

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

IDEX CORP /DE/  
Form 10-Q  
May 07, 2007

-----  
-----  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2007  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-10235

-----  
IDEX CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	36-3555336 (I.R.S. Employer Identification No.)
630 DUNDEE ROAD, NORTHBROOK, ILLINOIS (Address of principal executive offices)	60062 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER: (847) 498-7070

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes  No

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer.

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Number of shares of common stock of IDEX Corporation outstanding as of April 30, 2007: 54,082,742 (net of treasury shares).

-----

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements... 1
Consolidated Balance Sheets... 1
Consolidated Statements of Operations... 2
Consolidated Statements of Shareholders' Equity... 3
Consolidated Statements of Cash Flows... 4
Notes to Consolidated Financial Statements... 5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations... 13
Cautionary Statement Under the Private Securities Litigation Reform Act... 13
Historical Overview and Outlook... 13
Results of Operations... 14
Liquidity and Capital Resources... 17
Item 3. Quantitative and Qualitative Disclosures About Market Risk... 18
Item 4. Controls and Procedures... 18
PART II. OTHER INFORMATION
Item 1. Legal Proceedings... 19
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds... 19
Item 5. Other Information... 19
Item 6. Exhibits... 19
Signatures... 20
Exhibit Index... 21
Certifications... 22

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

IDEX CORPORATION

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

(UNAUDITED)

	MARCH 31, 2007	DECEMBER 31, 2006
	-----	-----
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents.....	\$ 77,500	\$ 77,941
Receivables, less allowance for doubtful accounts of \$4,253 at March 31, 2007 and \$3,545 at December 31, 2006.....	196,336	166,485
Inventories.....	169,668	160,687
Assets held for sale.....	852	829
Other current assets.....	21,803	11,966
	-----	-----
Total current assets.....	466,159	417,908
Property, plant and equipment -- net.....	167,278	165,949
Goodwill.....	927,495	912,600
Intangible assets -- net.....	180,775	171,363
Other noncurrent assets.....	2,533	3,001
	-----	-----
Total assets.....	\$1,744,240	\$1,670,821
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Trade accounts payable.....	\$ 87,332	\$ 75,444
Accrued expenses.....	91,794	95,170
Short-term borrowings.....	158,489	8,210
Liabilities held for sale.....	229	373
Dividends payable.....	--	8,055
	-----	-----
Total current liabilities.....	337,844	187,252
Long-term borrowings.....	217,900	353,770
Deferred income taxes.....	109,293	100,316
Other noncurrent liabilities.....	50,437	50,211
	-----	-----
Total liabilities.....	715,474	691,549
	-----	-----
Commitment and contingencies		
Shareholders' equity		
Preferred stock:		
Authorized: 5,000,000 shares, \$.01 per share par value; Issued: None.....	--	--
Common stock:		
Authorized: 150,000,000 shares, \$.01 per share par value Issued: 54,018,711 shares at March 31, 2007 and 53,779,414 shares at December 31, 2006.....	540	538
Additional paid-in capital.....	336,578	326,968
Retained earnings.....	674,042	638,579
Pension liability adjustments.....	(25,716)	(26,309)
Cumulative translation adjustment.....	57,606	52,295
Treasury stock at cost: 92,118 shares at March 31, 2007 and 82,255 shares at December 31, 2006.....	(3,750)	(3,248)
Unearned compensation.....	(10,534)	(9,551)

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Total shareholders' equity.....	1,028,766	979,272
Total liabilities and shareholders' equity.....	\$1,744,240	\$1,670,821

See Notes to Consolidated Financial Statements.

1

IDEX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)  
(UNAUDITED)

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
Net sales.....	\$333,268	\$266,388
Cost of sales.....	193,604	156,255
Gross profit.....	139,664	110,133
Selling, general and administrative expenses.....	78,112	62,355
Operating income.....	61,552	47,778
Other income -- net.....	573	11
Interest expense.....	6,379	2,941
Income from continuing operations before income taxes.....	55,746	44,848
Provision for income taxes.....	18,915	15,267
Income from continuing operations.....	36,831	29,581
Income (loss) from discontinued operations, net of tax.....	(164)	497
Net income.....	\$ 36,667	\$ 30,078
Basic earnings per common share:		
Continuing operations.....	\$ 0.69	\$ 0.56
Discontinued operations.....	--	0.01
Net income.....	\$ 0.69	\$ 0.57
Diluted earnings per common share:		
Continuing operations.....	\$ 0.68	\$ 0.55
Discontinued operations.....	(0.01)	0.01

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Net income.....	\$ 0.67	\$ 0.56
	=====	=====
Share data:		
Basic weighted average common shares outstanding.....	53,509	52,637
Diluted weighted average common shares outstanding.....	54,451	53,857
Basic earnings per common share: (adjusted for announced stock split- See Note 16)		
Continuing operations.....	\$ 0.46	\$ 0.37
Discontinued operations.....	--	0.01
	-----	-----
Net income.....	\$ 0.46	\$ 0.38
	=====	=====
Diluted earnings per common share: (adjusted for announced stock split- See Note 16)		
Continuing operations.....	\$ 0.45	\$ 0.37
Discontinued operations.....	--	--
	-----	-----
Net income.....	\$ 0.45	\$ 0.37
	=====	=====
Share data: (adjusted for announced stock split- See Note 16)		
Basic weighted average common shares outstanding.....	80,264	78,956
Diluted weighted average common shares outstanding.....	81,677	80,786

See Notes to Consolidated Financial Statements.

2

IDEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)  
(UNAUDITED)

	COMMON STOCK & ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PENSION LIABILITY ADJUSTMENTS	CUMULATIVE TRANSLATION ADJUSTMENT	TREASURY STOCK	UN COMP
	-----	-----	-----	-----	-----	-----
Balance, December 31, 2006...	\$327,506	\$638,579	\$ (26,309)	\$52,295	\$ (3,248)	\$
	-----	-----	-----	-----	-----	-----
Net income.....		36,667				
Other comprehensive income, net of tax						
Cumulative translation adjustment.....				5,311		
Amortization of periodic pension cost.....			593			
Other comprehensive income.....						

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Comprehensive income....						
Issuance of 198,047 shares of common stock from exercise of stock options and deferred compensation plans.....	7,726					
Issuance of 12,250 shares of restricted common stock....	1,886					
Amortization of restricted common stock award.....						
Restricted shares surrendered for tax withholdings.....					(502)	
Cumulative effect of change in accounting for uncertainties in income taxes (FIN No. 48 -- see Note 14).....		(1,204)				
Balance, March 31, 2007.....	\$337,118	\$674,042	\$ (25,716)	\$57,606	\$ (3,750)	\$ (

See Notes to Consolidated Financial Statements.

IDEX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
Cash flows from operating activities of continuing operations		
Net Income.....	\$ 36,667	\$ 30,078
Adjustments to reconcile net income to net cash provided by operating activities:		
Income (loss) from discontinued operations.....	164	(498)
Depreciation and amortization.....	7,125	6,026
Amortization of intangible assets.....	2,014	267
Amortization of debt issuance expenses.....	115	114
Stock-based compensation expense.....	2,444	2,416
Deferred income taxes.....	(1,763)	5,477
Excess tax benefit from stock-based compensation.....	(1,784)	(2,543)

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Changes in (net of the effect from acquisitions):		
Receivables.....	(21,965)	(16,375)
Inventories.....	(4,101)	(3,679)
Trade accounts payable.....	8,253	6,720
Accrued expenses.....	(5,947)	1,744
Other -- net.....	(5,553)	(5,704)
	-----	-----
Net cash flows from operating activities of continuing operations.....	15,669	24,043
Cash flows from investing activities of continuing operations		
Additions to property, plant and equipment.....	(5,418)	(4,015)
Acquisition of businesses, net of cash acquired.....	(24,917)	(27,255)
	-----	-----
Net cash flows from investing activities of continuing operations.....	(30,335)	(31,270)
Cash flows from financing activities of continuing operations		
Borrowings under credit facilities for acquisitions.....	12,885	--
Net repayments of other long-term debt.....	(362)	(599)
Dividends paid.....	(8,055)	(6,321)
Distributions from discontinued operations.....	(331)	451
Proceeds from stock option exercises.....	4,268	6,163
Excess tax benefit from stock-based compensation.....	1,784	2,543
Other -- net.....	1,269	(504)
	-----	-----
Net cash flows from financing activities of continuing operations.....	11,458	1,733
Cash flows from discontinued operations		
Net cash (used in) provided by operating activities of discontinued operations.....	(329)	480
Net cash used in investing activities of discontinued operations.....	--	(106)
Net cash provided by (used in) financing activities of discontinued operations.....	331	(451)
	-----	-----
Net cash flows from discontinued operations.....	(2)	(77)
Effect of exchange rate changes on cash and cash equivalents....	2,767	(608)
	-----	-----
Net decrease in cash.....	(439)	(6,179)
Cash and cash equivalents at beginning of year.....	77,943	77,290
	-----	-----
Cash and cash equivalents at end of period.....	77,504	71,111
	-----	-----
Less-cash, end of period-discontinued operations.....	4	12
	-----	-----
Cash and cash equivalents at end of period-continuing operations.....	\$ 77,500	\$ 71,099
	=====	=====
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest.....	\$ 8,843	\$ 5,410
Income taxes.....	12,919	5,796
Significant non-cash activities:		
Issuance of restricted stock.....	\$ 1,886	\$ --
Debt acquired with acquisition of business.....	1,653	6,996
Capital expenditures included in accounts payable.....	365	--

See Notes to Consolidated Financial Statements.

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of IDEX Corporation ("IDEX" or the "Company") have been prepared in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934, as amended. The statements are unaudited but include all adjustments, consisting only of recurring items, except as noted, which the Company considers necessary for a fair presentation of the information set forth herein. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the entire year.

The consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

2. ACQUISITIONS

On February 14, 2007, the Company acquired Faure Herman SA, a leading provider of ultrasonic and helical turbine flow meters used in the custody transfer and control of high value fluids and gases. Headquartered in La Ferte Bernard, France, Faure Herman has sales offices in Europe and North America, with annual revenues of approximately \$22 million. Faure Herman will be operated as part of the company's Liquid Controls business within its Fluid & Metering Technologies segment. IDEX acquired Faure Herman for an aggregate purchase price of \$26.1 million, consisting of \$24.4 million in cash and the assumption of approximately \$1.7 million of debt. The cash payment was partially financed by borrowings under the Company's credit facility. Goodwill and intangible assets recognized as part of this transaction were \$11.8 million and \$11.0 million, respectively. The \$11.8 million of goodwill is not deductible for tax purposes.

The purchase price for Faure Herman, including transaction costs, has been allocated to the assets acquired and liabilities assumed based on estimated fair values at the date of the acquisitions. The purchase price allocation is preliminary and further refinements may be necessary pending finalization of asset valuations.

The results of operations for this acquisition have been included within the financial results from the date of the acquisition. The Company does not consider this acquisition to be material to its results of operations for any of the periods presented.

3. DISCONTINUED OPERATIONS

On July 11, 2006, IDEX sold Lubriquip, its lubricant dispensing business that operated as part of IDEX's Dispensing Equipment segment.

During the third quarter of 2006, the Company determined that Halox, its chemical and electrochemical systems product line operating as a unit of Pulsafeeder in IDEX's Fluid & Metering Technologies segment, met the criteria to be classified as a discontinued operation. The Company is marketing the Halox operation and conducting other actions with the intention to complete the sale



Edgar Filing: IDEX CORP /DE/ - Form 10-Q

within one year.

Financial information for all periods presented has been restated to present the operating results of Halox as discontinued operations, while the operating results for the three months ended March 31, 2006 also include Lubriquip as discontinued operations.

5

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

Summarized results of the Company's discontinued operations are as follows:

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
	(IN THOUSANDS)	
Revenue.....	\$ 621	\$8,683
	=====	=====
Income (loss) from discontinued operations before income taxes.....	(252)	725
Income tax benefit (provision).....	88	(228)
	-----	-----
Income (loss) from discontinued operations.....	\$ (164)	\$ 497
	=====	=====

Total assets and liabilities expected to be transferred as part of the sale of discontinued operations held for sale at March 31, 2007 and December 31, 2006 were as follows:

	MARCH 31, 2007	DECEMBER 31, 2006
	(IN THOUSANDS)	
Cash and cash equivalents.....	\$ 4	\$ 2
Receivables, net.....	382	424
Inventory.....	325	272
Other current assets.....	26	20

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Property, plant and equipment, net equivalents.....	115	111
	----	----
Assets held for sale.....	\$852	\$829
	====	====
Accounts payable.....	\$127	\$154
Other liabilities.....	102	219
	----	----
Liabilities held for sale.....	\$229	\$373
	====	====

4. BUSINESS SEGMENTS

Information on IDEX's business segments from continuing operations is presented below, based on the nature of products and services offered. IDEX evaluates performance based on several factors, of which operating income is the primary financial measure. Intersegment sales are accounted for at fair value as if the sales were to third parties.

6

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
	(IN THOUSANDS)	
Net sales		
Fluid & Metering Technologies:		
External customers.....	\$136,302	\$101,638
Intersegment sales.....	404	282
	-----	-----
Total group sales.....	136,706	101,920
	-----	-----
Health & Science Technologies:		
External customers.....	79,878	62,127
Intersegment sales.....	842	894
	-----	-----
Total group sales.....	80,720	63,021
	-----	-----
Dispensing Equipment:		
External customers.....	47,893	41,408
Intersegment sales.....	--	--
	-----	-----
Total group sales.....	47,893	41,408
	-----	-----

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Fire & Safety/Diversified Products:		
External customers.....	69,195	61,215
Intersegment sales.....	1	1
	-----	-----
Total group sales.....	69,196	61,216
	-----	-----
Intersegment elimination.....	(1,247)	(1,177)
	-----	-----
Total net sales.....	\$333,268	\$266,388
	=====	=====
Operating income		
Fluid & Metering Technologies.....	\$ 29,751	\$ 19,759
Health & Science Technologies.....	13,863	12,280
Dispensing Equipment.....	11,704	10,330
Fire & Safety/Diversified Products.....	15,358	13,655
Corporate office and other.....	(9,124)	(8,246)
	-----	-----
Total operating income.....	\$ 61,552	\$ 47,778
	=====	=====

5. EARNINGS PER COMMON SHARE

Earnings per common share ("EPS") are computed by dividing net income by the weighted average number of shares of common stock (basic) plus common stock equivalents outstanding (diluted) during the period. Common stock equivalents consist of stock options, which have been included in the calculation of weighted average shares outstanding using the treasury stock method, unvested restricted shares, and shares issuable in connection with

7

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

certain deferred compensation agreements ("DCUs"). Basic weighted average shares reconciles to diluted weighted average shares as follows:

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
(IN THOUSANDS)	-----	-----
Basic weighted average common shares outstanding.....	53,509	52,637
Dilutive effect of stock options, unvested restricted shares, and DCUs.....	942	1,220
	-----	-----
Diluted weighted average common shares outstanding.....	54,451	53,857
	=====	=====

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Options to purchase approximately .8 million and .6 million shares of common stock as of March 31, 2007 and 2006, respectively, were not included in the computation of diluted EPS because the exercise price was greater than the average market price of the Company's common stock and, therefore, the effect of their inclusion would be antidilutive.

6. INVENTORIES

The components of inventories as of March 31, 2007 and December 31, 2006 were:

	MARCH 31, 2007	DECEMBER 31, 2006
	-----	-----
	(IN THOUSANDS)	
Raw materials.....	\$ 63,744	\$ 63,360
Work-in-process.....	18,174	16,420
Finished goods.....	87,750	80,907
	-----	-----
Total.....	\$169,668	\$160,687
	=====	=====

Inventories carried on a LIFO basis amounted to \$140.7 million and \$133.7 million at March 31, 2007 and December 31, 2006, respectively. The excess of current cost over LIFO inventory value amounted to \$3.4 million and \$3.1 million at March 31, 2007 and December 31, 2006 respectively.

7. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the three months ended March 31, 2007, by business group, were as follows:

	FLUID & METERING TECHNOLOGIES	HEALTH & SCIENCE TECHNOLOGIES	DISPENSING EQUIPMENT	FIRE & SAFETY/ DIVERSIFIED PRODU
	-----	-----	-----	-----
	(IN THOUSANDS)			
Balance at December 31, 2006.....	\$304,464	\$333,801	\$128,457	\$145,878
Foreign currency translation.....	693	180	743	491
Acquisitions.....	11,791	--	--	--
Acquisition adjustments....	949	48	--	--
	-----	-----	-----	-----
Balance at March 31, 2007..	\$317,897	\$334,029	\$129,200	\$146,369

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

=====

8

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

The following table provides the gross carrying value and accumulated amortization for each major class of intangible asset as of March 31, 2007 and December 31, 2006:

	AT MARCH 31, 2007			AT DECEMBER 31, 2006	
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	AVERAGE LIFE	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
	(IN THOUSANDS)				
Amortizable intangible assets:					
Patents.....	\$ 8,550	\$ (5,308)	10	\$ 8,508	\$ (5,171)
Trade names.....	31,114	(1,649)	18	30,081	(1,224)
Customer relationships.....	72,806	(2,600)	17	64,796	(1,609)
Non-compete agreements.....	4,384	(1,305)	4	4,087	(702)
Unpatented technology.....	7,268	(253)	16	4,727	(127)
Other.....	6,278	(610)	5	6,457	(560)
Total amortizable intangible assets.....	130,400	(11,725)		118,656	(9,393)
Banjo trade name.....	62,100	--		62,100	--
Balance at March 31, 2007.....	\$192,500	\$ (11,725)		\$180,756	\$ (9,393)

8. ACCRUED EXPENSES

The components of accrued expenses as of March 31, 2007 and December 31, 2006 were:

MARCH 31, 2007	DECEMBER 31, 2006
-----	-----

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

(IN THOUSANDS)

Payroll and related items.....	\$33,418	\$32,897
Management incentive compensation.....	3,005	15,279
Income taxes payable.....	16,506	10,897
Deferred income taxes.....	1,262	1,359
Insurance.....	11,336	10,338
Other.....	26,267	24,400
	-----	-----
Total accrued expenses.....	\$91,794	\$95,170
	=====	=====

9. BORROWINGS

The \$150.0 million of 6.875% Senior Notes due February 15, 2008 have been reclassified from long-term borrowings to short-term borrowings.

10. PREFERRED STOCK

The Company had five million shares of preferred stock authorized but unissued at March 31, 2007 and December 31, 2006.

11. SHARE-BASED COMPENSATION

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 123R using the modified prospective method, and thus did not restate any prior period amounts. Under this method, compensation cost in the three months ending March 31, 2007 include the portion vesting in the period for

IDEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

(1) all share-based payments granted prior to, but not vested as of December 31, 2005, based on the grant date fair value estimated using the Black-Scholes option-pricing model in accordance with the original provisions of SFAS No. 123 and (2) all share-based payments granted subsequent to December 31, 2005, based on the grant date fair value estimated using the Binomial lattice option-pricing model.

Total compensation cost for stock options is as follows:

	FIRST QUARTER	
	ENDED MARCH 31,	
	-----	
	2007	2006
	-----	-----

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

(IN THOUSANDS)

General and administrative expenses.....	\$1,325	\$1,515
Cost of goods sold.....	216	223
	-----	-----
Total expense before income taxes.....	1,541	1,738
Income tax benefit.....	(561)	(522)
	-----	-----
Total expense after income taxes.....	\$ 980	\$1,216
	=====	=====

Total compensation cost for restricted stock is as follows:

	FIRST QUARTER ENDED MARCH 31,	
	2007	2006
	-----	-----
	(IN THOUSANDS)	
General and administrative expenses.....	\$ 899	\$678
Cost of goods sold.....	4	--
	-----	-----
Total expense before income taxes.....	903	678
Income tax benefit.....	(166)	(80)
	-----	-----
Total expense after income taxes.....	\$ 737	\$598
	=====	=====

Recognition of compensation cost within the Statement of Operations is consistent with recognition of cash compensation for the same employees, and compensation cost capitalized as part of inventory was immaterial.

As of March 31, 2007, there was \$12.4 million of total unrecognized compensation cost related to stock options that is expected to be recognized over a weighted-average period of 1.3 years, and \$7.7 million of total unrecognized compensation cost related to restricted stock that is expected to be recognized over a weighted-average period of 1.4 years.

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(UNAUDITED)

### 12. RETIREMENT BENEFITS

The Company sponsors several qualified and nonqualified defined benefit and defined contribution pension plans and other postretirement plans for its employees. The following tables provide the components of net periodic benefit cost for its major defined benefit plans and its other postretirement plans.

	PENSION BENEFITS			
	-----			
	FIRST QUARTER ENDED MARCH 31,			
	-----			
	2007		2006	
	U.S.	NON-U.S.	U.S.	NON-U.S.
	-----			
	(IN THOUSANDS)			
	-----			
Service cost.....	\$ 512	\$ 221	\$ 744	\$ 162
Interest cost.....	1,062	386	945	282
Expected return on plan assets.....	(1,322)	(261)	(1,209)	(182)
Net amortization.....	666	185	625	126
	-----	-----	-----	-----
Net periodic benefit cost.....	\$ 918	\$ 531	\$ 1,105	\$ 388
	=====	=====	=====	=====

	OTHER BENEFITS	
	-----	
	FIRST QUARTER ENDED MARCH 31,	
	-----	
	2007	2006
	-----	
	(IN THOUSANDS)	
	-----	
Service cost.....	\$123	\$110
Interest cost.....	325	319
Expected return on plan assets.....	--	--
Net amortization.....	83	57
	-----	-----
Net periodic benefit cost.....	\$531	\$486
	=====	=====



## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

The Company previously disclosed in its financial statements for the year ended December 31, 2006, that it expected to contribute approximately \$5.1 million to these pension plans and \$1.3 million to its other postretirement benefit plans in 2007. As of March 31, 2007, \$.8 million of contributions have been made to the pension plans and \$.3 million has been made to its other postretirement benefit plans. The Company presently anticipates contributing up to an additional \$5.3 million in 2007 to fund these pension plans and other postretirement benefit plans.

### 13. LEGAL PROCEEDINGS

IDEX is a party to various legal proceedings arising in the ordinary course of business, none of which is expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

### 14. INCOME TAXES

The Company's provision for income taxes is based upon estimated annual tax rates for the year applied to federal, state and foreign income. The provision for income taxes increased to \$18.9 million in the first quarter of 2007 from \$15.3 million in the first quarter of 2006. The effective tax rate decreased to 33.9% in the first quarter of 2007 from 34.0% in the first quarter of 2006.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. Effective January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes -- an interpretation of

11

## IDEX CORPORATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (UNAUDITED)

SFAS No. 109." In accordance with FIN No. 48, the Company recognized a cumulative-effect adjustment of \$1.2 million, increasing its liability for unrecognized tax benefits, interest, and penalties and reducing the January 1, 2007 balance of retained earnings.

At January 1, 2007, the Company had \$6.6 million in unrecognized tax benefits, the recognition of which would have an effect of \$5.8 million on the effective tax rate. Included in the balance of unrecognized tax benefits at January 1, 2007, is between \$.5 million and \$.8 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during the next twelve months. This range represents a decrease in unrecognized tax benefits and depends on the ultimate closure date of various examinations.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. At January 1, 2007, the Company had accrued \$.9 million and \$.2 million for the potential payment of interest and penalties, respectively.

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

As of January 1, 2007 the Company is subject to U.S. Federal income tax examinations for the tax years 2000 through 2006, however the 2001 and 2002 tax years are limited to adjustments to the research and development credit only. The Company is subject to non-U.S. income tax examinations for the tax years 2002 through 2006. In addition, the Company is subject to state and local income tax examinations for the tax years 2002 through 2006 in jurisdictions for which tax returns have been filed.

During the first quarter of 2007, unrecognized tax benefits were reduced by \$1.7 million due to the resolution of various income tax audits, of which \$.4 million reduced the effective tax rate.

### 15. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. This statement is effective for fiscal periods beginning after November 15, 2007, and does not require any new fair value measurements. Management is currently evaluating the requirements of SFAS No. 157, and has not yet determined the impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities -- Including an Amendment of FASB Statement No. 115". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is in the process of evaluating the impact this pronouncement may have on its results of operations and financial condition.

### 16. SUBSEQUENT EVENTS

On April 4, 2007, the Company's Board of Directors authorized a 20 percent increase in the Company's regular quarterly cash dividend and declared a 3-for-2 split of the Company's common stock. The regular quarterly cash dividend will increase to \$0.18 per common share (or \$0.12 per post-split share), payable April 30, 2007, to shareholders of record as of April 16, 2007.

The 3-for-2 stock split of IDEX common shares, which will be effected in the form of a 50 percent stock dividend, will result in the issuance of one additional share of IDEX common stock for every two shares owned as of the record date. The new shares are payable on May 21, 2007, to shareholders of record as of May 7, 2007. Par value of common stock remained at \$.01 per share.

12

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

The "Historical Overview and Outlook" and the "Liquidity and Capital Resources" sections of this management's discussion and analysis of our financial condition and operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements may relate to, among other things, capital expenditures, cost reductions, cash flow, and operating improvements and are indicated by words or phrases such as

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

"anticipate," "estimate," "plans," "expects," "projects," "should," "will," "management believes," "the company believes," "we believe," "the company intends" and similar words or phrases. These statements are subject to inherent uncertainties and risks that could cause actual results to differ materially from those anticipated at the date of this filing. The risks and uncertainties include, but are not limited to, the following: economic and political consequences resulting from terrorist attacks and wars; levels of industrial activity and economic conditions in the U.S. and other countries around the world; pricing pressures and other competitive factors, and levels of capital spending in certain industries -- all of which could have a material impact on our order rates and results, particularly in light of the low levels of order backlogs we typically maintain; our ability to make acquisitions and to integrate and operate acquired businesses on a profitable basis; the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness; political and economic conditions in foreign countries in which we operate; interest rates; capacity utilization and the effect this has on costs; labor markets; market conditions and material costs; and developments with respect to contingencies, such as litigation and environmental matters. The forward-looking statements included here are only made as of the date of this report, and we undertake no obligation to publicly update them to reflect subsequent events or circumstances. Investors are cautioned not to rely unduly on forward-looking statements when evaluating the information presented here.

### HISTORICAL OVERVIEW AND OUTLOOK

IDEX Corporation ("IDEX") or the ("Company") is an applied solutions company specializing in fluid and metering technologies, health and science technologies, dispensing equipment, and fire, safety and other diversified products built to its customers' specifications. Our products are sold in niche markets to a wide range of industries throughout the world. Accordingly, our businesses are affected by levels of industrial activity and economic conditions in the U.S. and in other countries where we do business and by the relationship of the U.S. dollar to other currencies. Levels of capacity utilization and capital spending in certain industries and overall industrial activity are among the factors that influence the demand for our products.

IDEX consists of four reportable segments: Fluid & Metering Technologies, Health & Science Technologies, Dispensing Equipment and Fire & Safety/Diversified Products.

The Fluid & Metering Technologies Group produces pumps, compressors, flow meters, and related controls for the movement of liquids and gases in a diverse range of end markets from industrial infrastructure to food and beverage. The Health & Science Technologies Group produces a wide variety of small scale, highly accurate pumps, valves, fittings and medical devices, as well as compressors used in medical, dental and industrial applications. The Dispensing Equipment Group produces highly engineered equipment for dispensing, metering and mixing colorants, paints, inks and dyes, hair colorants and other personal care products, as well as refinishing equipment. The Fire & Safety/Diversified Products Group produces firefighting pumps, rescue tools, lifting bags and other components and systems for the fire and rescue industry; and engineered stainless steel banding and clamping devices used in a variety of industrial and commercial applications.

IDEX has a history of achieving above-average operating margins. Our operating margins have exceeded the average operating margin for the companies that comprise the Value Line Composite Index (VLCI) every year since 1988. We view the VLCI operating performance statistics as a proxy for an average industrial company. Our operating margins are influenced by, among other things, utilization of facilities as sales volumes change and inclusion of newly acquired businesses.

Some of our key 2007 financial highlights for the three months ended March 31, 2007 were as follows:

- Orders were \$362.8 million, 23% higher than a year ago; base business orders -- excluding acquisitions and foreign currency translation -- were up 9%.
- Sales of \$333.3 million rose 25%; base business sales -- excluding acquisitions and foreign currency translation -- were up 10%.
- Gross margins improved 60 basis points to 41.9% of sales, while operating margins at 18.5% were 60 basis points higher than a year ago.
- Income from continuing operations increased 25% to \$36.8 million.
- Diluted EPS from continuing operations of \$0.68 was 13 cents ahead of the same period 2006.
- Net income increased 22% to \$36.7 million.
- Diluted EPS of \$0.67 was 11 cents ahead of the same period of 2006.

Our business units continue to deliver profitable sales growth as a result of new product initiatives and market initiatives and our on-going commitment to operational excellence. During the first three months of the year, organic sales growth was 10 percent, reflecting particular strength in Fluid & Metering Technologies at 12 percent and Dispensing Equipment at 10 percent. As we move forward, we believe we are well positioned in attractive product segments buoyed by strong underlying industry fundamentals. We are leveraging commercial and operational excellence to effectively serve our customers, expand our market position and generate profitable growth.

The following forward-looking statements are qualified by the cautionary statement under the Private Securities Litigation Reform Act set forth above.

As a short-cycle business, our performance is reliant upon the current pace of incoming orders, and we have limited visibility on future business conditions. We believe IDEX is well positioned for earnings expansion. This is based on our favorable cost structure resulting from our operational excellence discipline, our investment in new products, applications and global markets, and our pursuit of strategic acquisitions to help drive IDEX's longer term profitable growth.

#### RESULTS OF OPERATIONS

For purposes of this discussion and analysis section, reference is made to the table on the following page and the Company's Consolidated Statements of Operations included in Item 1. During the third quarter 2006, the Company determined that Halox, its chemical and electrochemical systems business, met the criteria to be classified as a discontinued operation. During the second quarter, the Company determined that Lubriquip, its lubricant dispensing business, met the criteria to be classified as a discontinued operation and was subsequently sold July 11, 2006. Financial information for all periods presented has been restated to present the operating results of Halox as discontinued operations, while the operating results for the three months ended March 31, 2006 have been restated to present Lubriquip as discontinued operations.

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

PERFORMANCE IN THE THREE MONTHS ENDED MARCH 31, 2007 COMPARED WITH THE SAME PERIOD OF 2006

For the three months ended March 31, 2007, orders, sales and profits were higher than the comparable three months of last year. New orders totaled \$362.8 million, 23% higher than the same period last year. Excluding the impact of foreign currency translation and the five acquisitions made since the beginning of 2006 (JUN-AIR -- February 2006, EPI -- May 2006, Banjo -- October 2006, Toptech -- December 2006 and Faure Herman -- February 2007), base business orders were 9% higher than the same period one year ago.

Sales in the three months ended March 31, 2007 were \$333.3 million, a 25% improvement from the comparable period last year. The increase was driven by base business shipments of 10%, acquisitions accounted for 13% and foreign currency translation contributed 2%. Sales to international customers from base businesses represented approximately 44% of total sales in the current period of both 2007 and 2006.

14

During the quarter, Fluid & Metering Technologies contributed 41% of sales and 42% of operating income; Health & Science Technologies accounted for 24% of sales and 20% of operating income; Dispensing Equipment accounted for 14% of sales and 16% of operating income; and Fire & Safety/Diversified Products represented 21% of sales and 22% of operating income.

Fluid & Metering Technologies Group sales of \$136.7 million for the three months ended March 31, 2007 rose \$34.8 million, or 34% compared with 2006, reflecting 12% base business growth, 21% for acquisitions and a 1% favorable impact from foreign currency translation. In the first quarter of 2007, base business sales grew approximately 7% domestically and 16% internationally. Base business sales to customers outside the U.S. were approximately 43% of total group sales during the first quarter of 2007 compared with 41% in the comparable quarter of 2006.

Health & Science Technologies Group sales of \$80.7 million increased \$17.7 million, or 28%, in the first quarter of 2007 compared with last year's first quarter. This increase was attributed to the JUN-AIR and EPI acquisitions which contributed 21% and an increase in base business volume of 7%. In the first quarter of 2007, base business sales increased 7% domestically and 5% internationally. Base business sales to customers outside the U.S. were approximately 33% of total group sales in the first quarter of both 2007 and 2006.

Dispensing Equipment Group sales of \$47.9 million increased \$6.5 million, or 16%, in the first quarter of 2007 compared with 2006. This increase reflects a 10% increase in base business volume and 6% from favorable foreign currency translation. In the first quarter of 2007, base business sales increased 18% domestically and increased 4% internationally. Base business sales to customers outside the U.S. were approximately 58% of total group sales in the first quarter of 2007, compared with 65% in the comparable quarter of 2006.

Fire & Safety/Diversified Products Group sales of \$69.2 million increased \$8.0 million, or 13%, in the first quarter of 2007 compared with 2006. This increase reflects a 9% increase in base business volume, with an additional 4% of favorable foreign currency translation. In the first quarter of 2007, base business sales increased 8% domestically and 9% internationally. Base business sales to customers outside the U.S. were approximately 45% of total group sales

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

in the first quarter of both 2007 and 2006.

15

	THREE MONTHS ENDED MARCH 31, (1)	
	2007	2006
	(IN THOUSANDS)	
Fluid & Metering Technologies		
Net sales.....	\$136,706	\$101,920
Operating income(2).....	29,751	19,759
Operating margin.....	21.8%	19.4%
Depreciation and amortization.....	\$ 3,549	\$ 2,233
Capital expenditures.....	2,636	1,132
Health & Science Technologies		
Net sales.....	\$ 80,720	\$ 63,021
Operating income(2).....	13,863	12,280
Operating margin.....	17.2%	19.5%
Depreciation and amortization.....	\$ 2,569	\$ 1,399
Capital expenditures.....	1,651	877
Dispensing Equipment		
Net sales.....	\$ 47,893	\$ 41,408
Operating income(2).....	11,704	10,330
Operating margin.....	24.4%	24.9%
Depreciation and amortization.....	\$ 547	\$ 1,013
Capital expenditures.....	292	659
Fire & Safety/Diversified Products		
Net sales.....	\$ 69,196	\$ 61,216
Operating income(2).....	15,358	13,655
Operating margin.....	22.2%	22.3%
Depreciation and amortization.....	\$ 1,525	\$ 1,538
Capital expenditures.....	886	1,138
Company		
Net sales.....	\$333,268	\$266,388
Operating income(2).....	61,552	47,778
Operating margin.....	18.5%	17.9%
Depreciation and amortization(3).....	\$ 9,139	\$ 6,293
Capital expenditures.....	5,783	4,015

-----

(1) First quarter data includes acquisition of Banjo (October 2006), Toptech (December 2006) and Faure Herman (February 2007) in the Fluid & Metering Technologies Group, JUN-AIR (February 2006) and EPI (May 2006) in the Health & Science Technologies Group and Airshore (January 2006) in the Fire & Safety/Diversified Products Group from the dates of acquisition.

(2) Group operating income excludes unallocated corporate operating expenses.

(3) Excludes amortization of debt issuance expenses and unearned stock

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

compensation.

Gross profit of \$139.7 million, in the first quarter of 2007, increased \$29.5 million, or 27%, from 2006. Gross profit as a percent of sales was 41.9% in the first quarter of 2007 and 41.3% 2006. The improved gross margins primarily reflect volume leverage and the Company's strategic sourcing and other operational excellence initiatives.

Selling, general and administrative (SG&A) expenses increased to \$78.1 million in the first quarter of 2007 from \$62.4 million in 2006. First quarter SG&A expenses were unfavorably impacted by \$1.0 million of severance cost associated with the Dispensing segment's international operations. In addition, higher total SG&A expenses

16

reflect acquisitions, volume-related expenses, and reinvestment in the business to drive organic growth. As a percent of sales, SG&A expenses were 23.4% for both 2007 and 2006.

Operating income increased \$13.8 million, or 29%, to \$61.6 in the first quarter of 2007 from \$47.8 million in 2006, primarily reflecting higher volumes, partially offset by increased SG&A expenses. First quarter operating margins were 18.5% of sales, 60 basis points higher than the first quarter of 2006. The improvement from last year resulted from higher gross margins. In the Fluid & Metering Technologies Group, operating income of \$29.8 million and operating margins of 21.8% in the first quarter of 2007 were up from the \$19.8 million and 19.4% recorded in 2006 principally due to strong global demand and acquisitions. Operating income for the Health & Science Technologies Group of \$13.9 million was up from the \$12.3 million recorded in 2006 principally due to volume. Operating margins within Health & Science Technologies Group of 17.2% in the current quarter were down from 19.5% in 2006 primarily due to acquisitions and growth-related investments in the Company's medical product lines. Operating income for the Dispensing Equipment Group of \$11.7 million was up from the \$10.3 million recorded in 2006 mainly due to volume leverage and the impact of our operational excellence initiatives. Operating margins within Dispensing Equipment Group of 24.4% in the current quarter were down from 24.9% in 2006 primarily due to \$1.0 million of severance-related expenses in Dispensing's international operations. Operating income in the Fire & Safety/Diversified Products Group of \$15.4 million was higher than \$13.7 recorded in 2006, due primarily to increased volume. Operating margins within Fire & Safety/Diversified Products Group of 22.2% in the current quarter were down from 22.3% in 2006, primarily due to product mix.

Other income in the first quarter of 2007 increased \$.6 million compared with 2006 primarily due to an increase in interest income.

IDEX's provision for income taxes is based upon estimated annual tax rates for the year applied to federal, state and foreign income. The provision for income taxes increased to \$18.9 million in the first quarter of 2007 from \$15.3 million in 2006. The effective tax rate decreased slightly to 33.9% in the current quarter from 34.0% in the first quarter of 2006.

Income from continuing operations for the current quarter was \$36.8 million, 25% higher than the \$29.6 million earned in the first quarter of 2006. Diluted earnings per share from continuing operations in the first quarter of 2007 of \$.68 increased \$.13, or 24%, compared with the first quarter of 2006.

Net income for the current quarter of \$36.7 million, which included a loss from discontinued operations of \$.2 million, increased from the \$30.1 million

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

earned in the first quarter of 2006, which included income from discontinued operations of \$.5 million. Diluted earnings per share in the first quarter of 2007 of \$.67, which included a loss from discontinued operations of \$.01, increased \$.11, or 20%, compared with the first quarter of 2006.

### LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2007, working capital was \$128.3 million and our current ratio was 1.4 to 1. Cash flows from operating activities decreased \$8.3 million, or 35%, to \$15.7 million in the first three months of 2007 mainly due to an increase in working capital requirements.

Cash flows provided from operations were more than adequate to fund capital expenditures of \$5.4 million and \$4.0 million in the first three months of 2007 and 2006, respectively. Capital expenditures were generally for machinery and equipment that improved productivity and tooling to support IDEX's global sourcing initiatives, although a portion was for business system technology and replacement of equipment and facilities. Management believes that IDEX has ample capacity in its plants and equipment to meet expected needs for future growth in the intermediate term.

The Company acquired Faure Herman in February 2007 for cash consideration of \$24.4 million and the assumption of approximately \$1.7 million in debt. The cash payment was partially financed by borrowings under the Company's credit facility.

In addition to the \$150.0 million of 6.875% Senior Notes due February 15, 2008, the Company also has a \$600.0 million domestic multi-currency bank revolving credit facility ("Credit Facility"), which expires December 21, 2011. With \$207.0 million outstanding under the facility at March 31, 2007, and outstanding letters of credit

17

totaling \$5.7 million, the maximum amount available under the Credit Facility was \$387.3 million. Interest is payable quarterly on the outstanding balance at the bank agent's reference rate or, at the Company's election, at LIBOR plus an applicable margin payable at maturity. The applicable margin is based on the credit rating of our Senior Notes, and can range from 24 basis points to 50 basis points. Based on the Company's BBB rating at March 31, 2007, the applicable margin was 40 basis points. We also pay an annual fee of 10 basis points on the total Credit Facility.

There are two financial covenants that the Company is required to maintain. As defined in the agreement, the minimum interest coverage ratio is 3.0 to 1 and the maximum leverage ratio is 3.25 to 1. At March 31, 2007, the Company was in compliance with both of these financial covenants.

We also have a one-year, renewable \$30.0 million demand line of credit ("Short-Term Facility"), which expires on December 12, 2007. Borrowings under the Short-Term Facility are at LIBOR plus the applicable margin in effect under the Credit Facility. At March 31, 2007, there were no borrowings outstanding under this facility.

We believe the Company will generate sufficient cash flow from operations for the next 12 months to meet its operating requirements, interest on all borrowings, required debt repayments, any authorized share repurchases, planned capital expenditures, and annual dividend payments to holders of common stock. The Company is currently in the process of evaluating its options related to the Senior Notes due February 15, 2008, including the potential use of its Credit



## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

Facility. In the event that suitable businesses are available for acquisition upon terms acceptable to the Board of Directors, we may obtain all or a portion of the financing for the acquisitions through the incurrence of additional long-term borrowings.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is subject to market risk associated with changes in interest rates and foreign currency exchange rates. The Company's interest rate exposure is primarily related to the \$376.4 million of total debt outstanding at March 31, 2007. Approximately 60% of the debt is priced at interest rates that float with the market. A 50-basis point movement in the interest rate on the floating rate debt would result in an approximate \$1.1 million annualized increase or decrease in interest expense and cash flows. The remaining debt is fixed rate debt. We will, from time to time, enter into interest rate swaps on our debt when we believe there is a financial advantage for doing so. A treasury risk management policy, adopted by the Board of Directors, describes the procedures and controls over derivative financial and commodity instruments, including interest rate swaps. Under the policy, we do not use derivative financial or commodity instruments for trading purposes, and the use of these instruments is subject to strict approvals by senior officers. Typically, the use of derivative instruments is limited to interest rate swaps on the Company's outstanding long-term debt. As of March 31, 2007, the Company did not have any derivative instruments outstanding.

Our foreign currency exchange rate risk is limited principally to the euro and British pound. We manage our foreign exchange risk principally through invoicing our customers in the same currency as the source of our products. As a result, the Company's exposure to any movement in foreign currency exchange rates is immaterial to the Consolidated Statements of Operations.

### ITEM 4. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's

18

Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There has been no change in the Company's internal controls over financial reporting during the Company's most recent fiscal quarter that has materially

**Edgar Filing: IDEX CORP /DE/ - Form 10-Q**

affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

IDEX and five of its subsidiaries have been named as defendants in a number of lawsuits claiming various asbestos-related personal injuries, allegedly as a result of exposure to products manufactured with components that contained asbestos. Such components were acquired from third party suppliers, and were not manufactured by any of the subsidiaries. To date, all of the Company's settlements and legal costs, except for costs of coordination, administration, insurance investigation and a portion of defense costs, have been covered in full by insurance subject to applicable deductibles. However, the Company cannot predict whether and to what extent insurance will be available to continue to cover such settlements and legal costs, or how insurers may respond to claims that are tendered to them.

Claims have been filed in Alabama, California, Connecticut, Delaware, Florida, Georgia, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Virginia, Washington and Wyoming. Most of the claims resolved to date have been dismissed without payment. The balance have been settled for reasonable amounts. Only one case has been tried, resulting in a verdict for the Company's business unit.

No provision has been made in the financial statements of the Company, other than for insurance deductibles in the ordinary course, and IDEX does not currently believe the asbestos-related claims will have a material adverse effect on the Company's business, financial position, results of operations or cash flow.

IDEX is also party to various other legal proceedings arising in the ordinary course of business, none of which is expected to have a material adverse effect on its business, financial condition, results of operations or cash flow.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS (1)	MA OF S YET UN OR
January 1, 2007 to January 31, 2007.....	--	--	--	
February 1, 2007 to February 28, 2007.....	--	--	--	
March 1, 2007 to March 31, 2007.....	--	--	--	

Edgar Filing: IDEX CORP /DE/ - Form 10-Q

(1) On October 20, 1998, IDEX's Board of Directors authorized the repurchase of up to 2.25 million shares of its common stock, either at market prices or on a negotiated basis as market conditions warrant.

ITEM 5. OTHER INFORMATION.

There has been no material change to the procedures by which security holders may recommend nominees to the Company's board.

ITEM 6. EXHIBITS.

The exhibits listed in the accompanying "Exhibit Index" are filed as part of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IDEX CORPORATION

/s/ DOMINIC A. ROMEO

-----  
Dominic A. Romeo  
Vice President and Chief Financial  
Officer  
(duly authorized principal financial  
officer)

May 7, 2007

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1	Restated Certificate of Incorporation of IDEX Corporation (formerly HI, Inc.) (incorporated by reference to Exhibit No. 3.1 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on April 21, 1988)
3.1(a)	Amendment to Restated Certificate of Incorporation of IDEX Corporation (formerly HI, Inc.), (incorporated by reference to Exhibit No. 3.1(a) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended March 31, 1996, Commission File No. 1-10235)
3.1 (b)	Amendment to Restated Certificate of Incorporation of IDEX

## Edgar Filing: IDEX CORP /DE/ - Form 10-Q

- Corporation (incorporated by reference to Exhibit No. 3.1(b) to the Current Report of IDEX on Form 8-K dated March 24, 2005, Commission File No. 1-10235)
- 3.2 Amended and Restated By-Laws of IDEX Corporation (incorporated by reference to Exhibit No. 3.2 to Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on July 17, 1989)
  - 3.2(a) Amended and Restated Article III, Section 13 of the Amended and Restated By-Laws of IDEX Corporation (incorporated by reference to Exhibit No. 3.2(a) to Post-Effective Amendment No. 3 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on February 12, 1990)
  - 4.1 Restated Certificate of Incorporation and By-Laws of IDEX Corporation (filed as Exhibits No. 3.1 through 3.2(a))
  - 4.2 Indenture, dated as of February 23, 1998, between IDEX Corporation, and Norwest Bank Minnesota, National Association, as Trustee, relating to the 6 7/8% Senior Notes of IDEX Corporation due February 15, 2008 (incorporated by reference to Exhibit No. 4.1 to the Current Report of IDEX on Form 8-K dated February 23, 1998, Commission File No. 1-10235)
  - 4.3 Specimen Senior Note of IDEX Corporation (incorporated by reference to Exhibit No. 4.1 to the Current Report of IDEX on Form 8-K dated February 23, 1998, Commission File No. 1-10235)
  - 4.4 Specimen Certificate of Common Stock of IDEX Corporation (incorporated by reference to Exhibit No. 4.3 to the Registration Statement on Form S-2 of IDEX, et al., Registration No. 33-42208, as filed on September 16, 1991)
  - 4.5 Credit Agreement, dated as of December 21, 2006, among IDEX Corporation, Bank of America N.A. as Agent and Issuing Bank, and the Other Financial Institutions Party Hereto (incorporated by reference to Exhibit No. 10.1 to the Current Report of IDEX on Form 8-K dated December 22, 2006, Commission File No. 1-10235)
  - 4.6 Credit Lyonnais Uncommitted Line of Credit, dated as of December 3, 2001 (incorporated by reference to Exhibit 4.6 to the Annual Report of IDEX on Form 10-K for the year ended December 31, 2001, Commission File No. 1-10235)
  - 4.6 (a) Amendment No. 7 dated as of December 12, 2006 to the Credit Lyonnais Uncommitted Line of Credit Agreement dated December 3, 2001 (incorporated by reference to Exhibit No. 4.6(a) to the Annual Report of IDEX on Form 10-K for the year ended December 31, 2006, Commission File No. 1-10235)
  - \*10.1\*\* Revised IDEX Incentive Award Plan for Key Employees Effective February 12, 2007
  - \*31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a)
  - \*31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a)
  - \*32.1 Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
  - \*32.2 Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

-----  
\* Filed herewith

\*\* Management contract or compensatory plan or agreement.

