation and operational efficiency goals. We believe that the North American residential water meter and AMR markets currently represent a combined \$550 million annual market, with meters experiencing steady growth and AMR growing at an approximate 28% compound annual growth rate since 1999. The growth of the AMR market is an example of technological innovation being embraced by water utilities seeking to achieve improved operational efficiencies, service levels, billing cycles and conservation. We believe the migration of utilities from standard water meters to water management systems increases the market opportunity for NTGH. In addition, we believe NTGH's large installed base, strong relationships with many of the over 50,000 utilities and water systems in its current markets and its broad product offerings, including fully-rugged handheld computers and software, provide it with a strong growth platform.

Positioning our Portfolio in Attractive Markets. The NTGH acquisition positions our portfolio in attractive end markets with a stable and diversified customer base. In addition, we believe that the NTGH acquisition will provide us with a more stable mix of geographic end markets. Giving effect to the NTGH acquisition, on a combined basis in fiscal 2002, our largest net sales and market concentration would have been 25% in the water and wastewater markets, and net sales into North America would have represented 58% of total net sales. We believe that our combined end markets and geographic territories provide stability and attractive growth opportunities.

Enhancing Cash Flow Characteristics and Growth Profile. NTGH's strong adjusted EBITDA margins combined with its low working capital and capital expenditure requirements have provided significant cash flow. In 2002, NTGH generated \$190 million in net sales, 20% higher than in 2001, and \$54 million of adjusted EBITDA, representing a 28% margin. For the nine months ended September 30, 2003, NTGH generated \$147 million in net sales, 6% higher than the nine months ended September 30, 2002, and \$39 million of adjusted EBITDA, representing a 27% margin. Through internal product development and strategic investments, NTGH has become a leading provider of complete water management solutions. A key element of NTGH's growth strategy has been to migrate its customers to more efficient, higher value products. We believe this movement of customers to higher technology water management solutions combined with our market-focused philosophy, should improve our margins, cash flow and growth.

Roper was incorporated in Delaware in 1981. Our principal executive offices are located at 2160 Satellite Boulevard, Suite 200, Duluth, Georgia 30097, and our telephone number is (770) 495-5100.

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We are offering the common stock in connection with our acquisition of NTGH. We are acquiring NTGH for a cash purchase price of approximately \$475 million, which is net of cash acquired and includes debt to be repaid, as more fully described under The Acquisition. Concurrently with this offering, we are offering, by means of a separate prospectus supplement, senior subordinated convertible notes of \$150 million principal amount at issuance. In addition, in connection with the NTGH acquisition, we will enter into a new \$625 million senior secured credit facility consisting of a five-year term loan and a three-year revolving credit facility. See Description of Certain Indebtedness. We expect this offering to close concurrently with the notes offering, our new senior secured credit facility and the NTGH acquisition.

The closing of this offering of our common stock is conditioned upon:

the completion of our new senior secured credit facility; and

the completion of the NTGH acquisition.

We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes. In addition to paying \$7.5 million in cash in connection with the DAP Technologies acquisition, we also intend to issue 34,000 shares of our common stock. In this prospectus supplement, we refer to all of the foregoing transactions as the Transactions.

The following table sets forth the estimated sources and uses of funds relating to the Transactions, assuming that the Transactions had occurred on September 30, 2003 (in thousands):

Sources of Funds		Uses of Funds	
Common stock offered hereby(1)	\$ 200,004	NTGH acquisition(4)	\$ 475,000
Senior subordinated convertible notes offering(1)	150,000	Cash portion of DAP Technologies acquisition(5)	7,500
Borrowings under our new senior secured credit facility(2)(3)	476,662	Repayment of indebtedness under our existing credit facility(3)	162,266
		Redemption of our outstanding senior notes(6)	147,900
		Fees and expenses(7)	34,000
Total sources of funds	\$ 826,666	Total uses of funds	\$ 826,666

- (1) Does not reflect the underwriting discounts and expenses payable by us in connection with the offerings.
- (2) In connection with the Transactions, we will borrow \$26.7 million under our new revolving credit facility to repay indebtedness under our existing credit facility. After giving pro forma effect to these borrowings, we would have approximately \$148.3 million available for borrowing under our new revolving credit facility.
- (3) Upon the closing of the NTGH acquisition, the new senior secured credit facility will replace our existing credit facility. As of September 30, 2003, \$162.3 million was outstanding under our existing credit facility. The weighted average interest rate on our existing credit facility as of September 30, 2003 was 2.65%.
- (4) Includes NTGH's existing debt to be repaid in connection with the NTGH acquisition.
- (5) NTGH currently owns two-thirds of DAP Technologies. In connection with our acquisition of NTGH, we intend to purchase the remaining one-third interest in DAP Technologies for

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approximately \$9.2 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock.

- (6) We currently have \$125 million of senior notes outstanding. In connection with the redemption of these notes, we will be required to pay a make-whole payment of \$22.9 million. We intend to take a charge for this amount in the quarter in which the senior notes are redeemed, less a tax benefit of \$8.0 million.
- (7) Includes the underwriting discounts and other expenses incurred or to be incurred in connection with the Transactions.

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The Offering

Common stock offered by us in this offering	3,955,000 shares
Common stock outstanding after the offering(1)	35,770,905 shares
Voting rights	<p>Holders of all outstanding shares of our common stock vote together as one class on all matters submitted to a vote of our stockholders. Holders of shares purchased in this offering will initially be entitled to one vote per share. Holders of our common stock who have held their shares for at least four years without a change in beneficial ownership are entitled to five votes per share. If there is no change in beneficial ownership of the shares you purchase in this offering for at least four years, the shares will become entitled to five votes per share until a change in beneficial ownership occurs, at which time the shares will revert to one vote per share for a period of at least four years. See <u>Description of Common Stock</u> in the accompanying prospectus.</p>
Use of proceeds	<p>We intend to use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We intend to use all of the proceeds from the concurrent notes offering to redeem our outstanding senior notes.</p>
Risk factors	<p>See <u>Risk Factors</u> beginning on page S-18 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.</p>
New York Stock Exchange Symbol	ROP

(1) The number of shares of our common stock outstanding after the offering are based on the number of shares outstanding as of September 30, 2003 and excludes:

593,250 shares issuable upon any exercise of the underwriters' overallotment option;

2,524,616 shares issuable upon the exercise of stock options outstanding as of September 30, 2003, which had a weighted average exercise price of \$32.56 per share;

1,664,758 shares issuable upon the exercise of options reserved for grant under our stock option plans as of September 30, 2003;

34,000 shares to be issued in connection with the DAP Technologies acquisition; and

shares reserved for issuance upon conversion of our senior subordinated convertible notes being offered in the notes offering.

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The following summary consolidated financial data for and as of the end of each of the three fiscal years ended October 31, 2002 are derived from our audited consolidated financial statements. Our consolidated financial statements for and as of the end of each of the three years ended October 31, 2002 were audited by PricewaterhouseCoopers LLP, independent accountants. In August 2003, we changed our fiscal year-end from October 31 to December 31 effective as of January 1, 2003, with the two months ended December 31, 2002 being the transition period. The summary consolidated financial data as of and for the two months ended December 31, 2001 and December 31, 2002 and for the nine months ended September 30, 2002 and September 30, 2003 were derived from our unaudited consolidated financial statements and, in our opinion, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data for those periods. Our results of operations for the nine months ended September 30, 2003 may not be indicative of results that may be expected for the full fiscal year.

We filed an amendment to our annual report on Form 10-K for the fiscal year ended October 31, 2002 on November 3, 2003 to restate our consolidated financial statements as of October 31, 2001 and 2002 and for the three years ended October 31, 2002 to reflect the discontinued operations of our Petrotech operation and the realignment of our operations into four new segments.

You should read the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations Roper and our consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(unaudited)				(unaudited)		
	(in thousands, except per share amounts and percentages)						
Statement of operations data:							
Net sales	\$ 469,999	\$ 562,955	\$ 617,462	\$ 86,904	\$ 83,885	\$ 455,375	\$ 487,562
Gross profit	252,522	304,750	333,755	45,334	41,565	244,927	257,058
Income from operations	88,662	100,866	115,545	10,517	4,568	81,142	78,796
Earnings from continuing operations before change in accounting principle(1)	49,575	57,415	66,438	5,052	853	44,945	46,164
Net earnings (loss)	49,278	55,839	40,053	(20,918)	853	44,615	43,342(2)
Earnings per common share from continuing operations before change in accounting principle:							
Basic	\$ 1.63	\$ 1.87	\$ 2.13	\$ 0.17	\$ 0.04	\$ 1.44	\$ 1.47
Diluted	1.59	1.82	2.09	0.17	0.04	1.41	1.45
Net earnings (loss) per common share:							
Basic	\$ 1.62	\$ 1.82	\$ 1.28	\$ (0.68)	\$ 0.03	\$ 1.43	\$ 1.38
Diluted	1.58	1.77	1.26	(0.66)	0.03	1.40	1.36
Dividends per common share	\$ 0.28	\$ 0.30	\$ 0.33	\$ 0.0825	\$ 0.0875	\$ 0.2475	\$ 0.2625
Other financial data:							
Cash flows from operating activities	\$ 67,799	\$ 102,439	\$ 86,758	\$ 1,012	\$ 7,381	\$ 65,510	\$ 57,770
Adjusted EBITDA(3)	111,213	132,000	130,164	14,658	7,367	89,710	95,892
Adjusted EBITDA margin(4)	23.7%	23.4%	21.1%	16.9%	8.8%	19.7%	19.7%
Capital expenditures	(14,935)	(7,432)	(7,738)	(2,016)	(658)	(4,502)	(8,084)
Free cash flow(5)	52,864	95,007	79,020	(1,004)	6,723	61,008	49,686

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	At October 31,			At December 31,	At September 30,
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
	(in thousands)				
Balance sheet data:					
Working capital	\$ 136,909	\$ 135,972	\$ 118,590	\$ 115,238	\$ 142,692
Total assets	596,902	762,122	828,973	821,805	835,677
Long-term debt, less current portion	234,603	323,830	311,590	308,684	287,470
Stockholders equity	270,191	323,506	376,012	380,981	441,728

	Year Ended October 31, 2002	Nine Months Ended September 30, 2003
	(in thousands, except percentages)	
Combined Financial Data:		
Combined adjusted EBITDA(3)(6)	\$ 186,071	\$ 136,013
Combined adjusted EBITDA margin(4)	23.1%	21.4%

- (1) There was no impact for change in accounting principle for the nine months ended September 30, 2002 and 2003.
- (2) Net earnings for the nine months ended September 30, 2003 reflect costs of \$5.2 million from restructuring activities following the realignment of our operations into new segments. These costs are included in costs of goods sold and selling, general and administrative expenses.
- (3) Adjusted EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net earnings plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. Our definition of adjusted EBITDA is different from EBITDA because we also add the following items to net earnings: (a) loss from discontinued operations during each period, (b) restructuring costs included in cost of goods sold and selling, general and administrative expenses (as described in note 2 above), (c) change in accounting principle and (d) loss on extinguishment of debt. However, adjusted EBITDA for Roper for the periods presented does not add any loss on extinguishment of debt back to net earnings since none is applicable for the periods presented. We use adjusted EBITDA, in addition to net earnings, operating income, cash flows from operating activities and free cash flow, to assess our performance and believe it is important for investors to be able to evaluate us using the same measures used by management. We believe this measure is an important indicator of our operational strength and performance of our business because it provides a link between profitability and operating cash flow. In addition, we use adjusted EBITDA, as opposed to EBITDA, because adjusted EBITDA adds back items to net earnings which we believe are generally not operational in nature and not indicative of core operating performance of our continuing operations. We also believe that adjusted EBITDA is a supplemental measurement tool used by analysts and investors to help evaluate a company's overall operating performance by including only transactions related to core cash operating business activities.

Adjusted EBITDA as calculated by us is not necessarily comparable to similarly titled measures reported by other companies. In addition, adjusted EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net earnings, operating income, cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on our consolidated statement of operations entitled net earnings is the most directly comparable GAAP measure to adjusted EBITDA. The following table reconciles adjusted

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EBITDA on a consolidated basis to the line on our consolidated statement of operations entitled net earnings for the periods presented in the table above:

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(in thousands)						
Net earnings	\$ 49,278	\$ 55,839	\$ 40,053	\$(20,918)	\$ 853	\$44,615	\$43,342
Interest expense	13,483	15,917	18,506	2,970	2,978	13,703	12,653
Income taxes	26,811	31,450	29,889	2,895	529	20,196	19,784
Depreciation and amortization	21,344	26,709	15,331	3,424	2,620	10,866	12,106
EBITDA	110,916	129,915	103,779	(11,629)	6,980	89,380	87,885
Loss from discontinued operations, net of taxes	297	1,576	415	317	387	330	2,822
Restructuring costs		509					5,185
Change in accounting principle			25,970	25,970			
Adjusted EBITDA	\$ 111,213	\$ 132,000	\$ 130,164	\$ 14,658	\$ 7,367	\$ 89,710	\$ 95,892

- (4) Adjusted EBITDA margin represents adjusted EBITDA as a percentage of net sales.
- (5) Free cash flow is a supplemental non-GAAP financial measure. We define free cash flow as cash flows from operating activities minus capital expenditures. Free cash flow is one of the measures we use to evaluate our operating performance.

We use free cash flow internally to measure the amount of cash available for the repayment of indebtedness, for strategic acquisitions, to pay dividends and for potential stock repurchases. As a result, we believe free cash flow is a significant measure of our ability to generate long-term value and that it is useful for investors to know whether this ability is being enhanced or diminished as a result of our operating performance. We believe the presentation of free cash flow is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by management. In addition, free cash flow is also a primary measure used externally by our analysts and investors for purposes of valuation and comparing our operating performance to other industrial companies.

Free cash flow as calculated by us is not necessarily comparable to similarly titled measures reported by other companies.

In addition, free cash flow: (a) does not represent net earnings or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on our consolidated statement of operations entitled cash flows from operating activities is the most directly comparable GAAP measure to free cash flow. The following table reconciles free cash flow to the line on our consolidated statement of cash flows entitled cash flows from operating activities for the periods presented in the table above:

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(in thousands)						
Cash flows from operating activities	\$ 67,799	\$ 102,439	\$ 86,758	\$ 1,012	\$ 7,381	\$ 65,510	\$ 57,770
Capital expenditures	(14,935)	(7,432)	(7,738)	(2,016)	(658)	(4,502)	(8,084)

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Free cash flow	\$ 52,864	\$ 95,007	\$ 79,020	\$ (1,004)	\$ 6,723	\$ 61,008	\$ 49,686
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- (6) Represents adjusted EBITDA for Roper, after giving pro forma effect to the Transactions as if they had occurred at the beginning of the periods presented. We believe the line on our pro forma consolidated statement of operations entitled earnings from continuing operations before change in accounting principle is the most directly comparable GAAP measure to adjusted EBITDA. The following tables reconcile adjusted EBITDA to the line on our consolidated statement of operations entitled earnings from continuing operations before change in accounting principle for the periods presented in the tables above. Supplementally, we have also provided a reconciliation of our pro forma consolidated net earnings to net earnings from continuing operations before change in accounting principle. Our pro forma consolidated net earnings represent our pro forma consolidated earnings from continuing operations before change in accounting principle less (a) loss from discontinued operations, net of taxes, (b) change in accounting principle and (c) minority interest in consolidated subsidiaries. See note 3 above for a further discussion of adjusted EBITDA. For the purpose of presenting combined adjusted EBITDA information for the year ended October 31, 2002, the audited income statements of NTGH for the year ended December 31, 2002 have been utilized. The adjustment for minority interest in consolidated subsidiaries represents an adjustment to remove the impact of the DAP Technologies minority interest (which we intend to acquire as part of the Transactions) as this amount is not required to be presented in our pro forma results under Article 11 of Regulation S-X. See our Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus supplement for a description of the other adjustments for the Transactions.

	Year Ended October 31, 2002			
	Roper	NTGH	Adjustments for the Transactions	As Adjusted
	(in thousands)			
Earnings from continuing operations before change in accounting principle	\$ 66,438	\$ 13,402	\$ 1,941	\$ 81,781
Loss from discontinued operations, net of taxes	(415)			(415)
Change in accounting principle	(25,970)			(25,970)
Minority interest in consolidated subsidiaries		(1,575)	1,575	
Net earnings	40,053	11,827	3,516	55,396
Interest expense	18,506	12,880	(4,886)	26,500
Income taxes	29,889	7,833	1,045	38,767
Depreciation and amortization	15,331	20,439	1,900	37,670
EBITDA	103,779	52,979	1,575	158,333
Loss from discontinued operations, net of taxes	415			415
Restructuring costs				
Change in accounting principle	25,970			25,970
Loss on extinguishment of debt		1,353		1,353
Adjusted EBITDA	\$ 130,164	\$ 54,332	\$ 1,575	\$ 186,071

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Nine Months Ended September 30, 2003				
	Roper	NTGH	Adjustments for the Transactions	As Adjusted
(in thousands)				
Earnings from continuing operations before change in accounting principle	\$46,164	\$ (975)	\$ 4,758	\$ 49,947
Loss from discontinued operations, net of taxes	(2,822)			2,822
Change in accounting principle				
Minority interest in consolidated subsidiaries		(817)	817	
Net earnings (loss)	43,342	(1,792)	5,575	47,125
Interest expense	12,653	14,867	(7,920)	19,600
Income taxes	19,784	451	2,562	22,797
Depreciation and amortization	12,106	16,449	600	29,155
EBITDA	87,885	29,975	817	118,677
Loss from discontinued operations, net of taxes	2,822			2,822
Restructuring costs	5,185			5,185
Change in accounting principle				
Loss on extinguishment of debt		9,329		9,329
Adjusted EBITDA	\$95,892	\$39,304	\$ 817	\$136,013

Table of Contents**Summary Consolidated Financial Data NTGH**

NTGH did not conduct business until November 1, 2001, when it acquired a division of Schlumberger that was engaged in the production and sale of AMR equipment and software and water meters principally sold into North American water utility markets. For financial reporting purposes the results of operations for the Schlumberger division are reported separately as set forth below from the results of operations of NTGH subsequent to the November 1, 2001 acquisition. The following summary consolidated financial data for the ten months ended October 31, 2001, for and as of the two months ended December 31, 2001 and for and as of the end of the year ended December 31, 2002 are derived from NTGH's audited consolidated financial statements which were audited by PricewaterhouseCoopers LLP, independent accountants. The summary consolidated financial data as of and for the nine months ended September 30, 2002 and September 30, 2003 were derived from NTGH's unaudited consolidated financial statements and, in NTGH's opinion, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data for those periods. NTGH's results of operations for the nine months ended September 30, 2003 may not be indicative of results that may be expected for the full fiscal year. You should read the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations NTGH and NTGH's consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	Ten Months Ended October 31, 2001	Two Months Ended December 31, 2001	Year Ended December 31, 2002	Nine Months Ended September 30,	
				2002	2003
(unaudited)					
(in thousands, except percentages)					
Statement of operations data:					
Revenues	\$ 130,951	\$ 27,498	\$ 189,544	\$ 138,681	\$ 147,473
Gross profit	52,755	7,474	80,333	58,690	63,700
Operating income	25,290	1,273	34,540	26,138	26,228
Net income (loss)(1)	13,197	(606)	11,827	8,847	(1,792)
Other financial data:					
Cash flows from operating activities(1)	\$ 19,226	\$ 9,137	\$ 47,755	\$ 35,554	\$ 30,589
Adjusted EBITDA(2)	31,666	4,548	54,332	40,775	39,304
Adjusted EBITDA margin(3)	24.2%	16.5%	28.7%	29.4%	26.7%
Depreciation and amortization	6,718	3,141	20,439	14,977	16,449
Capital expenditures	3,325	555	5,852	4,450	4,254
(in thousands)					
Balance sheet data:					
Working capital		\$ 26,514	\$ 38,896	\$ 36,876	
Total assets		346,742	368,690	368,242	
Long-term debt, less current portion		206,433	200,529	277,304	
Stockholders' equity		118,325	130,457	10,040	

- (1) During April 2003, NTGH completed a recapitalization transaction. As part of the recapitalization, NTGH, among other transactions, entered into a new term loan and issued new senior subordinated notes, in part to refinance existing indebtedness, resulting in greater leverage and a higher weighted average interest rate. For the nine months ended September 30, 2002 and 2003, interest expense was \$9.8 million and \$14.9 million, respectively, and loss on extinguishment of debt was \$1.4 million and \$9.3 million, respectively.

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- (2) Adjusted EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. The definition of adjusted EBITDA is different from EBITDA because we also add the following items to net income (loss): (a) loss from discontinued operations, (b) restructuring costs included in cost of goods sold and selling, general and administrative expenses, (c) change in accounting principle and (d) loss on extinguishment of debt. However, NTGH's adjusted EBITDA does not add back loss from discontinued operations, restructuring costs or change in accounting principle to net income as NTGH did not experience such losses, costs or charges during the periods presented. Adjusted EBITDA is used, in addition to net income (loss), operating income, cash flows from operating activities, and free cash flow to assess NTGH's business performance and we believe it is important for investors to be able to evaluate NTGH and the NTGH acquisition using the same measures used by us. We believe this measure is an important indicator of NTGH's operational strength and performance of its business because it provides a link between profitability and operating cash flow. In addition, we use adjusted EBITDA, as opposed to EBITDA, because adjusted EBITDA adds back items to net income which we believe are generally not operational in nature and therefore not indicative of core operating performance. We believe that adjusted EBITDA is a supplemental measurement tool used by analysts and investors to help evaluate a company's overall operating performance, its ability to incur and service debt and its capacity for making capital expenditures by including only transactions related to core cash operating business activities.

Adjusted EBITDA as calculated by us is not necessarily comparable to similarly titled measures reported by other companies. In addition, adjusted EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on NTGH's consolidated statement of operations entitled net income is the most directly comparable GAAP measure to adjusted EBITDA. The following table reconciles adjusted EBITDA on a consolidated basis to the line on NTGH's consolidated statement of operations entitled net income for the periods presented in the table above:

	Ten Months Ended October 31, 2001	Two Months Ended December 31, 2001	Year Ended December 31, 2002	Nine Months Ended September 30,	
				2002	2003
	(in thousands)				
Net income (loss)	\$ 13,197	\$ (606)	\$ 11,827	\$ 8,847	\$ (1,792)
Interest expense	1,154	2,394	12,880	9,784	14,867
Provision (benefit) for income taxes	10,597	(381)	7,833	5,814	451
Depreciation and amortization	6,718	3,141	20,439	14,977	16,449
EBITDA	31,666	4,548	52,979	39,422	29,975
Loss on extinguishment of debt			1,353	1,353	9,329
Adjusted EBITDA	\$ 31,666	\$ 4,548	\$ 54,332	\$ 40,775	\$ 39,304

- (3) Adjusted EBITDA margin represents adjusted EBITDA as a percentage of net sales.

Table of Contents**Summary Pro Forma Consolidated Financial Data**

The summary pro forma consolidated statement of operations data for the year ended October 31, 2002 and the nine months ended September 30, 2003 and summary pro forma consolidated balance sheet data as of September 30, 2003 have been derived from the pro forma consolidated statement of operations for the year ended October 31, 2002 and the nine months ended September 30, 2003 and the pro forma consolidated balance sheet as of September 30, 2003 appearing elsewhere in this prospectus supplement. The pro forma consolidated statement of operations data gives effect to the Transactions as if they had occurred at the beginning of the periods presented, and the pro forma consolidated balance sheet data gives effect to these Transactions as if they had occurred on September 30, 2003. See Unaudited Pro Forma Consolidated Financial Information.

Year Ended October 31, 2002			
Roper	NTGH(1)	Adjustments for the Transactions	As Adjusted
(in thousands, except per share data)			
Statement of operations data:			
Net sales	\$ 617,462	\$ 189,544	\$ 807,006
Gross profit	333,755	80,333	414,088
Operating profit	115,545	34,540	(1,900)(2)
Loss on extinguishment of debt		1,353(3)	1,353
Earnings from continuing operations before income taxes and change in accounting principle	96,327	21,235	2,986
Earnings from continuing operations before change in accounting principle	66,438	13,402	1,941
Earnings per share from continuing operations before change in accounting principle:			
Basic	\$ 2.13		\$ 2.33(3)
Diluted	2.09		2.29(3)
Nine Months Ended September 30, 2003			
Roper	NTGH	Adjustments for the Transactions	As Adjusted
(in thousands, except per share data)			
Statement of operations data:			
Net sales	\$ 487,562	\$ 147,473	\$ 635,035
Gross profit	257,058	63,700	320,758
Operating profit	78,796	26,228	(600)(2)
Loss on extinguishment of debt		9,329(3)	9,329
Earnings (loss) from continuing operations before income taxes	65,948	(524)	7,320
Earnings (loss) from continuing operations	46,164	(975)	4,758
Earnings per share from continuing operations:			
Basic	\$ 1.47		\$ 1.41(3)
Diluted	1.45		1.40(3)

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At September 30, 2003

	Roper	NTGH	Adjustments for the Transactions	As Adjusted
(in thousands)				
Balance sheet data:				
Cash and cash equivalents	\$ 14,510	\$ 24,159	\$ (24,159)	\$ 14,510
Total assets	835,677	368,242	213,588	1,417,507
Long-term debt, less current portion	287,470	277,304	39,596	604,370
Stockholders' equity	441,728	10,040	167,811(4)	619,579

- (1) For the purpose of presenting pro forma consolidated statement of operations data for the year ended October 31, 2002, the audited income statements of NTGH for the year ended December 31, 2002 have been utilized.
- (2) Reflects the net adjustment to the historical amortization expense of NTGH from the elimination of certain non-recurring management fees and financing expenses, partially offset by additional intangibles amortization of identifiable finite-lived intangible assets.
- (3) During the year ended October 31, 2002, and the nine months ended September 30, 2003, NTGH recorded losses on early extinguishment of debt. These losses were associated with financing arrangements typical of private equity group ownership. These losses are required to be presented in the unaudited pro forma consolidated financial statements under Article 11 of Regulation S-X. These amounts will not recur for Roper as NTGH will not have separate debt following the NTGH acquisition. The table below reflects the pro forma earnings from continuing operations before income taxes adjusted to exclude these losses as well as the earnings per share effect of the adjustments for these losses (dollars in thousands):

	Year Ended October 31, 2002	Nine Months Ended September 30, 2003
Pro forma earnings from continuing operations before income taxes	\$ 120,548	\$ 72,744
Loss on extinguishment of debt	1,353	9,329
Adjusted earnings from continuing operations before income taxes	\$ 121,901	\$ 82,073
Basic:		
Pro forma earnings per share from continuing operations	\$ 2.33	\$ 1.41
Loss on extinguishment of debt	0.04	0.26
Adjusted earnings per share from continuing operations	\$ 2.37	\$ 1.67
Diluted:		
Pro forma earnings per share from continuing operations	\$ 2.29	\$ 1.40
Loss on extinguishment of debt	0.04	0.26
Adjusted earnings per share from continuing operations	\$ 2.33	\$ 1.66

- (4) Includes: (a) \$192,736 as a result of the acquisition and the related financing transactions, (b) \$14,885 which represents the estimated costs associated with extinguishing our outstanding senior notes and the write-off of deferred financing costs associated with those notes and our existing revolving credit facility which will also be extinguished in conjunction with this transaction and (c) \$10,040 which reflects the elimination of NTGH's historical share capital, retained earnings, minority interest and other equity accounts pursuant to the application of purchase accounting in accordance with SFAS No. 141, Business Combinations. The non-recurring expense associated with early extinguishment of our outstanding senior notes is tax deductible and a tax benefit of \$8,015 has been recognized at the federal statutory

rate.

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RISK FACTORS

You should carefully consider the risks described below, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making any investment in shares of our common stock.

Risks Relating to Our Business

We may not be able to realize the anticipated benefits from the NTGH acquisition and we may experience unforeseen liabilities in connection with the acquisition.

We may not be able to realize the anticipated benefits from the businesses we are acquiring in the NTGH acquisition, either in the amount or the time frame that we currently expect. These anticipated benefits include furthering our market leadership in niche markets, establishing a strong platform in the water management market, balancing our portfolio in attractive markets and enhancing our cash flow characteristics and growth profile. Factors that could affect our ability to achieve these benefits include:

significant competition in the water management market;

buying patterns of municipalities, utilities and other customers, many of which are currently facing fiscal constraints; and

the introduction of new technologies into the marketplace.

If NTGH's businesses do not operate as we anticipate, we may not be able to benefit from these opportunities, which could materially harm our business, financial condition and results of operations.

In addition, under the agreement governing the NTGH acquisition, we have agreed to assume NTGH's liabilities. If NTGH's known liabilities are greater than projected, or if there are obligations of NTGH of which we are not aware at the time of completion of the acquisition, we will not receive indemnification from any party to cover costs associated with those liabilities. As a result, we could incur liabilities that could have a material adverse effect on our business, financial condition and results of operations.

Our indebtedness may affect our business and may restrict our operating flexibility.

As of September 30, 2003, we had \$288.5 million in total consolidated indebtedness. We expect to incur additional indebtedness to finance the NTGH acquisition. After giving pro forma effect to the Transactions, as of September 30, 2003, we would have had total consolidated debt of approximately \$628 million and approximately \$148.3 million of availability under our new senior secured credit facility. Our total consolidated debt could increase due to this additional borrowing capacity. Subject to certain restrictions contained in our new senior secured credit facility and other debt agreements, we may incur additional indebtedness in the future, including indebtedness incurred to finance, or which is assumed in connection with, acquisitions.

Our level of indebtedness and the debt servicing costs associated with that indebtedness could have important effects on our operations and business strategy. For example, our indebtedness could:

limit our flexibility in planning for, or reacting to, changes in the industries in which we compete;

place us at a competitive disadvantage relative to our competitors, some of which have lower debt service obligations and greater financial resources than us;

limit our ability to borrow additional funds;

limit our ability to complete future acquisitions;

limit our ability to pay dividends;

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limit our ability to make capital expenditures; and

increase our vulnerability to general adverse economic and industry conditions.

Our ability to make scheduled payments of principal of, to pay interest on, or to refinance our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which may be affected by factors beyond our control. In addition, there can be no assurance that future borrowings or equity financing will be available to us on favorable terms for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, our business, financial condition and results of operations would be materially adversely affected.

In addition, our new senior secured credit facility will contain financial covenants requiring us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to meet the financial covenants or requirements in our senior secured credit facility may be affected by events beyond our control, and we may not be able to satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the financial ratios, tests or other restrictions contained in our senior secured credit facility could result in an event of default under this facility, which in turn could result in an event of default under the terms of our other indebtedness. Upon the occurrence of an event of default under our senior secured credit facility, and the expiration of any grace periods, the lenders could elect to declare all amounts outstanding under the facility, together with accrued interest, to be immediately due and payable. If this were to occur, our assets may not be sufficient to fully repay in full the payments due under this facility or our other indebtedness. See Description of Certain Indebtedness New Senior Secured Credit Facility.

Our operating results could be adversely affected by a reduction of business with Gazprom.

Our largest customer is OAO Gazprom, a large Russian gas exploration and distribution company, with whom we have dealt over the past ten years through a number of its procurement affiliates. In late 2002, Gazprom assigned a new procurement affiliate to negotiate with us and during the second calendar quarter of 2003 we secured a new supply agreement. Orders received under this agreement have been received on a delayed basis and at lower levels than initially indicated by the procurement affiliate and consequently have resulted in lower order bookings volume than in comparable prior year periods. New orders received under this agreement during the three months and nine months ended September 30, 2003 totaled \$10.3 million and \$20.8 million, or 6.3% and 4.4% of total new orders, respectively. Total net sales to Gazprom during the nine months ended September 30, 2003 were \$17.5 million as compared to \$43.7 million during the nine months ended September 30, 2002, or 3.6% of total sales compared to 9.6% of total sales, respectively. We have no agreement providing for a minimum commitment of purchases by Gazprom. The level and timing of future business with Gazprom will depend on our relationship with Gazprom as well as its ability to obtain financing, increased competition for obtaining Gazprom business and customer delays in commissioning and start-up of installations and on general economic conditions in Russia. If Gazprom continues to reduce the amount of products it purchases from us for any reason, we likely could not replace these sales and our operating results would be negatively affected.

Unfavorable changes in foreign exchange rates may significantly harm our business.

Several of our operating companies have transactions and balances denominated in currencies other than the U.S. dollar. Most of these transactions and balances are denominated in euros, British pounds, Danish krone and Japanese yen. Sales by our operating companies whose functional currency is not the U.S. dollar represented approximately 28% of our total net sales for fiscal 2002 compared to 24% for fiscal 2001. Unfavorable changes in exchange rates between the U.S. dollar and those currencies could significantly reduce our reported sales and earnings. At present, we do not hedge against foreign currency risks.

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We export a significant portion of our products. Difficulties associated with the export of our products could harm our business.

Sales to customers outside the U.S. by our businesses located in the U.S. account for a significant portion of our net sales. These sales accounted for approximately 36% and 42% of our net sales for the years ended October 31, 2002 and 2001, respectively. We are subject to risks that could limit our ability to export our products or otherwise reduce the demand for these products in our foreign markets. Such risks include, without limitation, the following:

unfavorable changes in or noncompliance with U.S. and other jurisdictions' export requirements;

restrictions on the export of technology and related products;

unfavorable changes in U.S. and other jurisdictions' export policies to certain countries;

unfavorable changes in the import policies of our foreign markets; and

a general economic downturn in our foreign markets.

The occurrence of any of these events and our ability to comply with applicable law could limit our ability to export our products generally or to certain countries, or could reduce the foreign demand for our products and therefore, could materially negatively affect our future sales and earnings.

Economic, political and other risks associated with our international operations could adversely affect our business.

As of October 31, 2002, approximately 31% of our total assets and 11% of NTGH's total assets were attributable to operations outside the U.S. We expect our international operations to continue to contribute materially to our business for the foreseeable future. Our international operations are subject to varying degrees of risk inherent in doing business outside the U.S. including, without limitation, the following:

adverse changes in a specific country's or region's political or economic conditions, particularly in emerging markets;

trade protection measures and import or export requirements;

trade liberalization measures which could expose our international operations to increased competition;

subsidies or increased access to capital for firms who are currently or may emerge as competitors in countries in which we have operations;

partial or total expropriation;

potentially negative consequences from changes in tax laws;

difficulty in staffing and managing widespread operations;

differing labor regulations;

differing protection of intellectual property;

unexpected changes in regulatory requirements; and

longer payment cycles of foreign customers and difficulty in collecting receivables in foreign jurisdictions.

The impact of any of these events could materially harm our business.

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Our growth strategy includes acquisitions. We may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully.

Our ability to achieve significant growth has depended and is likely to continue to depend, to a significant degree on our ability to make acquisitions, such as our proposed acquisition of NTGH, and to successfully integrate acquired businesses. We intend to continue to seek additional acquisition opportunities both to expand into new markets and to enhance our position in existing markets globally. We cannot assure you, however, that we will be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, obtain necessary financing on acceptable terms, complete proposed acquisitions, successfully integrate acquired businesses into our existing operations or expand into new markets. 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.

As an example of the impact of acquisitions on our growth, our net sales and earnings from continuing operations for the nine months ended September 30, 2003 grew 7% and 3%, respectively, as compared to the nine months ended September 30, 2002, with our lower relative growth during the nine months ended September 30, 2003 being partially attributable to the fact that we did not complete any acquisitions during the period.

Acquisitions involve numerous risks, including difficulties in the integrations 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. Future acquisitions may also result in potentially dilutive issuances of equity securities. We cannot assure you that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

Product liability, insurance risks and increased insurance costs could harm our operating results.

Our business exposes us to potential product liability risks that are inherent in the design, manufacturing and distribution of our and NTGH's products. In addition, certain of our products are used in potentially hazardous environments. We currently have product liability insurance; however, we may not be able to maintain our insurance at a reasonable cost or in sufficient amounts to protect us against potential losses. We also maintain other insurance policies, including directors and officers liability insurance. Our insurance costs increased in recent periods and may continue to increase in the future. We believe that we have adequately accrued estimated losses, principally related to deductible amounts under our insurance policies, with respect to all product liability and other claims, based upon our past experience and available facts. However, a successful product liability and other claim or series of claims brought against us could have a material adverse effect on our business, financial condition and results of operations. In addition, a significant increase in our insurance costs could have an adverse impact on our operating results.

We and NTGH both face intense competition. If we do not compete effectively, our business may suffer.

We and NTGH both face intense competition from numerous competitors. Each of our and NTGH's product lines face different competitors with different financial resources. We may not be able to compete effectively with all of these competitors. Our products compete primarily on the basis of product quality, performance, innovation, price, applications expertise and established customer service capabilities with existing customers. To remain competitive, we must develop new products, respond to new technologies and periodically enhance our existing products in a timely manner. We anticipate that we may have to adjust prices of many of our products to stay competitive. In addition, new competitors may emerge, and product lines may be threatened by new technologies or market trends that reduce the value of these product lines. See Business Competition.

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Changes in the supply of, or price for, parts and components used in our products could affect our business.

We and NTGH purchase many parts and components from suppliers. The availability and prices of parts and components are 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. Some high-performance components for digital imaging products may be in short supply and/or suppliers may have occasional difficulty manufacturing these components to meet our specifications. In addition, some of our products are provided by sole source suppliers. Any change in the supply of, or price for, these parts and components could affect our business, financial condition and results of operations.

Realignment of our operations under four key market-focused segments is subject to risk and may not achieve the anticipated benefits.

We recently announced a realignment of our operating structure into four market-focused segments: instrumentation, industrial technology, energy systems and controls, and scientific and industrial imaging. The realignment structures our operations based on similar customers and end users, whereas our segments were formerly organized based on technological and more purely operational considerations. As a result of this realignment, we may experience a loss of productivity, sales and key personnel. This loss could prevent us from realizing any potential benefits from the realignment and could adversely affect our operating results and financial performance.

Environmental compliance costs and liabilities could increase our expenses and adversely affect our financial condition.

Our operations and properties and those of NTGH are subject to increasingly stringent laws and regulations relating to environmental protection, including laws and regulations governing air emissions, water discharges, waste management and workplace safety. These laws and regulations can result in the imposition of substantial fines and sanctions for violations and could require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or decrease the likelihood of accidental hazardous substance releases. We and NTGH must conform our operations and properties to these laws, and adapt to regulatory requirements in the countries in which we operate as these requirements change.

We and NTGH use and generate hazardous substances and wastes in our operations and, as a result, could be subject to potentially material liabilities relating to the investigation and clean-up of contaminated properties and to claims alleging personal injury. We and NTGH have experienced, and expect to continue to experience, costs relating to compliance with environmental laws and regulations. In connection with our acquisitions, we may assume significant environmental liabilities, some of which we may not be aware of at the time of acquisition. 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.

Many of the industries in which we operate are cyclical, and, accordingly, our business is subject to changes in the economy.

Many of the business areas in which we operate are subject to specific industry and general economic cycles. Certain businesses are subject to industry cycles, including but not limited to, the energy and semiconductor industries. Accordingly, any downturn in these or other markets in which we participate could materially adversely affect us. If demand changes and we fail to respond accordingly, our results of operations could be materially adversely affected in any given quarter. The business cycles of our different operations may occur contemporaneously. Consequently, the effect of an economic downturn may have a

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magnified negative effect on our business. The businesses we are acquiring in the NTGH acquisition could also experience cyclical downturns which may occur contemporaneously with downturns in our cycles.

Our intangible assets are valued at an amount that is high relative to our total assets and a write-off of our intangible assets would negatively affect our results of operations and total capitalization.

Our total assets reflect substantial intangible assets, primarily goodwill. At September 30, 2003, goodwill totaled \$483 million compared to \$442 million of stockholders' equity, which was over half of our total assets of \$836 million. After giving pro forma effect to the Transactions, at September 30, 2003, goodwill would have been approximately \$729 million compared to \$619 million, of stockholders' equity. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the net assets we have acquired. We assess at least annually 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, if competing or alternative technologies emerge or if business valuations become more conservative, we could incur, 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.

We and NTGH depend on our abilities to develop new products.

The future success of our and NTGH's business will depend, in part, on our ability to design and manufacture new competitive products and to enhance existing products so that our products can be sold with high margins. This product development may require substantial investment by us. There can be no assurance that unforeseen problems will not occur with respect to the development, performance or market acceptance of new technologies or products or that we will otherwise be able to successfully develop and market new products. Failure of our products to gain market acceptance or our failure to successfully develop and market new products could reduce our margins, which would have an adverse effect on our business, financial condition and results of operations.

Our technology is important to our success and our failure to protect this technology could put us at a competitive disadvantage.

Because many of our and NTGH's products rely on proprietary technology, we believe that the development and protection of these intellectual property rights is important to the future success of our business. In addition to relying on patent, trademark, and copyright rights, we and NTGH rely on unpatented proprietary know-how and trade secrets, and employ various methods, including confidentiality agreements with employees, to protect our know-how and trade secrets. Despite our and NTGH's efforts to protect proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use these products or technology. The steps we and NTGH have taken may not prevent unauthorized use of this technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S., and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better technology than us or that current and former employees, contractors and other parties will not breach confidentiality agreements, misappropriate proprietary information and copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights.

The recent conflict in Iraq and any future armed conflict or terrorist activities may cause the economic conditions in the U.S. or abroad to deteriorate, which could harm our business.

The U.S. and other countries recently engaged in a war in Iraq and military personnel are still engaged in that country. The duration and outcome of these activities are unknown. Continued occupation of Iraq, future terrorist attacks against U.S. targets, rumor or threats of war, additional conflicts involving the U.S. or its allies or trade disruptions may impact our operations or cause general economic conditions in the U.S. and abroad to deteriorate. A prolonged economic slowdown or recession in the U.S. or in other

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areas of the world could reduce the demand for our products and, therefore, negatively affect our future sales and profits. Any of these events could have a significant impact on our business, financial condition or results of operations and may result in the volatility of the market price for our common stock and other securities.

Our business may be adversely impacted by a new outbreak of Severe Acute Respiratory Syndrome or a similar health crisis.

In early 2003, there was an outbreak of Severe Acute Respiratory Syndrome, or SARS, primarily in Asia. The occurrence of this medical crisis severely disrupted business activity in Asia, particularly in Hong Kong and elsewhere in China. During fiscal 2002, approximately 15% of our net sales were attributable to Asia and we have operations in Asia. The U.S. or other countries could impose import restrictions on products, or private parties may cease purchasing products, from areas impacted by a new outbreak of SARS or a similar health crisis. We are unable to predict the ultimate impact that a renewed outbreak of SARS or a similar health crisis would have on us or our operations, but it could become material to our business, financial condition or results of operations.

Risks Relating to Our Common Stock

Our stock price may fluctuate significantly.

The market price of our common stock could fluctuate significantly in response to variations in quarterly operating results and other factors, such as:

- changes in our business, operations or prospects;
- developments in our relationships with our customers;
- announcements of technological innovations or new products by us or by our competitors;
- announcement or completion of acquisitions by us or by our competitors;
- changes in existing or adoption of additional government regulations;
- unfavorable or reduced analyst coverage; and
- prevailing domestic and international market and economic conditions.

In addition, the stock market has experienced significant price fluctuations in recent years. Many companies experienced material fluctuations in their stock price that were unrelated to their operating performance. Broad market fluctuations, general economic conditions and specific conditions in the industries in which we operate may adversely affect the market price of 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, or NYSE. During the nine months ended September 30, 2003, the average daily trading volume for our common stock as reported by the NYSE was approximately 183,000 shares. We are uncertain whether a more active trading market in our common stock will develop. Also, many investment banks no longer find it profitable to provide securities research on small-cap and mid-cap companies. If analysts were to discontinue coverage of our stock, our trading volume may be further reduced. As a result, relatively small trades may have a significant impact on the market price of our common stock, which could increase the volatility and depress the price of our stock.

Future sales of our common stock may cause our stock price to decline.

We may, in the future, sell additional shares of our common stock in subsequent public offerings and may also issue additional shares of our common stock to finance future acquisitions. Shares of our common stock are also available for future sale pursuant to stock options that we have granted to our

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employees. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for shares of our common stock and could impair our ability to raise capital through future offerings.

Additionally, approximately _____ shares of our common stock will become issuable upon conversion of the notes being offered concurrently with this offering (at the initial conversion rate, which is subject to adjustment). Any such sales by the purchasers of the notes could adversely affect the market price of our common stock as could any hedging activities relating to our common stock engaged in by purchasers of the notes.

We and our directors and executive officers have agreed, with certain exceptions including, with respect to most of our directors and executive officers, the ability to do cashless exercises of options and to fund taxes payable upon such exercises, and with respect to us, subject to restrictions, allowing us to issue common stock in connection with business combinations and strategic or other significant investments, including 34,000 shares we intend to issue as part of the consideration for the acquisition of the remaining one-third interest of DAP Technologies, not to sell or otherwise transfer any shares of our common stock for 90 days after the date of this prospectus supplement, without first obtaining the written consent of Merrill Lynch, on behalf of the underwriters. With the consent of Merrill Lynch, we, our directors and executive officers may sell shares before the expiration of such 90-day period without prior notice to our other stockholders or to any public market in which our common stock trades.

We may not be able to pay cash dividends in the foreseeable future.

We have paid a cash dividend in each fiscal quarter since our February 1992 initial public offering and we have also increased our dividend rate each year. During fiscal 2001, 2002 and the first three quarters of fiscal 2003, we paid quarterly dividends of \$0.0750, \$0.0825 and \$0.0875 per share, respectively. In November 2003, our board of directors increased the dividend to be paid in the quarter ending March 31, 2004 to \$0.09625 per share, an increase of 10% from the prior rate. Any future cash dividends will depend upon our results of operations, financial conditions, cash requirements, the availability of a surplus and other factors, including restrictions imposed by our new senior secured credit facility or other future debt instruments and the ability of our subsidiaries to make distributions to us, which ability is restricted in the manner described above. See Description of Certain Indebtedness New Senior Secured Credit Facility.

Provisions in our certificate of incorporation and bylaws and Delaware state law could make a merger, tender offer or proxy contest difficult, including provisions relating to some of our holders having five votes per share.

Our certificate of incorporation provides that each share of common stock that is held by the same person for at least four years entitles the holder to five votes, and that each share held for less than four years entitles the holder to one vote. In addition, under our certificate of incorporation, our board of directors has the authority to issue common stock carrying five votes per share in private placement transactions. The existence of shares carrying five votes may result in the holders of those shares, who may own a relatively small number of shares of common stock, being able to control the outcome of a matter submitted to the stockholders for approval.

Our certificate of incorporation and bylaws contain certain other provisions that may discourage, delay or prevent a change in control of our company that stockholders may consider favorable. Our certificate of incorporation and bylaws:

authorize the board of directors to fix the terms of and issue preferred stock without stockholder approval, which could be used to oppose a takeover attempt;

provide for a board of directors comprised of three classes with staggered terms;

limit who may call special meetings of stockholders;

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prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders;

establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings;

provide that directors may be removed by stockholders only for cause; and

require that vacancies on our board of directors, including newly-created directorships, be filled only by a majority vote of directors then in office.

Our board of directors has also adopted a stockholder rights plan intended to encourage anyone seeking to acquire us to negotiate with the board prior to attempting a takeover.

In addition, Section 203 of the Delaware General Corporation Law also imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock, which may discourage, delay or prevent a change in control favored by stockholders generally.

Any or all of these provisions may discourage or prevent a change of control that might offer our stockholders a premium over prevailing market prices, or otherwise benefit our stockholders, even if such a change of control is favored by a majority of stockholders.

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THE ACQUISITION

General

On October 21, 2003, we entered into a stock purchase agreement pursuant to which we have agreed to acquire all of the outstanding capital stock of NTGH for cash. Under the stock purchase agreement, we will pay total consideration of approximately \$475 million, net of cash acquired and including debt to be repaid.

Representations and Warranties and Indemnification

The agreement contains customary representations and warranties. The representations relating to the capitalization and debt of NTGH and title to shares will survive for a period of one year following the closing and the sellers are required to indemnify us for any losses we incur as a result of a breach of those representations and warranties.

Covenants

The agreement contains customary covenants, including (but not limited to), those relating to the conduct of the business of NTGH between signing and closing.

Conditions to the Closing

The agreement contains customary conditions to each of our and the sellers' obligation to close, including (but not limited to) the following:

the representations and warranties made by the other party in the agreement are true and correct in all material respects as of the closing;

the other party has performed in all material respects all agreements required to be performed by them at or prior to the closing;

there is no governmental order prohibiting the transaction and all applicable governmental approvals have been obtained, including approvals required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

in the case of our obligation to close, no material adverse effect related to NTGH shall have occurred between signing and closing.

Closing and Termination

Pursuant to the stock purchase agreement, the closing of the transaction will take place on the latest of the following dates:

the fifth business day after the date on which the conditions to closing have been satisfied;

the date which is the earlier of (1) February 27, 2004 or (2) the first business day after the 90th day after the effective date of the registration statement pursuant to which this offering is being completed; and

such other date as we and the sellers mutually agree.

The parties have mutually agreed to close the NTGH acquisition concurrently with this offering.

Noncompete and Nondisclosure/Nonsolicitation Agreements

Simultaneously with the signing of the stock purchase agreement, certain of the sellers entered into noncompete agreements pursuant to which they agreed not to engage in certain activities of the type conducted by NTGH and certain sellers entered into nondisclosure and nonsolicitation agreements

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pursuant to which they agreed not to disclose certain information related to NTGH or solicit customers or employees of NTGH.

Employment Agreements

Simultaneously with the signing of the stock purchase agreement, certain employees of NTGH entered into employment agreements pursuant to which they agreed to be employed by NTGH following the closing of the acquisition.

DAP Technologies

NTGH currently owns two-thirds of the outstanding capital stock of DAP Technologies. We intend to purchase the remaining one-third interest of DAP Technologies from the current holder for approximately \$9.2 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock.

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We expect to receive \$200 million of gross proceeds from the sale of the shares of common stock in the offering. We also expect to receive approximately \$150 million of gross proceeds from our concurrent notes offering. We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes. In addition to paying \$7.5 million in cash in connection with the DAP Technologies acquisition, we also intend to issue 34,000 shares of our common stock out of treasury. We expect that any proceeds from the exercise of the underwriters' overallotment option in connection with this offering would permit us to borrow less, or to repay amounts, under our new senior secured credit facility or would be used for general corporate purposes and any proceeds from the exercise of the underwriters' overallotment option in connection with the notes offering would permit us to repay amounts under our new revolving credit facility or, if the overallotment option is exercised on the closing date, to pay down our existing credit facility. The closing of this offering is conditioned upon the completion of our new senior secured credit facility and the NTGH acquisition.

The following table sets forth the estimated sources and uses of funds for the offering and the related Transactions, assuming that the Transactions had occurred on September 30, 2003 (in thousands):

Sources of Funds

Common stock offered hereby(1)	\$200,004
Senior subordinated convertible notes offering(1)	150,000
Borrowings under our new senior secured credit facility(2)(3)	476,662
	<hr/>
Total sources of funds	\$826,666
	<hr/>

Uses of Funds

NTGH acquisition(4)	\$475,000
Cash portion of DAP Technologies acquisition(5)	7,500
Repayment of indebtedness under our existing credit facility(3)	162,266
Redemption of our outstanding senior notes(6)	147,900
Fees and expenses(7)	34,000
	<hr/>
Total uses of funds	\$826,666
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- (1) Does not reflect the underwriting discounts and expenses payable by us in connection with the offerings.
 - (2) In connection with the Transactions, we will borrow \$26.7 million under our new revolving credit facility to repay indebtedness under our existing credit facility. After giving pro forma effect to these borrowings, we would have approximately \$148.3 million available for borrowing under our new revolving credit facility.
 - (3) Upon the closing of the NTGH acquisition, the new senior secured credit facility will replace our existing credit facility. As of September 30, 2003, \$162.3 million was outstanding under our existing credit facility. The weighted average interest rate on our existing credit facility as of September 30, 2003 was 2.65%.
 - (4) Includes NTGH's existing debt to be repaid in connection with the NTGH acquisition.
 - (5) NTGH currently owns two-thirds of DAP Technologies. In connection with our acquisition of NTGH, we intend to purchase the remaining one-third interest in DAP Technologies for approximately \$9.2 million, consisting of cash consideration of \$7.5 million and 34,000 shares

of our common stock.

- (6) We currently have \$125 million of senior notes outstanding. In connection with the redemption of these notes, we will be required to pay a make-whole payment of \$22.9 million. We intend to take a charge for this amount in the quarter in which the senior notes are redeemed, less a tax benefit of \$8.0 million.
- (7) Includes the underwriting discounts and other expenses incurred or to be incurred in connection with the Transactions.

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Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of September 30, 2003:

on an actual basis;

on an as adjusted basis, giving effect to the Transactions, excluding the notes offering and the redemption of our outstanding senior notes; and

on an as adjusted basis, after giving effect to all of the Transactions.

You should read the following table in conjunction with Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations, our and NTGH's audited and unaudited consolidated financial statements and related notes and Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus supplement.

	As of September 30, 2003		
	Actual	As Adjusted for Certain of the Transactions(1)	As Adjusted for all Transactions
		(in thousands)	
Cash and cash equivalents	\$ 14,510	\$ 14,510	\$ 14,510
Current portion of long-term debt	\$ 1,017	\$ 23,527(2)	\$ 23,527(2)
Long-term debt, less current portion			
Existing credit facility(3)	162,266		
New senior secured credit facility		475,787	454,162(4)
Senior notes	125,000	125,000	
Senior subordinated convertible notes			150,000
Other	204	204	204
Total long-term debt	\$287,470	600,991	\$ 604,366
Stockholders' equity			
Preferred stock, \$0.01 par value per share; 1,000 shares authorized; none outstanding			
Common stock, \$0.01 par value per share; 80,000 shares authorized; 32,877 shares issued and 31,652 outstanding, actual; 36,832 shares issued and 35,641 outstanding, as adjusted	328	328	368
Additional paid-in capital	94,802	286,829	286,829
Retained earnings(5)	338,159	338,159	323,274
Accumulated other comprehensive earnings	32,645	32,645	32,645
Treasury stock, 1,225 shares actual and 1,191 as adjusted(6)	(24,206)	(23,532)	(23,532)
Total stockholders' equity	441,728	634,469	619,584
Total capitalization	\$730,205	\$1,258,987	\$1,247,477

- (1) Includes all fees payable in connection with the Transactions other than the underwriting discount payable in connection with the notes offering.
- (2) Includes \$22.5 million of borrowings under our new senior secured credit facility.
- (3) Upon the closing of the NTGH acquisition, the new senior secured credit facility will replace our existing credit facility. As of September 30, 2003, \$162.3 million was outstanding under our existing

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credit facility. The weighted average interest rate on our existing credit facility as of September 30, 2003 was 2.65%.

- (4) As of September 30, 2003, after giving pro forma effect to this offering and the related financing transactions, we would have had approximately \$148.3 million available for borrowing under our new senior secured credit facility.
- (5) In connection with the redemption of our outstanding senior notes, we will pay a make-whole amount of \$22.9 million. Of this amount, \$14.9 million will be applied as a reduction to retained earnings. The make-whole amount is offset by a tax benefit of \$8.0 million.
- (6) NTGH currently owns two-thirds of DAP Technologies. In connection with our acquisition of NTGH, we intend to purchase the remaining one-third interest in DAP Technologies for approximately \$9.2 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock.

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Table of Contents**PRICE RANGE OF COMMON STOCK**

Our common stock trades on the NYSE under the symbol ROP. The table below sets forth, for the periods indicated, the range of high and low closing sales prices for our common stock as reported by the NYSE. In August 2003, we changed our fiscal year-end from October 31 to December 31.

Calendar Quarter	Roper Common Shares	
	High	Low
2001		
First Quarter	\$39.95	\$33.00
Second Quarter	45.80	33.65
Third Quarter	45.00	31.00
Fourth Quarter	52.25	34.65
2002		
First Quarter	\$52.91	\$41.04
Second Quarter	49.73	36.25
Third Quarter	37.74	27.25
Fourth Quarter	43.35	31.54
2003		
First Quarter	\$40.34	\$26.35
Second Quarter	38.52	28.33
Third Quarter	47.05	36.20
Fourth Quarter (through December 3, 2003)	51.58	43.90

On December 3, 2003, the last reported sale price for our common stock on the NYSE was \$50.57 per share. You should obtain current market quotations before making any decision with respect to an investment in our common stock. Based on information available to us and our transfer agent, we believe that as of September 30, 2003, there were 203 record holders of our common stock.

DIVIDEND POLICY

We have paid a cash dividend in each fiscal quarter since our February 1992 initial public offering and we have also increased our dividend rate each year. During fiscal 2001, 2002 and the first three quarters of fiscal 2003, we paid quarterly dividends of \$0.0750, \$0.0825 and \$0.0875 per share, respectively. In November 2003, our board of directors increased the dividend to be paid in the quarter ending March 31, 2004 to \$0.09625 per share, an increase of 10% from the prior rate. The timing, declaration and payment of future dividends will be at the sole discretion of our board of directors and will depend upon our profitability, financial condition, capital needs, future prospects, covenants in our senior secured credit facility and any other future debt instrument and other factors deemed relevant by our board of directors. Therefore, there can be no assurance as to the amount, if any, of cash dividends that will be paid in the future.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

We derived the following unaudited pro forma consolidated financial data by the application of pro forma adjustments to our historical financial statements and the historical financial statements of NTGH. The following pro forma income statements for the year ended October 31, 2002 and the nine months ended September 30, 2003 reflect the following events as if each had occurred immediately prior to these periods, and the unaudited pro forma balance sheet as of September 30, 2003 reflects the following events as if each had occurred on September 30, 2003:

the acquisition of NTGH;

the acquisition of the remaining one-third interest in DAP Technologies;

the issuance of 3,915,427 shares of common stock in this offering at an assumed public offering price of \$51.08 per share;

the issuance of notes in the notes offering for proceeds of \$150 million;

the incurrence of approximately \$476.7 million of borrowings under our new senior secured credit facility;

the redemption of our outstanding senior notes, for an aggregate redemption price, including a make-whole payment and accrued and unpaid interest, of \$147.9 million; and

the repayment of all amounts outstanding under our existing credit facility, which aggregated \$162.3 million at September 30, 2003.

The pro forma consolidated statement of operations for the year ended October 31, 2002 utilize the audited consolidated statement of operations of Roper for the year ended October 31, 2002 and the audited consolidated statements of operations of NTGH for the year ended December 31, 2002.

The unaudited pro forma consolidated financial data has been prepared giving effect to the NTGH acquisition and our acquisition of the remaining one-third interest in DAP Technologies, which will be accounted for in accordance with SFAS No. 141, Business Combinations. The total purchase price will be allocated to the net assets of NTGH based upon estimates of fair value. The pro forma adjustments are based on a preliminary assessment of the value of NTGH's tangible and intangible assets by management. Management will utilize a formal valuation analysis by an outside appraisal firm in determining the final purchase price allocation. Accordingly, the final purchase price allocation may include an adjustment to the amounts recorded for the value of property and equipment, identifiable intangible assets and goodwill, as well as changes in cash consideration based on changes in cash, indebtedness and working capital on the closing date. A final valuation is in process and will be completed after the completion of the acquisition.

The adjustments to the unaudited pro forma consolidated statement of operations are based upon available information and certain assumptions that we believe are reasonable and exclude the following non-recurring charges that will be incurred therewith: (1) amortization of estimated inventory fair value step-up of approximately \$4 million from the acquisition expected to impact 2004 cost of sales; and (2) the write-off of approximately \$14.9 million of debt extinguishment costs, net of tax, related to the redemption of our outstanding senior notes and related deferred financing costs. The pro forma consolidated financial information should be read in conjunction with the historical financial statements of Roper and NTGH and the related notes thereto included in or incorporated by reference into this prospectus supplement. The pro forma financial information is presented for informational purposes only and does not purport to represent what our actual results of operations or financial position would have been had the NTGH acquisition and related Transactions described above been consummated at the date indicated, nor is it necessarily indicative of our future results of operations or financial condition.

Table of Contents**ROPER INDUSTRIES, INC. AND SUBSIDIARIES****PRO FORMA CONSOLIDATED BALANCE SHEET**

September 30, 2003

	Historical Roper	Historical NTGH	Adjustments for the Transactions	Pro Forma
			(unaudited) (dollars in thousands)	
Cash and cash equivalents	\$ 14,510	\$ 24,159	\$ (24,159)	\$ 14,510
Accounts receivable, net	120,344	25,677		146,021
Inventories	95,233	14,631	4,000 (1)	113,864
Other current assets	5,238	9,373	(1,000)(2)	13,611
Total current assets	235,325	73,840	(21,159)	288,006
Property, plant and equipment, net	51,908	26,085		77,993
Goodwill	482,465	77,231	169,390 (1)	729,086
Other intangible assets, net	36,852	180,644	61,356 (1)	278,852
Other noncurrent assets	29,127	10,442	13,400 (3)	43,570
			(9,399)(4)	
Total assets	\$ 835,677	\$ 368,242	\$ 213,588	\$ 1,417,507
Accounts payable	\$ 33,791	\$ 10,360	\$	\$ 44,151
Accrued liabilities	54,732	16,604	13,750 (1)	85,086
Income taxes payable	3,093		(8,015)(5)	(4,922)
Current portion of long-term debt	1,017	10,000	12,500 (6)	23,517
Total current liabilities	92,633	36,964	18,235	147,832
Long-term debt	287,470	277,304	39,596 (6)	604,370
Other noncurrent liabilities	13,846	10,405	21,475 (1)	45,726
Total liabilities	393,949	324,673	79,306	797,928
Minority interest		4,512	(4,512)(7)	
Redeemable preferred stock		29,017	(29,017)(7)	
Total stockholders' equity	441,728	10,040	(14,885)(5)	619,579
			192,736 (8)	
			(10,040)(7)	
Total liabilities and equity	\$ 835,677	\$ 368,242	\$ 213,588	\$ 1,417,507

See accompanying notes to the unaudited Pro Forma Consolidated Balance Sheet.

Table of Contents**ROPER INDUSTRIES, INC. AND SUBSIDIARIES****NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET****(In thousands)**

- (1) Under purchase accounting, the estimated acquisition consideration will be allocated to NTGH's assets and liabilities based on their relative fair values. The consideration remaining will be allocated to identifiable intangibles with a finite life and amortized over that life, as well as to goodwill and identifiable intangibles with an infinite life, which will be evaluated on an annual basis to determine impairment and adjusted accordingly. The pro forma adjustments were based on management's preliminary assessment of value of NTGH's tangible and intangible assets. The final purchase price allocation is in process and may include an adjustment of the total consideration payable at closing, as well as in the amount recorded for any changes in value of property and equipment, identifiable intangible assets, and goodwill determined by an outside appraisal after completion of the Transactions.

Total acquisition consideration allocation:	
Net cash paid for NTGH acquisition	\$ 475,000
Cash and stock consideration paid for the DAP Technologies acquisition	9,236
Estimated acquisition expenses	11,600
	<hr/>
Total acquisition consideration	495,836
Less: Net book value of assets acquired	(296,315)
	<hr/>
Excess purchase price to be allocated	\$ 199,521
	<hr/>
Preliminary allocations:	
Inventory step-up	\$ 4,000
Deferred tax liability	(21,475)
Restructuring and other incremental liabilities	(13,750)
Incremental identifiable intangible assets	61,356
Incremental goodwill	169,390
	<hr/>
	\$ 199,521
	<hr/>

Amortization of intangible assets, if applicable, will occur over their estimated useful lives, which we estimate will range from two to twenty-five years. The major categories of NTGH intangible assets are estimated as follows, subject to adjustment in connection with the final purchase price allocation:

Assets subject to amortization:	
Customer relationships	\$ 147,000
Technology	32,000
Software	8,000
Contracts	19,000
Assets not subject to amortization:	
Trade names	36,000
	<hr/>
	\$ 242,000
	<hr/>

- (2) Reflects the elimination of a capitalized management fee incurred by NTGH that was being amortized over a five-year period which will not be assumed in connection with the NTGH acquisition.
- (3) Estimated debt issuance costs of \$13,400 relating to our senior subordinated convertible notes being offered concurrently with this offering, our new senior secured credit facility and related expenses will be amortized over the weighted average life of the associated financings.

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ROPER INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET (Continued)

- (4) Reflects the elimination of capitalized financing fees that will no longer be amortized due to the repayment of NTGH's outstanding indebtedness in connection with the NTGH acquisition.
- (5) Represents the estimated costs associated with extinguishing our current outstanding senior notes and the write-off of deferred financing costs associated with those notes and our revolving credit facility. The non-recurring expense associated with early extinguishment of our current senior notes is tax deductible and a tax benefit of \$8,015 has been recognized at the federal statutory rate.
- (6) Reflects the increase in our outstanding indebtedness following the Transactions and the repayment of NTGH's outstanding indebtedness in connection with the Transactions.
- (7) Reflects the elimination of NTGH's historical share capital, retained earnings, minority interest and other equity accounts pursuant to the application of purchase accounting.
- (8) Reflects the issuance of shares in this offering and the application of the net proceeds from this offering, net of underwriting discounts and expenses, as well as the issuance of 34,000 shares of our common stock in the DAP Technologies acquisition.

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Table of Contents**ROPER INDUSTRIES, INC. AND SUBSIDIARIES****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

Year Ended October 31, 2002

	Historical Roper(1)	Historical NTGH(1)	Adjustments for the Transactions	Pro Forma
			(unaudited) (in thousands)	
Net sales	\$ 617,462	\$ 189,544	\$	\$ 807,006
Cost of good sold	283,707	109,211		392,918
Gross profit	333,755	80,333		414,088
Selling, general and administrative expenses	218,210	45,793	1,900 (3)	265,903
Operating profit	115,545	34,540	(1,900)	148,185
Interest expense	18,506	12,880	(4,886)(4)	26,500
Euro debt currency loss	4,093			4,093
Loss on extinguishment of debt(2)		1,353		1,353
Other income	3,381	928		4,309
Earnings from continuing operations before income taxes and change in accounting principle	96,327	21,235	2,986	120,548
Income taxes	29,889	7,833	1,045 (5)	38,767
Earnings from continuing operations before change in accounting principle	\$ 66,438	\$ 13,402	\$ 1,941	\$ 81,781
Earnings per share from continuing operations				
Basic	\$ 2.13			\$ 2.33
Diluted	2.09			2.29
Average shares outstanding				
Basic	31,210		3,949 (6)	35,159
Diluted	31,815		3,949 (6)	35,764

See accompanying notes to the unaudited Pro Forma Consolidated Statement of Operations.

Table of Contents**ROPER INDUSTRIES, INC. AND SUBSIDIARIES****PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

Nine Months Ended September 30, 2003

	Historical Roper(1)	Historical NTGH(1)	Adjustments for the Transactions	Pro Forma
			(unaudited) (in thousands)	
Net sales	\$487,562	\$147,473	\$	\$635,035
Cost of good sold	230,504	83,773		314,277
Gross profit	257,058	63,700		320,758
Selling, general and administrative expenses	178,262	37,472	600 (3)	216,334
Operating profit	78,796	26,228	(600)	104,424
Interest expense	12,653	14,867	(7,920)(4)	19,600
Loss on Extinguishment of debt(2)		9,329		9,329
Other expense	(195)	(2,556)		(2,751)
Earnings (loss) from continuing operations before income taxes	65,948	(524)	7,320	72,744
Income taxes	19,784	451	2,562 (5)	22,797
Earnings (loss) from continuing operations	\$ 46,164	\$ (975)	\$ 4,758	\$ 49,947
Earnings per share from continuing operations				
Basic	\$ 1.47			\$ 1.41
Diluted	1.45			1.40
Average shares outstanding				
Basic	31,482		3,949 (6)	35,431
Diluted	31,844		3,949 (6)	35,793

See accompanying notes to the unaudited Pro Forma Consolidated Statement of Operations.

Table of Contents**ROPER INDUSTRIES, INC. AND SUBSIDIARIES****NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

- (1) Because of differing fiscal 2002 year-ends for Roper and NTGH, the pro-forma consolidated statement of operations for fiscal year ended October 31, 2002 utilizes the audited income statement of NTGH for the calendar year ended December 31, 2002. For fiscal 2003, both NTGH and Roper report on a calendar year basis and common reporting periods are used for the consolidated statement of operations for the nine months ended September 30, 2003.
- (2) During the year ended October 31, 2002, and the nine months ended September 30, 2003, NTGH recorded losses on early extinguishment of debt of \$1,353 and \$9,329 respectively. These losses were associated with financing arrangements typical of private equity group ownership. These losses are required to be presented in the pro formas under Article 11 of Regulation S-X. These amounts will not recur for Roper due to a different ownership structure following the NTGH acquisition. The table below reflects the pro forma earnings from continuing operations before income taxes adjusted to exclude these losses (dollars in thousands):

	Year Ended October 31, 2002	Nine Months Ended September 30, 2003
Pro forma earnings from continuing operations before income taxes	\$ 120,548	\$ 72,744
Loss on extinguishment of debt	1,353	9,329
Adjusted earnings from continuing operations before income taxes	<u>\$ 121,901</u>	<u>\$ 82,073</u>

- (3) Reflects the net adjustment to the historical amortization expense of NTGH from the elimination of certain non-recurring management fees and financing expenses, partially offset by additional intangibles amortization of identifiable finite-lived intangible assets.
- (4) Reflects the net change in interest expense to give effect to (a) borrowings under our proposed new senior secured credit facility, (b) the issuance of \$450 million of notes under our five year term-note facility, (c) the issuance of our senior subordinated convertible notes for initial gross proceeds of \$150 million, (d) the amortization of \$13.4 million of debt issuance costs over an average of four years and (e) the elimination of interest expense for both Roper and NTGH under their current financing structures. For every 1/8% change in the interest rates on the debt, the effect on interest expense of the combined entities is approximately \$800.
- (5) Tax effects of the pro forma adjustments have been calculated based on the applicable statutory rate of 35%.
- (6) Reflects the issuance of 3,915,427 shares of common stock in this offering and the issuance of 34,000 shares of common stock out of treasury in connection with the DAP Technologies acquisition. Assumes the issuance of an aggregate of 3,915,427 shares of our common stock with a market value of \$200 million based on a market price of \$51.08 per share. The price per share reflects the average closing price of our common stock on December 2, 2003 and December 3, 2003.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and related notes and other financial data of Roper and NTGH each included elsewhere in this prospectus supplement. In early 2003, we realigned our operations into four market-focused segments. All segment information has been restated to reflect these new categories.

Roper

Overview

We are a diversified industrial company that designs, manufactures and distributes energy systems and controls, scientific and industrial imaging products and software, industrial technology products and instrumentation products and services. We market these products and services to selected segments of a broad range of markets including oil and gas, research, power generation, medical, semiconductor, refrigeration, automotive, water and wastewater and general industry.

We pursue consistent and sustainable growth in earnings by emphasizing continuous improvement in the operating performance of our existing businesses and by acquiring other carefully selected businesses. Our acquisitions have represented both financial bolt-ons and new strategic platforms. Common characteristics of our acquisitions are engineered products or systems that have high gross margins and generate favorable financial results. We strive for high cash and earnings returns from our acquisition investments. During the nine months ended September 30, 2003, our results of operations benefited from five acquisitions made during the last six months of the prior calendar year:

Zetec, reported in our Energy Systems and Controls segment

Qualitek, reported in our Instrumentation segment

QImaging, reported in our Scientific and Industrial Imaging segment

Duncan Technologies, reported in our Scientific and Industrial Imaging segment

Definitive Imaging, reported in our Scientific and Industrial Imaging segment

Our largest customer is OAO Gazprom. Gazprom has been a customer over the past ten years through a number of its procurement affiliates. In late 2002, Gazprom assigned a new procurement affiliate to negotiate with us and during the second calendar quarter of 2003 we secured a new supply agreement. Orders received under this agreement have been received on a delayed basis and at lower levels than initially indicated by the procurement affiliate and consequently have resulted in lower order bookings volume than in comparative prior year periods. New orders received under this agreement during the three months and nine months ended September 30, 2003 totaled \$10.3 million and \$20.8 million, or 6.3% and 4.4% of total new orders, respectively. Net sales to Gazprom have been \$17.5 million during the nine months ended September 30, 2003 as compared to \$43.7 million during the nine months ended September 30, 2002.

During the transition period ended December 31, 2002, we began reporting our operations under a new segment structure. This structure has realigned our operations into four market-focused groups to capture value-creating opportunities around common customers, market orientation, sales channels and common cost opportunities. Having recruited and reassigned new managers to lead these realigned groups in the first quarter, we are cascading leadership through these segments with the hiring of several key managers from quality growth companies to provide enhanced functional and synergistic expertise.

Following the segment realignment, we started a number of restructuring activities. We have completed the integration of our Acton Research and Integrated Design business units, the integration of Qualitek into the Uson business unit and the integration of production operations of our Redlake business

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unit into other Imaging segment facilities. In addition, we have opened new production facilities in China and Mexico as a result of which we closed the U.S. production operations of the Dynamco business unit and commenced the movement of manufacturing of certain other Industrial Technology product lines to Mexico. During the third quarter, we completed our relocation of Struers manufacturing, engineering and administrative support activities into a new facility and continued our planning for various outsourcing activities in other operations. All of these actions are planned to lower manufacturing costs and enhance margins.

Application of Critical Accounting Policies

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, or GAAP. A discussion of our significant accounting policies can be found in the notes to our consolidated financial statements for the year ended October 31, 2002 included elsewhere in this prospectus supplement.

GAAP offers acceptable alternative methods for accounting for certain issues affecting our financial results, such as determining inventory cost, depreciating long-lived assets, recognizing revenues and issuing stock options to employees. We have not changed the application of acceptable accounting methods or the significant estimates affecting the application of these principles in the last three years in a manner that had a material effect on our financial statements, except for the adoption of Statement of Financial Accounting Standards, or SFAS, No. 142, Goodwill and Other Intangible Assets.

The preparation of financial statements in accordance with GAAP requires the use of estimates, assumptions, judgments and interpretations that can affect the reported amounts of assets, liabilities, revenues and expenses, the disclosure of contingent assets and liabilities and other supplemental disclosures.

The development of accounting estimates is the responsibility of our management. Our management discusses those areas that require significant judgments with the audit committee of our board of directors. The audit committee discusses critical estimates with our external auditors and reviews all financial disclosures to be included in our filings with the SEC. Although we believe the positions we have taken with regard to uncertainties are reasonable, others might reach different conclusions and our positions can change over time as more information becomes available. If an accounting estimate changes, its effects are accounted for prospectively.

Our most significant accounting uncertainties are encountered in the areas of accounts receivable collectibility, inventory utilization, future warranty obligations, revenue recognition (percent of completion), income taxes and goodwill analysis. These issues, except for income taxes, which are not allocated to our business segments, affect each of our business segments. We evaluate these issues primarily using a combination of historical experience, current conditions and relatively short-term forecasting.

Accounts receivable collectibility is based on the economic circumstances of customers and credits given to customers after shipment of products, including in certain cases, credits for returned products. We regularly review accounts receivable to determine customers who have not paid within agreed upon terms, whether these amounts are consistent with past experiences, what our historical experience has been with amounts deemed uncollectible and the impact that current and near-term forecast economic conditions might have on collection efforts in general and with specific customers. We analyze the returns and other sales credit histories to determine likely future rates for such credits. At September 30, 2003, our allowance for doubtful accounts receivable, sales returns and sales credits was \$3.8 million, or 3.1% of total gross accounts receivable of \$124.4 million. The amount of the reserve remained unchanged from our prior fiscal quarter end.

We regularly compare inventory quantities on hand against anticipated future usage, which we determine as a function of historical usage or forecasts related to specific items in order to evaluate obsolescence and excessive quantities. When we use historical usage, we also qualitatively compare this information to business trends to evaluate the reasonableness of using historical information as an estimate

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of future usage. Business trends can change rapidly, and these events can affect the evaluation of inventory balances. At September 30, 2003, inventory reserves for excess and obsolete inventory were \$23.1 million, or 19.4% of gross first-in, first-out inventory cost. This amount and percentage were comparable to the prior fiscal quarter end values.

Most of our sales are covered by warranty provisions that generally provide for the repair or replacement of qualifying defective items for a specified period after the time of sale, typically 12 months. Future warranty obligations are evaluated using, among other factors, historical cost experience, product evolution and customer feedback. At September 30, 2003, the accrual for future warranty obligations was \$3.7 million or 0.5% of annualized quarter sales. The reserve was approximately the same value at the beginning of the quarter.

Net sales recognized under the percentage-of-completion method of accounting are estimated and dependent on a comparison of total costs incurred to date to total estimated costs for a project. During the nine months ended September 30, 2003, we recognized \$26.0 million of net sales using this method. In addition, \$10.7 million of net sales related to unfinished percentage-of-completion contracts had yet to be recognized at September 30, 2003. Net sales accounted for under this method are generally not significantly different in profitability compared with net sales for similar products and services accounted for under other methods.

Income taxes can be affected by estimates of whether, and within which jurisdictions, future earnings will occur and how and when cash is repatriated to the United States, combined with other aspects of an overall income tax strategy. Additionally, taxing jurisdictions could retroactively disagree with our tax treatment of certain items, and some historical transactions have income tax effects going forward. Accounting rules require these future effects to be evaluated using current laws, rules and regulations, each of which can change at any time and in an unpredictable manner. We continued to utilize an effective income tax rate of 30% during the three months ended September 30, 2003, which is 100 basis points lower than the 31% rate used during the three months ended September 30, 2002. This reduction was principally the result of reflecting the tax benefits arising from certain changes to our risk management practices and foreign business structures as well as improved expectations for our utilization of all available foreign income tax credits.

The evaluation of the carrying value of goodwill is required to be performed annually and necessitates the valuation of each reporting entity, as defined. These valuations can be significantly affected by estimates of future performance and discount rates over a relatively long period of time, market price valuation multiples and marketplace transactions in related markets. These estimates will likely change over time. Many of our businesses operate in cyclical industries and the valuation of these businesses can be expected to fluctuate as a result of this cyclicity. Our acquisitions have generally included a large goodwill component and we expect that to continue with future acquisitions.

Results of Operations

General

In August 2003, our board of directors approved a change in our fiscal year-end from October 31 to December 31 effective January 1, 2003. We filed a transition report on Form 10-Q for the two months ended December 31, 2002 (the transition period), and filed our first report on the new calendar year basis for the period ending September 30, 2003. During the transition period ended December 31, 2002, we began reporting our operations under the segment structure shown below.

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The following tables set forth selected information for the periods indicated. Dollar amounts are in thousands and percentages are the particular line item shown as a percentage of net sales. Percentages may not foot due to rounding.

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
(dollars in thousands)							
Net sales							
Instrumentation(1)	\$ 111,789	\$ 125,354	\$ 175,490	\$ 30,590	\$ 28,390	\$ 128,697	\$ 130,445
Industrial Technology(2)	131,251	170,822	164,160	21,246	21,379	126,120	126,816
Energy Systems and Controls(3)	86,582	107,043	126,709	10,341	12,353	91,669	105,260
Scientific and Industrial Imaging	140,377	159,736	151,103	24,727	21,763	108,889	125,041
Total	\$469,999	\$562,955	\$617,462	\$86,904	\$83,885	\$455,375	\$487,562
Gross profit:							
Instrumentation	56.1%	58.4%	58.6%	61.7%	57.7%	57.4%	58.4%
Industrial Technology	47.7	46.8	46.2	45.0	43.9	46.2	46.2
Energy Systems and Controls	61.7	62.8	59.8	40.7	38.7	61.1	52.5
Scientific and Industrial Imaging	52.5	52.8	52.3	51.3	50.6	52.1	53.6
Total	53.7	54.1	54.1	52.2	49.5	53.8	52.7
Selling, general and administrative expenses:							
Instrumentation	30.8%	37.7%	39.9%	39.4%	41.8%	40.4%	42.3%
Industrial Technology	23.6	22.8	23.4	30.6	29.5	23.0	24.4
Energy Systems and Controls	37.2	36.4	33.7	48.0	59.9	36.9	33.9
Scientific and Industrial Imaging	33.8	33.7	35.2	35.6	45.0	37.4	37.0
Total	30.8	31.7	33.2	37.2	42.2	34.2	34.4
Segment operating profit:							
Instrumentation	25.3%	20.7%	18.7%	22.3%	15.9%	17.0%	16.1%
Industrial Technology	24.1	24.0	22.8	14.4	14.4	23.2	21.8
Energy Systems and Controls	24.5	26.4	26.1	(7.3)	(21.2)	24.2	18.6
Scientific and Industrial Imaging	18.7	19.1	17.1	15.7	5.6	14.7	16.6
Total	22.9	22.3	20.9	15.0	7.3	19.6	18.3
Goodwill amortization	(2.6)%	(2.7)%					
Corporate administrative expenses	(1.4)	(1.7)	(2.2)%	(2.9)%	(1.9)%	(1.8)%	(2.1)%
Income from continuing operations							
Interest expense	(2.9)%	(2.8)%	(3.0)%	(3.4)%	(3.5)%	(3.0)%	(2.6)%
Euro debt conversion loss			(0.7)			(0.9)	
Other income / (expense)	0.3	0.7	0.5	0.8	0.2	0.4	

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Income from continuing operations before taxes and change in accounting principle	16.3%	15.8%	15.6%	9.5%	2.1%	14.3%	13.6%
Income taxes	(5.7)	(5.6)	(4.8)	(3.3)	(0.6)	(4.4)	(4.1)
Income from continuing operations before change in accounting principle	10.6	10.2	10.8	6.2	1.5	9.9	9.5
Loss from discontinued operations, net of tax	(0.1)%	(0.3)%	(0.1)%	(0.4)%	(0.5)%	(0.1)%	(0.6)%

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	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
(dollars in thousands)							
Goodwill adjusted effective November 1, 2001, net of taxes			(4.2)	(29.9)			
Net earnings	10.5%	9.9%	6.5%	(24.1)%	1.0%	9.8%	8.9%

- (1) Includes results of Antek Instruments from August 2000, Struers and Logitech from September 2001 and several smaller businesses acquired during the years presented.
- (2) Includes results of Abel Pump from May 2000, Hansen Technologies from September 2000 and several smaller businesses acquired during the years presented.
- (3) Includes results of Zetec from August 2002 and several smaller businesses acquired during the years presented.

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002

Net sales for the nine months ended September 30, 2003 were \$487.6 million as compared to \$455.4 million in the prior year period, a 7.1% increase. The increase reflects \$45.7 million of sales attributed to calendar 2002 acquisitions and \$18.2 million arising from the translation of foreign currency denominated sales. These gains were partially offset by \$26.2 million lower net sales to Gazprom and \$6.0 million of lower sales of telecommunications capital equipment.

Net sales in our Instrumentation segment for the nine months ended September 30, 2003 increased 1.4% as compared to the nine months ended September 30, 2002 as the favorable benefits of the calendar 2002 acquisition of Qualitek and currency translation impacts more than offset lower sales of telecommunications capital equipment. Gross margins of 58.4% for the nine months ended September 30, 2003 improved 1% as compared to 57.4% in the equivalent prior year period. The segment's SG&A expenses as a percentage of net sales increased to 42.3% as compared to 40.4% in the prior year period. This increase was principally the result of \$2.2 million of restructuring expenses from various consolidation and cost reduction actions, and adverse volume leverage from lower telecommunications equipment sales. As a result of the above, operating profits as a percentage of net sales declined to 16.1% for the nine months ended September 30, 2003 from 17.0% for the nine months ended September 30, 2002.

In our Industrial Technology segment, net sales for the nine months ended September 30, 2003 were up 0.6% from the prior year period. Gross margins were consistent with the prior year but SG&A expenses as a percentage of net sales increased by 1.4% primarily as a result of restructuring costs associated with the start-up of facilities in Mexico and China. Operating profit margins were 21.8% for the nine months ended September 30, 2003 as compared to 23.2% for the nine months ended September 30, 2002 reflecting approximately \$0.7 million of restructuring expenses during the nine months ended September 30, 2003.

Net sales in our Energy Systems and Controls segment increased by 14.8% during the nine months ended September 30, 2003 compared to the nine months ended September 30, 2002 as the additional sales contributed by Zetec and strength in the sales of control equipment to our core oil and gas customers more than offset the reduced sales to Gazprom. Gross margins decreased from 61.1% to 52.5% as a result of adverse leverage from lower sales to Gazprom and lower margins at Zetec pending the completion of all integration activities. SG&A expense as a percentage of net sales for the nine months ended September 30, 2003 was 33.9% as compared to 36.9% in the prior year period, primarily due to certain cost reduction initiatives, and as a result