

Section 1: 10-Q (10-Q)

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 September 30, 2018.
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission File Number 1-12273

ROPER TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

51-0263969

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

6901 Professional Pkwy. East, Suite 200

Sarasota, Florida

(Address of principal executive offices)

34240

(Zip Code)

(941) 556-2601

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's common stock as of October 26, 2018 was 103,430,854.

ROPER TECHNOLOGIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2018

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****Roper Technologies, Inc. and Subsidiaries**
Condensed Consolidated Statements of Earnings (unaudited)
(in millions, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net revenues	\$ 1,318.7	\$ 1,159.9	\$ 3,814.9	\$ 3,380.9
Cost of sales	478.7	433.5	1,408.5	1,281.2
Gross profit	840.0	726.4	2,406.4	2,099.7
Selling, general and administrative expenses	462.5	415.6	1,374.4	1,236.4
Income from operations	377.5	310.8	1,032.0	863.3
Interest expense, net	48.4	45.5	134.8	137.2
Loss on debt extinguishment	15.9	—	15.9	—
Other income/(expense), net	(1.6)	(0.7)	(1.0)	5.2
Earnings before income taxes	311.6	264.6	880.3	731.3
Income taxes	64.0	74.3	193.0	203.4
Net earnings	\$ 247.6	\$ 190.3	\$ 687.3	\$ 527.9
Net earnings per share:				
Basic	\$ 2.39	\$ 1.86	\$ 6.66	\$ 5.17
Diluted	\$ 2.37	\$ 1.84	\$ 6.58	\$ 5.11
Weighted average common shares outstanding:				
Basic	103.4	102.3	103.2	102.1
Diluted	104.6	103.7	104.4	103.4
Dividends declared per common share	\$ 0.4125	\$ 0.3500	\$ 1.2375	\$ 1.0500

See accompanying notes to condensed consolidated financial statements.

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Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(in millions)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net earnings	\$ 247.6	\$ 190.3	\$ 687.3	\$ 527.9
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	5.0	67.5	(13.4)	147.5
Total other comprehensive income/(loss), net of tax	5.0	67.5	(13.4)	147.5
Comprehensive income	<u>\$ 252.6</u>	<u>\$ 257.8</u>	<u>\$ 673.9</u>	<u>\$ 675.4</u>

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Balance Sheets (unaudited)
(in millions)

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS:		
Cash and cash equivalents	\$ 363.4	\$ 671.3
Accounts receivable, net	671.7	641.7
Inventories, net	212.2	204.9
Income taxes receivable	48.8	24.4
Unbilled receivables	176.1	143.6
Other current assets	83.3	73.5
Current assets held for sale	52.5	—
Total current assets	<u>1,608.0</u>	<u>1,759.4</u>
Property, plant and equipment, net	130.2	142.5
Goodwill	9,401.3	8,820.3
Other intangible assets, net	3,887.0	3,475.2
Deferred taxes	27.4	30.7
Other assets	102.0	88.3
Assets held for sale	89.2	—
Total assets	<u>\$ 15,245.1</u>	<u>\$ 14,316.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Accounts payable	\$ 163.7	\$ 171.1
Accrued compensation	203.3	198.0
Deferred revenue	613.8	566.4
Other accrued liabilities	259.7	266.6
Income taxes payable	45.0	26.4
Current portion of long-term debt, net	801.6	800.9
Current liabilities held for sale	32.2	—
Total current liabilities	<u>2,119.3</u>	<u>2,029.4</u>
Long-term debt, net of current portion	4,414.3	4,354.6
Deferred taxes	958.2	829.6
Other liabilities	196.8	239.2
Liabilities held for sale	1.6	—
Total liabilities	<u>7,690.2</u>	<u>7,452.8</u>
Commitments and contingencies (Note 10)		
Common stock	1.1	1.0
Additional paid-in capital	1,733.6	1,602.9
Retained earnings	6,038.4	5,464.6
Accumulated other comprehensive loss	(199.6)	(186.2)
Treasury stock	(18.6)	(18.7)
Total stockholders' equity	<u>7,554.9</u>	<u>6,863.6</u>

Total liabilities and stockholders' equity

\$ 15,245.1 \$ 14,316.4

See accompanying notes to condensed consolidated financial statements.

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Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(in millions)

	Nine months ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net earnings	\$ 687.3	\$ 527.9
Adjustments to reconcile net earnings to cash flows from operating activities:		
Depreciation and amortization of property, plant and equipment	37.3	36.8
Amortization of intangible assets	235.6	221.5
Amortization of deferred financing costs	4.6	5.4
Non-cash stock compensation	81.1	67.6
Loss on debt extinguishment	15.9	—
Gain on sale of assets	—	(9.4)
Changes in operating assets and liabilities, net of acquired businesses:		
Accounts receivable	(30.1)	30.1
Unbilled receivables	(20.1)	(27.2)
Inventories	(30.4)	(19.6)
Accounts payable and accrued liabilities	17.6	48.3
Deferred revenue	32.4	50.6
Income taxes	(59.3)	(48.4)
Other, net	(5.9)	(17.9)
Cash provided by operating activities	966.0	865.7
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(1,188.3)	(88.1)
Capital expenditures	(34.2)	(35.9)
Capitalized software expenditures	(7.2)	(8.0)
Proceeds from sale of assets	—	10.6
Other, net	(0.7)	(6.9)
Cash used in investing activities	(1,230.4)	(128.3)
Cash flows from financing activities:		
Proceeds from senior notes	1,500.0	—
Payment of senior notes	(500.0)	—
Payments under revolving line of credit, net	(930.0)	(880.0)
Debt issuance costs	(12.8)	—
Redemption premium for debt extinguishment	(15.5)	—
Cash dividends to stockholders	(126.7)	(106.5)
Proceeds from stock-based compensation, net	46.6	32.9
Treasury stock sales	4.1	3.2
Other	(6.5)	0.2
Cash used in financing activities	(40.8)	(950.2)
Effect of foreign currency exchange rate changes on cash	(2.7)	61.2
Net decrease in cash and cash equivalents	(307.9)	(151.6)
Cash and cash equivalents, beginning of period	671.3	757.2
Cash and cash equivalents, end of period	\$ 363.4	\$ 605.6

See accompanying notes to condensed consolidated financial statements.

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Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statement of Changes in Stockholders' Equity (unaudited)
(in millions)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total stockholders' equity
Balances at December 31, 2017	\$ 1.0	\$ 1,602.9	\$ 5,464.6	\$ (186.2)	\$ (18.7)	\$ 6,863.6
Adoption of ASC 606	—	—	14.3	—	—	14.3
Net earnings	—	—	687.3	—	—	687.3
Stock option exercises	0.1	53.8	—	—	—	53.9
Treasury stock sold	—	4.0	—	—	0.1	4.1
Currency translation adjustments	—	—	—	(13.4)	—	(13.4)
Stock-based compensation	—	80.2	—	—	—	80.2
Restricted stock activity	—	(7.3)	—	—	—	(7.3)
Dividends declared	—	—	(127.8)	—	—	(127.8)
Balances at September 30, 2018	\$ 1.1	\$ 1,733.6	\$ 6,038.4	\$ (199.6)	\$ (18.6)	\$ 7,554.9

See accompanying notes to condensed consolidated financial statements.

Roper Technologies, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

All currency and share amounts are in millions, except per share data

1. Basis of Presentation

The accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 are unaudited. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the financial position, results of operations, comprehensive income and cash flows of Roper Technologies, Inc. and its subsidiaries (“Roper,” the “Company,” “we,” “our” or “us”) for all periods presented. The December 31, 2017 financial position data included herein was derived from the audited consolidated financial statements included in the Company’s 2017 Annual Report on Form 10-K (“Annual Report”) filed on February 23, 2018 with the Securities and Exchange Commission (“SEC”) but does not include all disclosures required by U.S. generally accepted accounting principles (“GAAP”).

Roper’s management has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these condensed consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates.

The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the results to be expected for the full year. You should read these unaudited condensed consolidated financial statements in conjunction with Roper’s audited consolidated financial statements and the notes thereto included in its Annual Report. Certain prior period amounts have been reclassified to conform to current period presentation.

Accounting Policies Update

The Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), as of January 1, 2018 using the modified retrospective transition method. We recorded a net increase to opening retained earnings of \$14.3 due to the cumulative impact of adopting ASC 606. The impact of adopting ASC 606 was not material to the Company’s results of operations for the three and nine months ended September 30, 2018.

Our accounting policies are detailed in Note 1 of the Notes to Consolidated Financial Statements in our Annual Report. Changes to our accounting policies as a result of adopting ASC 606 are as follows:

Revenue Recognition - The Company adopted ASC 606 as of January 1, 2018 using the modified retrospective method for all contracts not substantially completed as of the date of adoption. The reported results for 2018 reflect the application of ASC 606 guidance, while the reported results for 2017 were prepared under the guidance of ASC Topic 605, Revenue Recognition. The adoption of ASC 606 represents a change in accounting principle that is intended to more closely align revenue recognition with the transfer of control of the Company’s products and services to the customer. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for these products and/or services. To achieve this principle, the Company applies the following five steps:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue when or as the Company satisfies a performance obligation.

Disaggregated Revenue - We disaggregate our revenues into two categories: (i) software and related services; and (ii) engineered products and related services. Software and related services revenues are primarily derived from our RF Technology and Medical & Scientific Imaging reportable segments. Engineered products and related services revenues are derived from all of our reportable segments and comprise substantially all of the revenues generated in our Energy Systems & Controls and Industrial Technology reportable segments. See details in the table below.

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	Three months ended September 30, 2018	Nine months ended September 30, 2018
Software and related services	\$ 561.1	\$ 1,586.8
Engineered products and related services	757.6	2,228.1
Net revenues	<u>\$ 1,318.7</u>	<u>\$ 3,814.9</u>

Software and related services

Software-as-a-Service (“SaaS”) - SaaS subscriptions and ongoing related support are generally accounted for as a single performance obligation and recognized ratably over the contractual term. In addition, SaaS arrangements may include implementation services which are accounted for as a separate performance obligation and recognized over time, using the input method. Payment is generally required within 30 days of the commencement of the SaaS subscription period, which is primarily offered to customers over a one-year timeframe.

Licensed Software - Performance obligations in our customer contracts may include:

- Perpetual or time-based (“term”) software licenses
- Post contract support (“PCS”)
- Implementation/installation services

Software licenses may be combined with implementation/installation services as a single performance obligation if the implementation/installation significantly modifies or customizes the functionality of the software license.

We recognize revenue over time or at a point in time depending on our evaluation of when the customer obtains control over the promised products or services. For software arrangements that include multiple performance obligations, we allocate revenue to each performance obligation based on estimates of the price that we would charge the customer for each promised product or service if it were sold on a standalone basis.

Payment for software licenses is generally required within 30 to 60 days of the transfer of control. Payment for PCS is generally required within 30 to 60 days of the commencement of the service period, which is primarily offered to customers over a one-year timeframe. Payment terms do not contain a significant financing component. Payment for implementation/installation services that are recognized over time are typically commensurate with milestones defined in the contract, or billable hours incurred.

Engineered products and related services

Revenue from product sales is recognized when control transfers to the customer, which is generally when the product is shipped.

Non-project-based installation and repair services are performed by certain of our businesses for which revenue is recognized upon completion.

Payment terms are generally 30 to 60 days from the transfer of control. Payment terms do not contain a significant financing component.

Preventative maintenance service revenues are recognized over time using the input method. If we determine our efforts or inputs are expended evenly throughout the performance period, we generally recognize revenue on a straight-line basis. Payment for preventative maintenance services are typically commensurate with milestones defined in the contract.

We offer customers return rights and other credits subject to certain restrictions. We estimate variable consideration generally based on historical experience to arrive at the transaction price, or the amount to which we ultimately expect to be entitled from the customer.

Revenues from our project-based businesses, including toll and traffic systems and control systems, are generally recognized over time using the input method, primarily utilizing the ratio of costs incurred to total estimated costs, as the measure of performance. For these projects, payment is typically commensurate with certain performance milestones defined in the contract. Retention and down payments are also customary in these contracts. Estimated losses on any projects are recognized as soon as such losses become probable and reasonably estimable. The impact on revenues due to changes in estimates was immaterial for the three and nine months ended September 30, 2018.

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Accounts receivable, net - Accounts receivable, net includes amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. Accounts receivable are stated net of an allowance for doubtful accounts and sales allowances. Outstanding accounts receivable balances are reviewed periodically, and allowances are provided at such time that management believes it is probable that an account receivable is uncollectible.

Unbilled receivables - Our unbilled receivables include unbilled amounts typically resulting from sales under project-based contracts when the input method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not solely due to the passage of time. Amounts may not exceed their net realizable value.

Deferred revenues - We record deferred revenues when cash payments are received or due in advance of our performance. Our deferred revenues relate primarily to software and related services. In most cases, we recognize these deferred revenues ratably over time as the SaaS or PCS performance obligation is satisfied. The non-current portion of deferred revenue is included in "Other liabilities" in our condensed consolidated balance sheets.

Our unbilled receivables and deferred revenues are reported in a net position on a contract-by-contract basis at the end of each reporting period. We classify these balances as current or non-current based on the timing of when we expect to recognize revenue.

Deferred commissions - Our incremental direct costs of obtaining a contract, which consist of sales commissions primarily for our software sales, are deferred and amortized on a straight-line basis over the period of contract performance or a longer period, depending on facts and circumstances. We classify deferred commissions as current or non-current based on the timing of when we expect to recognize the expense. The current and non-current portions of deferred commissions are included in "Other current assets" and "Other assets," respectively, in our condensed consolidated balance sheets. At September 30, 2018 and January 1, 2018, we had \$25.4 and \$20.7 of deferred commissions, respectively. We recognized \$6.4 and \$17.7 of expense related to deferred commissions in the three and nine months ended September 30, 2018, respectively.

Remaining performance obligations - Remaining performance obligations represents the transaction price of firm orders for which work has not been performed and excludes unexercised contract options. As of September 30, 2018, the aggregate amount of the transaction price allocated to remaining performance obligations was \$2,817.4. We expect to recognize revenue on approximately 60% of our remaining performance obligations over the next 12 months, with the remainder to be recognized thereafter.

Financial Statement Impact of Applying ASC 606

The Company adopted ASC 606 using the modified retrospective transition method for all contracts not substantially completed as of the date of adoption. The cumulative impact of the adoption of ASC 606 to the consolidated balance sheet as of January 1, 2018 was as follows:

	As reported December 31, 2017	Impact of ASC 606 Adoption	Adjusted January 1, 2018
ASSETS:			
Unbilled receivables	\$ 143.6	\$ 2.8	\$ 146.4
Other current assets	73.5	(1.0)	72.5
Other assets	88.3	3.2	91.5
LIABILITIES:			
Deferred revenue	566.4	(13.5)	552.9
Deferred taxes	829.6	4.6	834.2
Other liabilities	239.2	(0.4)	238.8
STOCKHOLDERS' EQUITY:			
Retained earnings	5,464.6	14.3	5,478.9

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Deferred Revenue & Unbilled Receivables

Certain of Roper's businesses sell perpetual and term licenses of their software to customers in conjunction with other products and services, primarily PCS and implementation services. In some cases, under the previous revenue guidance, vendor-specific objective evidence ("VSOE") was unavailable for perpetual and term licenses and associated implementation services, and revenue recognition was deferred until all elements were delivered, all services had been performed, or until fair value could be objectively determined. The revenues associated with these licenses and implementation was generally deferred over the contractual term of the PCS services. Under ASC 606, VSOE is no longer a requirement for a deliverable in a multiple-element software arrangement to be considered a separate performance obligation. The reduction in deferred revenues as well as the increase in unbilled receivables is due primarily to the acceleration of revenue recognition associated with certain perpetual and term licenses and associated implementation services as a result of the adoption of ASC 606.

Other Current Assets

The reduction in other current assets is due primarily to the recognition of previously deferred software licensing costs associated with the acceleration of revenue recognition associated with certain perpetual and term software licenses discussed above.

Other Assets

The increase in other assets is due primarily to the acceleration of revenue recognition for which we do not expect to bill customers within the next 12 months as well as deferred commissions previously expensed as incurred associated with our software sales. These deferred commissions are amortized on a straight-line basis over the period of contract performance or a longer period, generally the estimated life of the customer relationship, if renewals are expected and the renewal commission is not commensurate with the initial commission.

Income Taxes

The adoption of ASC 606 resulted in the acceleration of revenue recognition, which generated additional net deferred tax liabilities.

2. Recent Accounting Pronouncements

The FASB establishes changes to accounting principles under GAAP in the form of accounting standards updates ("ASUs") to the ASC. The Company considers the applicability and impact of all ASUs. Any recent ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's results of operations, financial position or cash flows.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASC 606, which created a single, comprehensive revenue recognition model for all contracts with customers. The Company adopted ASC 606 as of January 1, 2018 using the modified retrospective transition method. See Note 1 of the Condensed Consolidated Financial Statements for details.

In January 2017, the FASB issued an update simplifying the test for goodwill impairment. This update, effective on a prospective basis for goodwill impairment tests performed in fiscal years beginning after December 15, 2019, eliminates Step 2 from the goodwill impairment test. Under the amendments in the update, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. Early adoption is permitted for interim or annual impairment tests performed on testing dates after January 1, 2017. The Company elected to early adopt this update for its annual goodwill impairment testing during the fourth quarter of 2017. The update did not have an impact on the Company's results of operations, financial position or cash flows.

In August 2016, the FASB issued an update clarifying the classification of certain cash receipts and cash payments in the statement of cash flows. This update, effective for annual reporting periods after December 15, 2017, including interim periods within those annual periods, addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The update did not have an impact on the Company's results of operations, financial position or cash flows.

Recently Released Accounting Pronouncements

In August 2018, the FASB issued an update which clarifies the accounting for implementation costs in cloud computing arrangements. This update is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact of the update on its results of operations and financial condition.

In February 2016, the FASB issued an update on lease accounting. This update, effective for annual reporting periods after December 15, 2018, including interim periods within those annual periods, provides amendments to current lease accounting. These amendments include the recognition of right-of-use lease assets and lease liabilities on the balance sheet and disclosing other key information about leasing arrangements. We are currently designing and implementing processes, policies, and controls to comply with the update on lease accounting. While we have not yet completed our assessment, we currently believe the primary impact of adoption will be the recognition of a material right-of-use asset and an offsetting lease liability for our real estate leases. We intend to adopt this standard on January 1, 2019 using the modified retrospective transition approach with a cumulative effect adjustment to the opening balance of retained earnings as of the date of adoption.

3. Earnings Per Share

Basic earnings per share were calculated using net earnings and the weighted average number of shares of common stock outstanding during the respective period. Diluted earnings per share were calculated using net earnings and the weighted average number of shares of common stock and potential common stock outstanding during the respective period. Potentially dilutive common stock consisted of stock options based upon the trading price of Roper's common stock. The effects of potential common stock were determined using the treasury stock method. Weighted average shares outstanding are shown below:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Basic shares outstanding	103.4	102.3	103.2	102.1
Effect of potential common stock:				
Common stock awards	1.2	1.4	1.2	1.3
Diluted shares outstanding	<u>104.6</u>	<u>103.7</u>	<u>104.4</u>	<u>103.4</u>

For the three and nine months ended September 30, 2018, there were 0.689 and 0.697 outstanding stock options, respectively, that were not included in the determination of diluted earnings per share because doing so would have been antidilutive, as compared to 0.475 and 0.487 outstanding stock options that would have been antidilutive in the respective 2017 periods.

4. Business Acquisitions and Assets and Liabilities Held for Sale

Business Acquisitions

Roper completed six business acquisitions in the nine months ended September 30, 2018, with an aggregate purchase price of \$1,188.3, net of cash acquired. The results of operations of the acquired businesses are included in Roper's condensed consolidated results of operations since the date of each acquisition. Supplemental pro forma information has not been provided as the acquisitions did not have a material impact on Roper's condensed consolidated results of operations individually or in aggregate.

The results of the following acquisitions are reported in the RF Technology segment:

Roper completed three business acquisitions which provide software solutions that support the development of cost estimates in the construction industry: Quote Software, PlanSwift Software, and Smartbid.

Acquisition of PowerPlan - On June 4, 2018, Roper acquired 100% of the shares of PowerPlan, Inc., a provider of financial and compliance management software and solutions to large complex companies in asset-intensive industries.

Acquisition of ConceptShare - On June 7, 2018, Roper acquired 100% of the shares of ConceptShare, Inc., a provider of cloud-based software for marketing agencies, marketing departments and other creative teams to streamline the review and approval of online work and content.

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Acquisition of BillBlast - On July 10, 2018, Roper acquired 100% of the shares of BillBlast, a provider of software and ancillary services for the automation of invoicing and reporting for law firms.

The Company initially recorded \$663.6 in goodwill and \$660.7 of other identifiable intangibles in connection with the acquisitions; however, purchase price allocations are preliminary pending final tax-related adjustments. The amortizable intangible assets include customer relationships of \$589.7 (19 year weighted average useful life) and technology of \$44.1 (8 year weighted average useful life).

Assets and Liabilities Held for Sale

During the second quarter of 2018, Roper and Thermo Fisher Scientific, Inc. (“Thermo Fisher”) entered into a definitive agreement under which Thermo Fisher will acquire 100% of the shares of Gatan, Inc. (“Gatan”), a wholly owned subsidiary of Roper, for approximately \$925.0 in cash. The transaction, which is expected to be completed by the end of 2018, is subject to customary closing conditions, including regulatory approvals. Gatan is reported in the Medical & Scientific Imaging segment.

At September 30, 2018, the assets and liabilities of Gatan were reclassified as held for sale on Roper’s condensed consolidated balance sheet. The Company recognized a deferred tax liability of \$10.0 associated with the excess of book basis over tax basis in the shares of Gatan during the second quarter of 2018.

5. Stock Based Compensation

The Roper Technologies, Inc. 2016 Incentive Plan (“2016 Plan”) is a stock-based compensation plan used to grant incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights or equivalent instruments to Roper’s employees, officers, directors and consultants.

The following table provides information regarding the Company’s stock-based compensation expense:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Stock-based compensation	\$ 27.1	\$ 23.7	\$ 81.1	\$ 67.6
Tax effect recognized in net earnings	5.7	8.3	17.0	23.7

Stock Options - In the nine months ended September 30, 2018, 0.694 options were granted with a weighted average fair value of \$57.59 per option. During the same period in 2017, 0.593 options were granted with a weighted average fair value of \$40.67 per option. All options were issued with an exercise price equal to the closing price of Roper’s common stock on the date of grant, as required by the 2016 Plan.

Roper records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model. Historical data is used to estimate the expected price volatility, the expected dividend yield, the expected option life and the expected forfeiture rate. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated life of the option. The following weighted average assumptions were used to estimate the fair value of options granted during current and prior year periods using the Black-Scholes option-pricing model:

	Nine months ended September 30,	
	2018	2017
Risk-free interest rate (%)	2.63	2.03
Expected option life (years)	5.32	5.26
Expected volatility (%)	18.04	18.76
Expected dividend yield (%)	0.59	0.67

Cash received from option exercises for the nine months ended September 30, 2018 and 2017 was \$53.8 and \$40.4, respectively.

Restricted Stock Awards - During the nine months ended September 30, 2018, 0.372 restricted stock awards were granted with a weighted average grant date fair value of \$277.92 per restricted share. During the same period in 2017, 0.389 restricted stock awards were granted with a weighted average grant date fair value of \$203.02 per restricted share. All grants were issued at grant date fair value.

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During the nine months ended September 30, 2018, 0.118 restricted awards vested with a weighted average grant date fair value of \$182.37 per restricted share and a weighted average vest date fair value of \$279.48 per restricted share.

Employee Stock Purchase Plan - Roper's stock purchase plan allows employees in the U.S. and Canada to designate up to 10% of eligible earnings to purchase Roper's common stock at a 5% discount to the average closing price of the stock at the beginning and end of a quarterly offering period. Common stock sold to employees pursuant to the stock purchase plan may be either treasury stock, stock purchased on the open market, or newly issued shares.

During both the nine months ended September 30, 2018 and 2017, participants in the employee stock purchase plan purchased 0.016 shares of Roper's common stock for total consideration of \$4.1 and \$3.2, respectively. All shares were purchased from Roper's treasury shares.

6. Inventories

The components of inventory were as follows:

	September 30, 2018	December 31, 2017
Raw materials and supplies	\$ 136.7	\$ 132.9
Work in process	30.3	27.7
Finished products	81.1	82.4
Inventory reserves	(35.9)	(38.1)
	<u>\$ 212.2</u>	<u>\$ 204.9</u>

7. Goodwill and Other Intangible Assets

The carrying value of goodwill by segment was as follows:

	RF Technology	Medical & Scientific Imaging	Industrial Technology	Energy Systems & Controls	Total
Balances at December 31, 2017	\$ 4,798.9	\$ 3,205.9	\$ 377.5	\$ 438.0	\$ 8,820.3
Additions	663.6	—	—	—	663.6
Goodwill related to assets held for sale	—	(79.3)	—	—	(79.3)
Other	6.3	—	—	—	6.3
Currency translation adjustments	(3.2)	(3.3)	(1.5)	(1.6)	(9.6)
Balances at September 30, 2018	<u>\$ 5,465.6</u>	<u>\$ 3,123.3</u>	<u>\$ 376.0</u>	<u>\$ 436.4</u>	<u>\$ 9,401.3</u>

Other relates primarily to tax purchase accounting and working capital adjustments for acquisitions.

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Other intangible assets were comprised of:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Assets subject to amortization:			
Customer related intangibles	\$ 3,355.2	\$ (913.7)	\$ 2,441.5
Unpatented technology	544.1	(207.7)	336.4
Software	184.7	(84.8)	99.9
Patents and other protective rights	26.1	(22.7)	3.4
Trade names	6.6	(1.7)	4.9
Assets not subject to amortization:			
Trade names	587.7	—	587.7
In process research and development	1.4	—	1.4
Balances at December 31, 2017	<u>\$ 4,705.8</u>	<u>\$ (1,230.6)</u>	<u>\$ 3,475.2</u>
Assets subject to amortization:			
Customer related intangibles	\$ 3,923.8	\$ (1,060.0)	\$ 2,863.8
Unpatented technology	500.7	(182.9)	317.8
Software	174.7	(90.9)	83.8
Patents and other protective rights	14.8	(12.1)	2.7
Trade names	6.8	(2.7)	4.1
Assets not subject to amortization:			
Trade names	613.4	—	613.4
In process research and development	1.4	—	1.4
Balances at September 30, 2018	<u>\$ 5,235.6</u>	<u>\$ (1,348.6)</u>	<u>\$ 3,887.0</u>

Amortization expense of other intangible assets was \$234.9 and \$220.7 during the nine months ended September 30, 2018 and 2017, respectively.

An evaluation of the carrying value of goodwill and indefinite-lived intangibles is required to be performed on an annual basis and on an interim basis if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. There have been no events or changes in circumstances which indicate an interim impairment review is required in 2018. The Company will perform the annual analysis during the fourth quarter of 2018.

8. Debt

On August 28, 2018, the Company completed a public offering of \$700.0 aggregate principal amount of 3.65% senior unsecured notes due September 15, 2023 (“2023 Notes”) and \$800.0 aggregate principal amount of 4.20% senior unsecured notes due September 15, 2028 (“2028 Notes”) and, together with the 2023 Notes, the “Notes”). The net proceeds were used to redeem all of the \$500.0 of outstanding 6.25% senior notes due September 1, 2019 (the “2019 Notes”) and a portion of the outstanding amounts under the unsecured credit facility. The Company incurred a debt extinguishment charge in connection with the 2019 Notes redemption of \$15.9, which represents the make-whole premium and unamortized deferred financing costs.

The 2023 Notes and 2028 Notes bear interest at a fixed rate of 3.65% and 4.20% per year, respectively, and are payable semi-annually in arrears on March 15 and September 15 of each year, beginning March 15, 2019.

Roper may redeem some or all of the Notes at any time, or from time to time, at 100% of their principal amount, plus a make-whole premium based on a spread to U.S. Treasury securities.

The Notes are senior unsecured obligations of the Company and rank equally in right of payment with all of its existing and future senior unsecured indebtedness. The Notes are effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The Notes are not, and will not be, guaranteed by any of our subsidiaries and are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

The Company had \$800.0 of 2.05% senior notes mature on October 1, 2018. The Company used borrowings from its unsecured credit facility to repay these notes at maturity.

9. Fair Value of Financial Instruments

Roper's debt at September 30, 2018 included \$4,900 of fixed-rate senior notes with the following fair values:

\$800 2.050% senior notes due 2018	800
\$600 3.000% senior notes due 2020	597
\$500 2.800% senior notes due 2021	490
\$500 3.125% senior notes due 2022	488
\$700 3.650% senior notes due 2023	697
\$300 3.850% senior notes due 2025	295
\$700 3.800% senior notes due 2026	683
\$800 4.200% senior notes due 2028	795

The fair values of the senior notes are based on the trading prices of the notes, which the Company has determined to be Level 2 in the FASB fair value hierarchy.

10. Contingencies

Roper, in the ordinary course of business, is the subject of, or a party to, various pending or threatened legal actions, including product liability and employment practices that, in general, are based upon claims of the kind that have been customary over the past several years and which the Company is vigorously defending. After analyzing the Company's contingent liabilities on a gross basis and, based upon past experience with resolution of its product liability and employment practices claims and the limits of the primary, excess, and umbrella liability insurance coverages that are available with respect to pending claims, management believes that adequate provision has been made to cover any potential liability not covered by insurance, and that the ultimate liability, if any, arising from these actions should not have a material adverse effect on Roper's consolidated financial position, results of operations or cash flows.

Roper or its subsidiaries have been named defendants along with numerous industrial companies in asbestos-related litigation claims in certain U.S. states. No significant resources have been required by Roper to respond to these cases and Roper believes it has valid defenses to such claims and, if required, intends to defend them vigorously. Given the state of these claims, it is not possible to determine the potential liability, if any. In April 2018, a stockholder derivative complaint was filed in Sarasota County, Florida against the Company, nominally, and its directors and former chairman & chief executive officer ("CEO"), alleging the directors breached their fiduciary duties and were unjustly enriched by the compensation earned by the nonexecutive directors and the CEO in 2015 and 2016. A motion to dismiss the complaint is pending.

Roper's consolidated financial statements include accruals for potential product liability and warranty claims based on its claims experience. Such costs are accrued at the time revenue is recognized. A summary of the warranty accrual activity for the nine months ended September 30, 2018 is presented below:

Balance at December 31, 2017	\$	10.6
Additions charged to costs and expenses		6.7
Deductions		(7.0)
Warranty related to liabilities held for sale		(1.0)
Other		(0.1)
Balance at September 30, 2018	\$	<u>9.2</u>

11. Business Segments

Net revenues and operating profit by segment are set forth in the following table:

	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Net revenues						
RF Technology	\$ 560.4	\$ 480.6	16.6 %	\$ 1,579.4	\$ 1,370.7	15.2%
Medical & Scientific Imaging	380.0	343.6	10.6 %	1,120.0	1,042.6	7.4%
Industrial Technology	229.5	200.4	14.5 %	677.2	576.7	17.4%
Energy Systems & Controls	148.8	135.3	10.0 %	438.3	390.9	12.1%
Total	<u>\$ 1,318.7</u>	<u>\$ 1,159.9</u>	13.7 %	<u>\$ 3,814.9</u>	<u>\$ 3,380.9</u>	12.8%
Gross profit:						
RF Technology	\$ 363.5	\$ 298.9	21.6 %	\$ 1,009.6	\$ 830.1	21.6%
Medical & Scientific Imaging	273.2	247.1	10.6 %	799.8	753.1	6.2%
Industrial Technology	117.0	102.1	14.6 %	344.4	293.4	17.4%
Energy Systems & Controls	86.3	78.3	10.2 %	252.6	223.1	13.2%
Total	<u>\$ 840.0</u>	<u>\$ 726.4</u>	15.6 %	<u>\$ 2,406.4</u>	<u>\$ 2,099.7</u>	14.6%
Operating profit*:						
RF Technology	\$ 165.6	\$ 134.2	23.4 %	\$ 443.5	\$ 342.7	29.4%
Medical & Scientific Imaging	132.8	115.5	15.0 %	379.1	356.6	6.3%
Industrial Technology	74.2	62.2	19.3 %	214.0	174.1	22.9%
Energy Systems & Controls	46.3	36.4	27.2 %	123.4	99.5	24.0%
Total	<u>\$ 418.9</u>	<u>\$ 348.3</u>	20.3 %	<u>\$ 1,160.0</u>	<u>\$ 972.9</u>	19.2%
Long-lived assets:						
RF Technology	\$ 93.0	\$ 81.9	13.6 %			
Medical & Scientific Imaging	40.0	43.8	(8.7)%			
Industrial Technology	30.3	32.2	(5.9)%			
Energy Systems & Controls	9.8	9.5	3.2 %			
Total	<u>\$ 173.1</u>	<u>\$ 167.4</u>	3.4 %			

*Segment operating profit is before unallocated corporate general and administrative expenses; these expenses were \$41.4 and \$37.5 for the three months ended September 30, 2018 and 2017, respectively, and \$128.0 and \$109.6 for the nine months ended September 30, 2018 and 2017, respectively.

12. Contract Balances

Contract balances are set forth in the following table:

Balance Sheet Account	September 30, 2018	January 1, 2018	Change
Unbilled receivables - current & non-current ⁽¹⁾	\$ 176.1	\$ 149.1	\$ 27.0
Contract liabilities - current ⁽²⁾	(649.1)	(605.5)	(43.6)
Deferred revenue - non-current	(30.8)	(31.8)	1.0
Net contract assets/(liabilities)	<u>\$ (503.8)</u>	<u>\$ (488.2)</u>	<u>\$ (15.6)</u>

⁽¹⁾ Non-current unbilled receivables are reported in "Other assets" in our condensed consolidated balance sheets.

⁽²⁾ Consists of "Deferred revenue," billings in-excess of revenues ("BIE") and customer deposits. BIE and customer deposits are reported in "Other accrued liabilities" in our condensed consolidated balance sheets.

The change in our net contract assets/(liabilities) from January 1, 2018 to September 30, 2018 was due primarily to the timing of payments and invoicing relating to SaaS and PCS renewals, partially offset by revenues recognized in the three and nine months ended September 30, 2018 of \$91.8 and \$555.3, respectively, related to our contract liability balances at January 1, 2018. In addition, the impact of the 2018 business acquisitions increased net contract liabilities by \$26.0, partially offset by the classification of Gatan as held for sale, which decreased net contract liabilities by \$12.8.

In order to determine revenues recognized in the period from contract liabilities, we allocate revenue to the individual deferred revenue, BIE or customer deposit balance outstanding at the beginning of the year until the revenue exceeds that balance.

Impairment losses recognized on our accounts receivable and unbilled receivables were immaterial in the three and nine months ended September 30, 2018.

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

You should read the following discussion in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2017 ("Annual Report") as filed on February 23, 2018 with the U.S. Securities and Exchange Commission ("SEC") and the Notes to Condensed Consolidated Financial Statements included elsewhere in this report.

Information About Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of the federal securities laws. In addition, we, or our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file with the SEC or in connection with oral statements made to the press, potential investors or others. All statements that are not historical facts are "forward-looking statements." Forward-looking statements may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes" or "intends" and similar words and phrases. These statements reflect management's current beliefs and are not guarantees of future performance. They involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in any forward-looking statement.

Examples of forward-looking statements in this report include but are not limited to statements regarding operating results, the success of our internal operating plans, our expectations regarding our ability to generate cash and reduce debt and associated interest expense, profit and cash flow expectations, the prospects for newly acquired businesses to be integrated and contribute to future growth and our expectations regarding growth through acquisitions. 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, expected outcomes of pending litigation, competitive conditions and general economic conditions. 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. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- general economic conditions;
- difficulty making acquisitions and successfully integrating acquired businesses;
- any unforeseen liabilities associated with future acquisitions;
- limitations on our business imposed by our indebtedness;
- unfavorable changes in foreign exchange rates;
- difficulties associated with exports;
- risks and costs associated with our international sales and operations;
- rising interest rates;
- product liability and insurance risks;
- increased warranty exposure;
- future competition;
- the cyclical nature of some of our markets;
- reduction of business with large customers;
- risks associated with government contracts;
- changes in the supply of, or price for, labor, raw materials, parts and components;
- environmental compliance costs and liabilities;
- risks and costs associated with asbestos-related litigation;
- potential write-offs of our goodwill and other intangible assets;
- our ability to successfully develop new products;
- failure to protect our intellectual property;
- the effect of, or change in, government regulations (including tax);
- economic disruption caused by terrorist attacks, including cybersecurity threats, health crises or other unforeseen events; and
- the factors discussed in other reports filed with the SEC.

We believe these forward-looking statements are reasonable; however, you should not place undue reliance 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 publicly update any of these statements in light of new information or future events.

Overview

Roper Technologies, Inc. (“Roper,” “we,” “us” or “our”) is a diversified technology company. We operate businesses that design and develop software (both license and software-as-a-service) and engineered products and solutions for a variety of niche end markets.

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

Critical Accounting Policies

There were no material changes during the nine months ended September 30, 2018 to the items that we disclosed as our critical accounting policies and estimates in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.

Recently Issued Accounting Standards

Information regarding new accounting pronouncements is included in Note 2 of the Notes to Condensed Consolidated Financial Statements.

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Results of Operations

All currency amounts are in millions

General

Percentages may not sum due to rounding.

The following table sets forth selected information for the periods indicated. Percentages are the particular line item shown as a percentage of net revenues.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net revenues:				
RF Technology	\$ 560.4	\$ 480.6	\$ 1,579.4	\$ 1,370.7
Medical & Scientific Imaging	380.0	343.6	1,120.0	1,042.6
Industrial Technology	229.5	200.4	677.2	576.7
Energy Systems & Controls	148.8	135.3	438.3	390.9
Total	\$ 1,318.7	\$ 1,159.9	\$ 3,814.9	\$ 3,380.9
Gross margin:				
RF Technology	64.9 %	62.2 %	63.9 %	60.6 %
Medical & Scientific Imaging	71.9	71.9	71.4	72.2
Industrial Technology	51.0	50.9	50.9	50.9
Energy Systems & Controls	58.0	57.9	57.6	57.1
Total	63.7	62.6	63.1	62.1
Selling, general and administrative expenses:				
RF Technology	35.3 %	34.3 %	35.8 %	35.6 %
Medical & Scientific Imaging	36.9	38.3	37.6	38.0
Industrial Technology	18.6	19.9	19.3	20.7
Energy Systems & Controls	26.9	31.0	29.5	31.6
Total	31.9	32.6	32.7	33.3
Segment operating margin:				
RF Technology	29.6 %	27.9 %	28.1 %	25.0 %
Medical & Scientific Imaging	34.9	33.6	33.8	34.2
Industrial Technology	32.3	31.0	31.6	30.2
Energy Systems & Controls	31.1	26.9	28.2	25.5
Total	31.8	30.0	30.4	28.8
Corporate administrative expenses	(3.1)	(3.2)	(3.4)	(3.2)
Income from operations	28.6	26.8	27.1	25.5
Interest expense, net	(3.7)	(3.9)	(3.5)	(4.1)
Loss on debt extinguishment	(1.2)	—	(0.4)	—
Other income, net	(0.1)	(0.1)	—	0.2
Earnings before income taxes	23.6	22.8	23.1	21.6
Income taxes	(4.9)	(6.4)	(5.1)	(6.0)
Net earnings	18.8 %	16.4 %	18.0 %	15.6 %

Three months ended September 30, 2018 compared to three months ended September 30, 2017

Net revenues for the three months ended September 30, 2018 increased by 13.7% as compared to the three months ended September 30, 2017. The increase was the result of organic growth of 9.7%, acquisition contribution of 4.4%, and a negative foreign exchange impact of 0.4%.

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In our RF Technology segment, revenues were \$560.4 in the third quarter of 2018 as compared to \$480.6 in the third quarter of 2017, an increase of 17%. Organic revenues increased 6% and acquisitions accounted for 11% of our growth. The growth in organic revenues was due primarily to our software businesses, including the non-recurrence of purchase accounting adjustments to acquired deferred revenues in the third quarter of 2017 associated with our 2016 Deltek and ConstructConnect acquisitions. Gross margin increased to 64.9% in the third quarter of 2018 as compared to 62.2% in the third quarter of 2017 due to an increased percentage of revenues at our software businesses, which have higher gross margins, including a net reduction in purchase accounting adjustments. Selling, general and administrative (“SG&A”) expenses as a percentage of revenues increased to 35.3% in the third quarter of 2018 as compared to 34.3% in the third quarter of 2017 due primarily to an increased percentage of revenues at our software businesses, which have a higher SG&A expense structure, including amortization of acquired intangibles. The resulting operating margin was 29.6% in the third quarter of 2018 as compared to 27.9% in the third quarter of 2017.

Our Medical & Scientific Imaging segment revenues increased by 11% to \$380.0 in the third quarter of 2018 as compared to \$343.6 in the third quarter of 2017, all of which was attributable to organic growth. The growth in organic revenues was due primarily to broad-based growth in our medical products and imaging businesses. Gross margin remained unchanged at 71.9% in the third quarter of 2018 as compared to the third quarter of 2017, due primarily to operating leverage on higher revenues at our medical products businesses, offset primarily by growth in our lower margin imaging businesses. SG&A expenses as a percentage of revenues decreased to 36.9% in the third quarter of 2018 as compared to 38.3% in the third quarter of 2017 due primarily to operating leverage on higher revenues at our imaging businesses. As a result, operating margin was 34.9% in the third quarter of 2018 as compared to 33.6% in the third quarter of 2017.

Our Industrial Technology segment revenues increased by 15% to \$229.5 in the third quarter of 2018 as compared to \$200.4 in the third quarter of 2017, all of which was attributable to organic growth. The growth in organic revenues was due primarily to our water meter technology and fluid handling businesses. Gross margin increased to 51.0% in the third quarter of 2018 as compared to 50.9% in the third quarter of 2017 and SG&A expenses as a percentage of revenues decreased to 18.6% in the third quarter of 2018 as compared to 19.9% in the third quarter of 2017, both of which were due primarily to operating leverage on higher revenues. The resulting operating margin was 32.3% in the third quarter of 2018 as compared to 31.0% in the third quarter of 2017.

Our Energy Systems & Controls segment revenues increased by 10% to \$148.8 in the third quarter of 2018 as compared to \$135.3 in the third quarter of 2017. Organic revenues increased by 11% and the negative foreign exchange impact was 1%. The increase in organic revenues was due to broad-based growth in our businesses serving energy and industrial end markets. Gross margin increased to 58.0% in the third quarter of 2018 as compared to 57.9% in the third quarter of 2017 and SG&A expenses as a percentage of revenues decreased to 26.9% in the third quarter of 2018 as compared to 31.0% in the third quarter of 2017, both of which were due primarily to operating leverage on higher revenues. As a result, operating margin was 31.1% in the third quarter of 2018 as compared to 26.9% in the third quarter of 2017.

Corporate expenses increased to \$41.4, or 3.1% of revenues, in the third quarter of 2018 as compared to \$37.5, or 3.2% of revenues, in the third quarter of 2017. The dollar increase was due primarily to equity compensation as a result of increases in our common stock price.

Net interest expense was \$48.4 for the third quarter of 2018 as compared to \$45.5 for the third quarter of 2017 due to higher weighted average interest rates, partially offset by lower weighted average debt balances.

Loss on debt extinguishment of \$15.9 for the third quarter of 2018, incurred in connection with the 2019 Notes redemption, was composed of the early redemption premium and the remaining unamortized deferred financing costs.

Other expense, net, of \$1.6 and \$0.7 for the third quarter of 2018 and 2017, respectively, was composed primarily of foreign exchange losses at our non-U.S. based subsidiaries.

Income taxes as a percent of pretax earnings were 20.5% in the third quarter of 2018 as compared to 28.1% in the third quarter of 2017. The rate was favorably impacted primarily due the reduction in U.S. federal corporate income tax rate from 35% to 21% resulting from the Tax Cuts and Jobs Act of 2017 (“the Tax Act”), partially offset by the elimination or limitation of various deductions, most notably the domestic manufacturing deduction.

As of December 31, 2017, the Company’s accounting under ASC 740, Income Taxes, was incomplete for certain income tax effects of the Tax Act. Accordingly, the Company reported provisional amounts where it was able to determine a reasonable estimate and reported no amount where it was unable to determine a reasonable estimate. Adjustments to these provisional amounts totaled a \$3.3 benefit during the three months ended September 30, 2018. The benefit was due primarily to a reduction of the provisional liability associated with the one-time mandatory repatriation tax, partially offset by an increase of the provisional liability associated

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with our indefinite reinvestment assertion on foreign earnings. All provisional estimates remain subject to adjustment until the end of the measurement period.

Order backlog is equal to our remaining performance obligations expected to be recognized within the next 12 months as discussed in Note 1 of the Notes to Condensed Consolidated Financial Statements. Order backlog increased 6% to \$1,694.4 at September 30, 2018 as compared to \$1,592.8 at September 30, 2017, 5% of which was attributable to acquisitions.

	Order backlog as of	
	September 30,	
	2018	2017
RF Technology	\$ 997.0	\$ 956.3
Medical & Scientific Imaging	477.2	441.5
Industrial Technology	117.4	98.5
Energy Systems & Controls	102.8	96.5
Total	\$ 1,694.4	\$ 1,592.8

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

Net revenues for the nine months ended September 30, 2018 increased by 12.8% as compared to the nine months ended September 30, 2017. The increase was the result of organic growth of 9.4%, a net effect from acquisitions and divestitures of 2.6%, and foreign exchange benefit of 0.9%.

In our RF Technology segment, revenues were \$1,579.4 in the nine months ended September 30, 2018 as compared to \$1,370.7 in the nine months ended September 30, 2017, an increase of 15%. Organic revenues increased 9% and acquisitions accounted for 6% of our growth. The growth in organic revenues was due primarily to our software businesses, including the non-recurrence of purchase accounting adjustments to acquired deferred revenues in the nine months ended September 30, 2017 associated with our 2016 Deltek and ConstructConnect acquisitions. Gross margin increased to 63.9% in the nine months ended September 30, 2018 as compared to 60.6% in the nine months ended September 30, 2017, due to increased percentage of revenues at our software businesses, which have higher gross margins, including the net reduction of purchase accounting adjustments. SG&A expenses as a percentage of revenues in the nine months ended September 30, 2018 increased to 35.8% as compared to 35.6% in the nine months ended September 30, 2017 due primarily to an increased percentage of revenues at our software businesses, which have a higher SG&A expense structure, including amortization of acquired intangibles, largely offset by operating leverage on higher revenues. The resulting operating margin was 28.1% in the nine months ended September 30, 2018 as compared to 25.0% in the nine months ended September 30, 2017.

Our Medical & Scientific Imaging segment revenues increased by 7% to \$1,120.0 in the nine months ended September 30, 2018 as compared to \$1,042.6 in the nine months ended September 30, 2017. Organic revenues increased 7% and the foreign exchange benefit was 1%. Organic revenue growth was due primarily to broad-based growth in our imaging and medical products businesses. Gross margin decreased to 71.4% in the nine months ended September 30, 2018 as compared to 72.2% in the nine months ended September 30, 2017 due primarily to an unfavorable sales mix within our software businesses. SG&A expenses as a percentage of revenues decreased to 37.6% in the nine months ended September 30, 2018 as compared to 38.0% in the nine months ended September 30, 2017 due primarily to operating leverage on higher revenues at our imaging businesses, partially offset by increased software development and selling expenses at certain of our software businesses. As a result, operating margin was 33.8% in the nine months ended September 30, 2018 as compared to 34.2% in the nine months ended September 30, 2017.

Our Industrial Technology segment revenues increased by 17% to \$677.2 in the nine months ended September 30, 2018 as compared to \$576.7 in the nine months ended September 30, 2017. Organic revenues increased 16% and the foreign exchange benefit was 1%. The growth in organic revenues was due primarily to our fluid handling and water meter technology businesses. Gross margin remained unchanged in the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 at 50.9%. SG&A expenses as a percentage of revenues decreased to 19.3% in the nine months ended September 30, 2018 as compared to 20.7% in the nine months ended September 30, 2017 due to operating leverage on higher revenues. The resulting operating margin was 31.6% in the nine months ended September 30, 2018 as compared to 30.2% in the nine months ended September 30, 2017.

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Our Energy Systems & Controls segment revenues increased by 12% to \$438.3 in the nine months ended September 30, 2018 as compared to \$390.9 in the nine months ended September 30, 2017. Organic revenues increased by 9%, acquisitions, net of dispositions, accounted for 1% and the foreign exchange benefit was 2%. The increase in organic revenues was due to broad-based growth in our businesses serving energy and industrial end markets. Gross margin increased to 57.6% in the nine months ended September 30, 2018 as compared to 57.1% in the nine months ended September 30, 2017, and SG&A expenses as a percentage of revenues decreased to 29.5% in the nine months ended September 30, 2018 as compared to 31.6% in the nine months ended September 30, 2017, both of which were due to operating leverage on higher revenues. As a result, operating margin was 28.2% in the nine months ended September 30, 2018 as compared to 25.5% in the nine months ended September 30, 2017.

Corporate expenses increased to \$128.0, or 3.4% of revenues, in the nine months ended September 30, 2018 as compared to \$109.6, or 3.2% of revenues, in the nine months ended September 30, 2017. The increase was due primarily to (i) increased equity compensation as a result of increases in our common stock price and (ii) acquisition-related expenses.

Net interest expense was \$134.8 for the nine months ended September 30, 2018 as compared to \$137.2 for the nine months ended September 30, 2017 due to lower weighted average debt balances, partially offset by higher weighted average interest rates.

Other expense, net, of \$1.0 for the nine months ended September 30, 2018 was composed primarily of foreign exchange losses at our non-U.S. based subsidiaries. Other income, net, of \$5.2 for the nine months ended September 30, 2017 was composed primarily of a \$9.4 gain on sale of a product line in our Energy Systems & Controls segment, partially offset by foreign exchange losses at our non-U.S. subsidiaries and a \$1.8 impairment charge on a minority investment.

Income taxes as a percent of pretax earnings decreased to 21.9% in the nine months ended September 30, 2018 as compared to 27.8% in the nine months ended September 30, 2017. The rate was favorably impacted primarily due the reduction in U.S. federal corporate income tax rate from 35% to 21% resulting from the Tax Act, partially offset by the elimination or limitation of various deductions, most notably the domestic manufacturing deduction. In addition, the rate was favorably impacted due to the recognition of excess tax benefits associated with equity compensation of \$28.7 in the nine months ended September 30, 2018 as compared to \$17.0 in the nine months ended September 30, 2017, largely offset by the recognition of a deferred tax liability of \$10.0 on the excess of Gatan's book basis over our tax basis in the shares.

As of December 31, 2017, the Company's accounting under ASC 740, Income Taxes, was incomplete for certain income tax effects of the Tax Act. Accordingly, the Company reported provisional amounts where it was able to determine a reasonable estimate, and reported no amount where it was unable to determine a reasonable estimate. Adjustments to these provisional amounts totaled a \$2.4 benefit during the nine months ended September 30, 2018. The benefit was due primarily to a reduction of the provisional liability associated with the one-time mandatory repatriation tax, partially offset by an increase of the provisional liability associated with our indefinite reinvestment assertion on foreign earnings. All provisional estimates remain subject to adjustment until the end of the measurement period.

Financial Condition, Liquidity and Capital Resources

All currency amounts are in millions

Selected cash flows for the nine months ended September 30, 2018 and 2017 were as follows:

Cash provided by/(used in):	Nine months ended September 30,	
	2018	2017
Operating activities	\$ 966.0	\$ 865.7
Investing activities	(1,230.4)	(128.3)
Financing activities	(40.8)	(950.2)

Operating activities - Net cash provided by operating activities increased by 11.6% to \$966.0 in the nine months ended September 30, 2018 as compared to \$865.7 in the nine months ended September 30, 2017 due primarily to higher net income net of non-cash charges, partially offset by a higher investment in working capital.

Investing activities - Cash used in investing activities during the nine months ended September 30, 2018 was primarily for business acquisitions, most notably PowerPlan, and to a much lesser extent capital expenditures. Cash used in investing activities during the nine months ended September 30, 2017 was primarily for business acquisitions and capital expenditures.

Financing activities - Cash used in financing activities for the nine months ended September 30, 2018 was primarily due to the redemption of our 2019 Notes and net repayments on our unsecured credit facility, as well as dividend payments, largely offset

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by net proceeds from the issuance of the 2023 Notes and the 2028 Notes as well as proceeds from stock option exercises. Cash used in financing activities during the nine months ended September 30, 2017 was primarily due to net repayments on our unsecured credit facility and dividend payments, partially offset by proceeds from stock option exercises.

Effect of foreign currency exchange rate changes on cash - Cash and cash equivalents decreased during the nine months ended September 30, 2018 by \$2.7 due primarily to the strengthening of the U.S. dollar against the Canadian dollar. Cash and cash equivalents increased during the nine months ended September 30, 2017 by \$61.2 due primarily to the strengthening of functional currencies of our European and Canadian subsidiaries against the U.S. dollar.

Total debt at September 30, 2018 consisted of the following:

\$800 2.050% senior notes due 2018	800.0
\$600 3.000% senior notes due 2020	600.0
\$500 2.800% senior notes due 2021	500.0
\$500 3.125% senior notes due 2022	500.0
\$700 3.650% senior notes due 2023	700.0
\$300 3.850% senior notes due 2025	300.0
\$700 3.800% senior notes due 2026	700.0
\$800 4.200% senior notes due 2028	800.0
Unsecured credit facility	340.0
Deferred finance costs	(27.6)
Other	3.5
Total debt, net of deferred finance costs	5,215.9
Less current portion	801.6
Long-term debt, net of deferred finance costs	<u>\$ 4,414.3</u>

The interest rate on borrowings under our \$2,500.0 unsecured credit facility is calculated based upon various recognized indices plus a margin as defined in the credit agreement. At September 30, 2018, there were \$340.0 outstanding borrowings under our unsecured credit facility. At September 30, 2018, we had \$3.5 of other debt in the form of capital leases and several smaller facilities that allow for borrowings in various foreign locations to support our non-U.S. businesses and \$78.5 of outstanding letters of credit.

Cash at our foreign subsidiaries at September 30, 2018 decreased to \$328.2 as compared to \$591.5 at December 31, 2017 primarily due to the repatriation of historical foreign earnings subject to the deemed repatriation tax under the Tax Act. We intend to repatriate the remainder of these historical earnings and substantially all future foreign earnings, subject to any change in U.S. tax law.

We expect existing cash and cash equivalents, cash generated by our operations and availability under our unsecured credit facility, as well as our expected ability to access the capital markets, will be sufficient to fund operating requirements for the foreseeable future.

We were in compliance with all debt covenants related to our unsecured credit facility throughout the nine months ended September 30, 2018.

Net working capital (total current assets, excluding cash, less total current liabilities, excluding debt) was negative \$73.1 at September 30, 2018 as compared to negative \$140.4 at December 31, 2017, reflecting an increase in working capital due primarily to increases in unbilled receivables and accounts receivable, partially offset primarily due to increased deferred revenue. Total debt was \$5,215.9 at September 30, 2018 as compared to \$5,155.5 at December 31, 2017 due to the issuance of the 2023 Notes and the 2028 Notes, largely offset by the redemption of the 2019 Notes and net repayments on our unsecured credit facility. Our leverage is shown in the following table:

	September 30, 2018	December 31, 2017
Total debt	\$ 5,215.9	\$ 5,155.5
Cash	(363.4)	(671.3)
Net debt	4,852.5	4,484.2
Stockholders' equity	7,554.9	6,863.6
Total net capital	\$ 12,407.4	\$ 11,347.8
Net debt / total net capital	39.1%	39.5%

Capital expenditures were \$34.2 for the nine months ended September 30, 2018 as compared to \$35.9 for the nine months ended September 30, 2017. Capitalized software expenditures were \$7.2 for the nine months ended September 30, 2018 as compared to \$8.0 for the nine months ended September 30, 2017. We expect the aggregate of capital expenditures and capitalized software expenditures for the balance of the year to be comparable to prior years as a percentage of revenues.

There have been no significant changes to our contractual obligations from those disclosed in our Annual Report.

Off-Balance Sheet Arrangements

At September 30, 2018, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Outlook

Current geopolitical uncertainties could adversely affect our business prospects. A significant terrorist attack or other global conflict could cause changes in world economies that would adversely affect us. It is impossible to isolate each of these factor's effects on current economic conditions. It is also impossible to predict with any reasonable degree of certainty what or when any additional events may occur that also would similarly disrupt the economy.

We maintain an active acquisition program; however, future acquisitions will be dependent on numerous factors and it is not feasible to reasonably estimate if or when any such acquisitions will occur and what the impact will be on our business, financial condition and results of operations. Such acquisitions may be financed by the use of existing credit lines, future cash flows from operations, future divestitures, the proceeds from the issuance of new debt or equity securities or any combination of these methods.

We anticipate that our businesses will generate positive cash flows from operating activities, and that these cash flows will permit the reduction of currently outstanding debt in accordance with the repayment schedule. However, the rate at which we can reduce our debt during 2018 (and reduce the associated interest expense) will be affected by, among other things, the financing and operating requirements of any new acquisitions and the financial performance of our existing companies. None of these factors can be predicted with certainty.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report. There were no material changes during the nine months ended September 30, 2018.

ITEM 4. CONTROLS AND PROCEDURES

As required by SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q (“Evaluation Date”). This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer. Based on this evaluation as of the Evaluation Date, these officers have concluded that the design and operation of our disclosure controls and procedures are effective.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes to our internal controls during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 10 of the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

For information regarding factors that could affect our business, financial condition and results of operations, see the risk factors discussion in Item 1A of our Annual Report. See also “Information About Forward-Looking Statements” included in Part I, Item 2 of this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS

- 4.1 [Form of 3.650% Senior Notes due 2023, incorporated herein by reference to Exhibit 4.1 to the Roper Technologies, Inc. Current Report on Form 8-K filed August 28, 2018.](#)
- 4.2 [Form of 4.200% Senior Notes due 2028 \(included in Exhibit 4.1\).](#)
- 10.1 [Form of director and officer indemnification agreement](#)
- 31.1 [Rule 13a-14\(a\)/15d-14\(a\), Certification of the Chief Executive Officer, filed herewith.](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\), Certification of the Chief Financial Officer, filed herewith.](#)
- 32.1 [Section 1350 Certification of the Chief Executive and Chief Financial Officers, furnished herewith.](#)
- 101.INS XBRL Instance Document, filed herewith.
- 101.SCH XBRL Taxonomy Extension Schema Document, filed herewith.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document, filed herewith.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document, filed herewith.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith.

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.

Roper Technologies, Inc.

<u>/S/ L. Neil Hunn</u> L. Neil Hunn	President and Chief Executive Officer (Principal Executive Officer)	November 5, 2018
<u>/S/ Robert C. Crisci</u> Robert C. Crisci	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 5, 2018
<u>/S/ Jason Conley</u> Jason Conley	Vice President and Controller (Principal Accounting Officer)	November 5, 2018

Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“**Agreement**”), dated as of _____, is by and between Roper Technologies, Inc., a Delaware corporation (the “**Company**”), and _____ (“**Indemnitee**”).

A. Indemnitee is or is expected to become a director or officer of the Company.

B. Both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies, and the Company desires to have Indemnitee serve or continue to serve as a director or officer of the Company, free from undue concern for the risks and potential liabilities associated with such service to the Company.

C. The Company believes that the interest of the Company’s stockholders would be best served by contracts with its directors and officers to indemnify them to the fullest extent permitted by law (as in effect on the date hereof or to the extent any amendment may expand such permitted indemnification, as hereafter in effect) against personal liability for actions taken in the performance of their duties for the Company.

D. The Board of Directors of the Company (the “**Board**”) has determined that to attract and retain talented and experience individuals to serve as directors and officers of the Company and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company to indemnify contractually its directors and officers and to assume for itself liability for such expenses and damages in connection with claims against such directors and officers in connection with their service to the Company, and that the failure to provide such contractual indemnification could be detrimental to the Company and its stockholders.

E. In recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee’s service or continued service as a director or officer of the Company and to enhance Indemnitee’s ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company’s Certificate of Incorporation or By-laws (collectively, the “**Constituent Documents**”), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and

the advancement of certain expenses to, Indemnitee as set forth in this Agreement and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and Indemnitee's agreement to provide services or to continue to provide services to the Company, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) **"Change in Control"** means and includes the occurrence of any one of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a **"Person"**) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the **"Outstanding Company Voting Securities"**); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control:

(A) any acquisition by a Person who is as of the date hereof the beneficial owner of 25% or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, (C) any acquisition by the Company, (D) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (E) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition; or

(ii) Individuals who, as of the date hereof, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “**Business Combination**”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

(b) “**Claim**” means:

(i) any threatened, pending or completed action, suit, proceeding, claim, counterclaim, cross claim, arbitration, mediation or alternative dispute resolution mechanism (including any appeal therefrom), whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that Indemnitee determines might lead to the institution of any such action, suit, proceeding, claim, counterclaim, cross claim, arbitration, mediation or alternative dispute resolution mechanism.

(c) “**Delaware Court**” shall mean the Court of Chancery of the State of Delaware.

(d) **“Disinterested Director”** means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(e) **“Expenses”** means any and all expenses, including attorneys’ and experts’ fees and fees of other professionals, retainers, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(g) **“Indemnifiable Event”** means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan, or other entity or enterprise (collectively with the Company and its subsidiaries, **“Enterprise”**) or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(h) **“Independent Counsel”** means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently performs, nor in the past five years has performed, services for either: (i) the Company, any Enterprise affiliated with the Company, or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term **“Independent Counsel”** shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(i) **“Losses”** means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

2. **Services to the Company.** Indemnitee agrees to serve or continue to serve as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee is no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between any Enterprise and Indemnitee. Indemnitee specifically acknowledges that Indemnitee’s employment with or service to an Enterprise is at will and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and such

Enterprise, other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Constituent Documents or Delaware law. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to be employed by or provide service to any Enterprise, as provided in Section 13 hereof.

3. Indemnification. Subject to Section 9 and Section 10 of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which Indemnitee is solely a witness.

4. Advancement of Expenses. Unless prohibited by applicable law, Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event (an “**Expense Advance**”). Indemnitee’s right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within five calendar days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Execution and delivery to the Company of this Agreement by Indemnitee constitutes an undertaking by Indemnitee to repay any amounts paid, advanced or reimbursed by the Company pursuant to this Section 4 in respect of Expenses relating to, arising out of or resulting from any Claim in respect of which it shall be determined, pursuant to Section 9, following the final disposition of such Claim, that Indemnitee is not entitled to indemnification hereunder. Such undertaking is unsecured and is hereby accepted by the Company without regard to Indemnitee’s financial ability to make repayment. No other form of undertaking shall be required other than the execution of this Agreement.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, or (b) recovery under any directors’ and officers’ liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not

for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim that could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure by Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof, solely or jointly with any other indemnifying party, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) Indemnitee's employment of its own counsel has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim within a reasonable period of time after notice from the Company to Indemnitee of its election to assume the defense of any such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor following the final disposition of any Claim, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with Section 9 below.

9. Determination of Right to Indemnification.

a. Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law and no Standard of Conduct Determination (as defined in Section 9(b)) shall be required. If Indemnitee is not wholly successful in such Claim relating to an

Indemnifiable Event but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Claim relating to an Indemnifiable Event, the Company shall indemnify Indemnitee against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law in connection with or related to each successfully resolved claim, issue or matter. For purposes of this Section 9(a) and without limitation, the termination of any claim, issue or matter in such a Claim by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(ii) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law.

(b) Standard of Conduct. To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition to indemnification of Indemnitee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "**Standard of Conduct Determination**") shall be made (i) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, or (iii) at the election of Indemnitee in his or her sole discretion, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and Indemnitee shall cooperate with the persons making such determination, including providing to such persons, upon reasonable request, any documentation or information that is not privileged or otherwise protected from disclosure and which is reasonable available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorney's fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(c) Making the Standard of Conduct Determination. The Company shall use reasonable efforts to cause any Standard of Conduct Determination required under Section 9(b) to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under Section 9(b) shall not have made a determination within 45 calendar days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to Section 8 (the date of such receipt being the "**Notification Date**") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 45-day period may be extended for a reasonable time, not to exceed an additional 45 days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, but subject to Indemnitee's right to the advancement of Expenses as provided in this Agreement, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to Section 9(a);

(ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to Section 9(b) or Section 9(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within five calendar days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel, the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. The Company within seven calendar days after receiving written notice of selection from Indemnitee, deliver to Indemnitee a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(h), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) Indemnitee may, at his or her option, select an alternative Independent Counsel and give written notice to the Company advising the Company of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 9(e) to make the Standard of Conduct Determination shall have been selected within 45 calendar days after Indemnitee gives its initial notice, either the Company or Indemnitee may petition the Delaware Court to resolve any objection which shall have been made by the Company to Indemnitee's selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Court or such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 9(b).

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by Indemnitee in the Delaware Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge or actions, or failures to act, of any director, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted. Indemnitee shall be deemed to have been found liable in respect of any Claim, issue or matter only after Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for the advancement of Expenses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any related Standard of Conduct Determination, the burden of proving such a defense or that Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

(v) Resolution of Claims. The Company acknowledges that a settlement or other disposition short of final judgment may be successful on the merits or otherwise for purposes of Section 9(a)(i) if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Claim relating to an Indemnifiable Event to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise for purposes of Section 9(a)(i). The Company shall have the burden of proof to overcome this presumption.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in Section 5 above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) an appeal by Indemnitee from a Claim that was not initiated by Indemnitee; or

(iii) a Claim initiated by Indemnitee, in Indemnitee's capacity as a director of the Company, to contest the legality of any actions that resulted (or allegedly resulted) in the removal or failure to elect Indemnitee and a majority of the incumbent directors (or their nominees as directors); or

(iv) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute, unless Indemnitee proves that no recovery for such profits from Indemnitee is permitted under Section 16(b) of the Exchange Act, or any similar successor statute.

11. Remedies of Indemnitee.

(a) Subject to the last sentence of Section 9(c), in the event that:

(i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement; or

(ii) advancement of Expenses is not timely made pursuant to Section 4 of this Agreement; or

(iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(c) of this Agreement within 90 days of the receipt by the Company of the request for indemnification or the selection of an Independent Counsel, as applicable; or

(iv) payment of indemnification is not timely made pursuant to Section 9(d) of this Agreement; or

(v) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action, suit or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder;

Indemnitee shall be entitled to an adjudication in the Delaware Court of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the

right to commence such proceeding under Section 9 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 11, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 9 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 11, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder.

12. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent; provided, however, that, the Company shall be liable for indemnification of Indemnitee for amounts paid in a settlement approved by an Independent Counsel. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on Indemnitee without Indemnitee's prior written consent. Neither the Company nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

13. Duration. All agreements and obligations of the Company contained herein shall be effective with respect to Indemnitee as of the date that Indemnitee first became a director or officer of the Company (or first served at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise), as if entered into by and between the Company and Indemnitee on that date, and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret Indemnitee's rights under this Agreement, even if, in either case, Indemnitee may have ceased to serve in such capacity at the time of any such Claim or proceeding.

14. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, the General Corporation Law of the State of Delaware, any other contract (except for any existing indemnification agreement between the parties hereto, which is hereby superseded, terminated and no longer in effect) or otherwise (collectively, "**Other Indemnity**").

Provisions"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder.

15. Liability Insurance. For the duration of Indemnitee's service as a director or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnifiable Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors, if Indemnitee is a director, or of the Company's officers, if Indemnitee is an officer (and not a director) by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials.

16. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

17. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

18. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

20. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

21. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand against receipt, mailed by certified or registered mail, postage prepaid, or sent by courier:

a. if to Indemnitee, to the address set forth on the signature page hereto (or such other address as Indemnitee shall designate in writing to the Company).

b. if to the Company, to: Roper Technologies, Inc., 6901 Professional Parkway East, Suite 200, Sarasota, Florida 34240, Attn: General Counsel (or such other address as the Company shall designate in writing to Indemnitee).

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery, on the third business day after mailing or on the date of actual delivery by the courier.

22. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. To the extent permitted by applicable law, the parties hereby waive any provisions of law that render any provision of this Agreement unenforceable in any respect. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding (other than arbitration brought pursuant to Section 11 hereof) arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any such action or proceeding arising out of or in connection with this Agreement, and (c) waive, and agree not to plead or make, any claim that the Delaware Court lacks venue or that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

23. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ROPER TECHNOLOGIES, INC. INDEMNITEE

By: _____

Name: Name:

Title: Address:

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Section 3: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

I, L. Neil Hunn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent

functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2018

/S/ L. Neil Hunn

L. Neil Hunn

President and Chief Executive Officer

(Principal Executive Officer)

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Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

I, Robert C. Crisci, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2018

/S/ Robert C. Crisci

Robert C. Crisci
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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Section 5: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Roper Technologies, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), L. Neil Hunn, Chief Executive Officer of the Company, and Robert C. Crisci, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2018

/S/ L. Neil Hunn

L. Neil Hunn
President and Chief Executive Officer
(Principal Executive Officer)

/S/ Robert C. Crisci

Robert C. Crisci
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

This certificate is being made for the exclusive purpose of compliance of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than specifically required by law.

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