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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 2003.

o 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 INDUSTRIES, 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.)**
2160 Satellite Blvd., Suite 200 **Duluth, Georgia** **(Address of principal executive offices)**	**30097** **(Zip Code)**

(770) 495-5100
(Registrant's telephone number, including area code)

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 x No o

The number of shares outstanding of the Registrant's common stock as of March 14, 2003 was approximately 32,647,419.

ROPER INDUSTRIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2003

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Roper Industries, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings (unaudited)
(in thousands, except per share data)

	Three months ended January 31, 2003	Three months ended January 31, 2002
Net sales	$ 138,311	$ 146,517
Cost of sales	66,888	67,970
Gross profit	71,423	78,547
Selling, general and administrative expenses	55,554	53,607
Operating profit	15,869	24,940
Interest expense	4,456	4,631
Other income	571	1,963
Earnings from continuing operations before income taxes and change in accounting principle	11,984	22,272
Income taxes	3,626	7,575
Earnings from continuing operations before change in accounting principle	8,358	14,697
Loss from discontinued operations, net of tax benefit of $201 and $100, respectively	369	187
Earnings before change in accounting principle	7,989	14,510
Goodwill impairment, net of taxes of $11,130	—	25,970
Net earnings/(loss)	$ 7,989	$ (11,460)
Earnings per common share:		
Basic:		
Earnings from continuing operations before change in accounting principle	$ 0.26	$ 0.47
Loss from discontinued operations	(0.01)	—
Goodwill adjustment effective November 1, 2001	—	(0.84)
Net Earnings/(Loss)	$ 0.25	$ (0.37)
Diluted:		
Earnings from continuing operations before change in accounting principle	$ 0.26	$ 0.46
Loss from discontinued operations	(0.01)	—
Goodwill adjustment effective November 1, 2001	—	(0.82)
Net Earnings/(Loss)	$ 0.25	$ (0.36)
Weighted average common shares outstanding:		
Basic	31,363	30,987
Diluted	31,826	31,826
Dividends declared per common share	$ 0.0875	$ 0.0825

Roper Industries, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (unaudited)
(in thousands)

	January 31, 2003	October 31, 2002
ASSETS		
Cash and cash equivalents	$ 14,756	$ 12,422
Accounts receivable, net	122,336	138,290
Inventories	95,299	88,313
Other current assets	4,254	5,224
Assets held for sale	4,772	4,578
Total current assets	241,417	248,827
Property, plant and equipment, net	51,700	51,089
Goodwill, net	471,481	459,233
Other intangible assets, net	38,008	37,032
Other noncurrent assets	34,984	32,792
Total assets	$ 837,590	$ 828,973
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 29,067	$ 35,253
Accrued liabilities	50,533	65,153
Liabilities related to assets held for sale	2,566	1,698
Income taxes payable	10,395	7,618
Current portion of long-term debt	17,002	20,515
Total current liabilities	109,563	130,237
Long-term debt	318,123	311,590
Other noncurrent liabilities	12,521	11,134
Total liabilities	440,207	452,961
Common stock	326	326
Additional paid-in capital	90,184	89,153
Retained earnings	310,237	304,995
Accumulated other comprehensive earnings	21,016	5,940
Treasury stock	(24,380)	(24,402)
Total stockholders' equity	397,383	376,012
Total liabilities and stockholders' equity	$ 837,590	$ 828,973

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended January 31,	
	2003	**2002**
Cash flows from operating activities:		
Net earnings/(loss)	$ 7,989	$ (11,460)
Depreciation	2,846	2,848
Amortization	1,018	1,178
Goodwill transitional impairment, net of tax	—	25,970
Other, net	(5,176)	(7,250)
Net cash provided by operating activities	6,677	11,286
Cash flows from investing activities:		
Acquisitions of business, net of cash acquired	—	(7,747)
Capital expenditures	(2,357)	(1,912)
Other, net	(771)	(212)
Net cash used in investing activities	(3,128)	(9,871)
Cash flows from financing activities:		
Debt borrowings	8,873	12,743
Debt payments	(9,752)	(12,242)
Dividends	(2,747)	(2,568)
Other, net	1,006	4,961
Net cash (used) provided in financing activities	(2,620)	2,894
Effect of foreign currency exchange rate changes on cash	1,405	(755)
Net increase in cash and cash equivalents	2,334	3,554
Cash and cash equivalents, beginning of period	12,422	16,419
Cash and cash equivalents, end of period	$ 14,756	$ 19,973

See accompanying notes to condensed consolidated financial statements.

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Roper Industries, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Earnings (Unaudited)
(In thousands)

	Common stock	Additional paid-in capital	Retained earnings	Accum. other compre-hensive earnings	Treasury stock	Total
Balances at October 31, 2002	$ 326	$ 89,153	$ 304,995	$ 5,940	$ (24,402)	$ 376,012
Net earnings	—	—	7,989	—	—	7,989
Exercise of stock options	—	1,031	—	—	—	1,031
Treasury stock sold	—	—	—	—	22	22
Other comprehensive earnings:						
Currency translation adjustments	—	—	—	15,076	—	15,076
Dividends declared	—	—	(2,747)	—	—	(2,747)
Balances at January 31, 2003	$ 326	$ 90,184	$ 310,237	$ 21,016	$ (24,380)	$ 397,383

See accompanying notes to condensed consolidated financial statements.

Roper Industries, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation

The accompanying condensed consolidated financial statements for the three-month periods ended January 31, 2003 and 2002 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 present fairly the financial position, results of operations and cash flows of Roper Industries, Inc. (“Roper”) and its subsidiaries for all periods presented.

During the quarter ended January 31, 2003, Roper realigned its operations into four market-focused segments to capture value-creating opportunities around common customers, market orientation, sales channels and common cost opportunities. The four new segments are: Instrumentation; Industrial Technology; Energy Systems and Controls; and Scientific and Industrial Imaging. All segment information has been restated to reflect these new categories.

Certain reclassifications have been made to previously reported information to conform to the current presentation.

Roper’s management has made a number of 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 accounting principles generally accepted in the United States of America (“GAAP”). Actual results could differ from those estimates.

The results of operations for the three months ended January 31, 2003 are not necessarily indicative of the results to be expected in the future or for the full fiscal year. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with Roper’s consolidated financial statements and the notes thereto included in its 2002 Annual Report on Form 10-K/A filed with the Securities and Exchange Commission.

2. Earnings Per Share

Basic earnings per share are calculated by dividing net earnings (there were no adjustments necessary to determine earnings available to common shares) by the weighted average number of common shares outstanding during the period. Diluted earnings per share included the dilutive effect of common stock equivalents outstanding during the period. Common stock equivalents consisted of stock options.

3. Comprehensive Earnings

Comprehensive earnings includes net earnings and all other non-owner sources of changes in a company’s net assets. Comprehensive earnings during the three months ended January 31, 2003 and 2002, was $23,065 and $8,468, respectively. The differences between net earnings and comprehensive earnings were currency translation adjustments. Income taxes have not been provided on currency translation adjustments.

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4. Inventories

	January 31, 2003	October 31, 2002
	(in thousands)	
Raw materials and supplies	$ 64,367	$ 63,247
Work in process	13,277	11,656
Finished products	39,794	34,383
Other inventory reserves	(20,986)	(19,820)
LIFO reserve	(1,153)	(1,153)
	$ 95,299	$ 88,313

5. Goodwill, net

	Instrumentation	Industrial Technologies	Energy Systems & Controls	Scientific & Ind. Imaging	Total
			(in thousands)		
Balances at October 31, 2002	$ 198,085	$ 76,703	$ 78,916	$ 105,529	$ 459,233
Additions	—	—	—	—	—
Currency translation adjustments	9,681	1,678	431	458	12,248
Reclassifications	—	—	—	—	—
Balances at January 31, 2002	$ 207,766	$ 78,381	$ 79,347	$ 105,987	$ 471,481

6. Other intangible assets, net

	Cost	Accumulated amort.	Net book value
		(in thousands)	
Assets subject to amortization:			
Existing customer base	$ 16,171	$ (2,273)	$ 13,898
Unpatented technology	7,709	(1,754)	5,955
Patents and other protective rights	7,129	(3,569)	3,560
Trade secrets	3,010	(250)	2,760
Sales order backlog	453	(453)	—
Assets not subject to amortization:			
Trade names	11,835	—	11,835
Balances at January 31, 2003	$ 46,307	$ (8,299)	$ 38,008

Amortization expense of other intangible assets was $934 and $900 during the three months ended January 31, 2003 and 2002, respectively.

7. Contingencies

Roper, in the ordinary course of business, is the subject of, or a party to, various pending or threatened legal actions, including those pertaining to product liability and employment practices. It is vigorously contesting all lawsuits that, in general, are based upon claims of the kind that have been customary over the past several years. Based upon Roper's 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 the consolidated financial position, results of operations or cash flows of Roper.

There recently has been a significant increase in certain U.S. states in asbestos-related litigation claims against numerous industrial companies. Roper or its subsidiaries have been named defendants in some such cases. 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.

8. Industry Segments

During the quarter ended January 31, 2003, Roper realigned its operations into four market-focused segments to capture value-creating opportunities around common customers, market orientation, sales channels and common cost opportunities. The four new segments are: Instrumentation; Industrial Technology; Energy Systems and Controls; and Scientific and Industrial Imaging. All segment information has been restated to reflect these new categories.

Sales and operating profit by industry segment are set forth in the following table (dollars in thousands):

	Three months ended January 31,		
	2003	2002	Percent change
Net sales:			
Instrumentation	$ 43,338	$ 45,509	-4.8%
Industrial Technology	36,536	36,717	-0.5
Energy Systems & Controls	25,001	26,736	-6.5
Scientific & Industrial Imaging	33,436	37,555	-11.0
Total	$ 138,311	$ 146,517	-5.6%
Gross profit:			
Instrumentation	$ 25,168	$ 27,613	-8.9%
Industrial Technology	16,400	16,293	0.7
Energy Systems & Controls	12,436	15,434	-19.4
Scientific & Industrial Imaging	17,419	19,207	-9.3
Total	$ 71,423	$ 78,547	-9.1%
Operating profit*:			
Instrumentation	$ 7,599	$ 9,384	-19.0%

Industrial Technology	6,945	6,834	1.6
Energy Systems & Controls	1,283	5,658	-77.3
Scientific & Industrial Imaging	2,931	6,500	-54.9
Total	$ 18,758	$ 28,376	-33.9%

* Operating profit is before unallocated corporate general and administrative expenses. Such expenses were $2,889 and $3,436 for the three months ended January 31, 2003 and 2002, respectively.

9. Discontinued Operations

In connection with the realignment of our businesses during the quarter ended January 31, 2003, the company formalized its decision to offer for sale the Petrotech operation. Accordingly, related operating results reported as discontinued operations are outlined as follows:

	Three months ended January 31,	
	2003	2002
Net sales	$ 1,350	$ 3,067
Loss before income taxes	570	287
Income tax benefit	201	100
Loss on discontinued operations	$ 369	$ 187

In addition, related assets and liabilities of Petrotech are recorded in the captions “Assets held for sale” and “Liabilities related to assets held for sale”, respectively, in the Condensed Consolidated Balance Sheets at January 31, 2003 and October 31, 2002. The assets held for sale are outlined as follows:

	January 31, 2003	October 31, 2002
Current assets	$ 3,588	$ 3,373
Property, plant and equipment, net	229	250
Goodwill, net	955	955
Assets held for sale	$ 4,772	$ 4,578

Liabilities related to assets held for sale are comprised of accounts payables and other accrued liabilities.

The company expects to complete the sale of the Petrotech operation by October 31, 2003. The Petrotech operation was previously reported in the Company’s Energy Systems and Controls segment. The accompanying financial statements have been restated to conform to discontinued operations treatment for all historical periods presented.

10. Recently Released Accounting Pronouncements

The Company adopted SFAS 143 – “Accounting for Asset Retirement Obligations” as of November 1, 2002. There was no material impact to the company related to this new statement.

The Company adopted FASB Interpretation No. 45 – “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others” as of January 1, 2003. This Interpretation elaborates on the disclosures to be made by a guarantor in its financial statements about obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Company has no new guarantees after December 31, 2002 requiring the measurement provisions of this Interpretation.

The FASB issued Interpretation No. 46 – "Consolidation of Variable Interest Entities" that is an Interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. This Interpretation addresses the consolidation requirements of business enterprises which have variable interest entities. Roper is in the process of assessing the implications of this new statement for the company.

The FASB issued SFAS 148 – "Accounting for Stock-Based Compensation – Transition and Disclosure" that amends SFAS 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends certain disclosure requirements of Statement 123. Currently, Roper has chosen not to adopt the accounting provisions of SFAS 123 and is in the process of assessing the implications of this new statement for the company.

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

Overview

Roper Industries, Inc. ("Roper", "we" or "us") is a diversified industrial company that designs, manufactures and distributes energy systems and controls, scientific and industrial imaging products and software, industrial technology products and instrumentation products and services. These products and services are marketed to selected segments of a broad range of markets including oil & gas, research, power generation, medical, semiconductor, refrigeration, automotive, water / wastewater and general industry.

We pursue consistent and sustainable growth in earnings by emphasizing continuous improvement in the operating performance of our existing businesses and by acquiring other carefully selected businesses. Our acquisitions have represented both financial bolt-ons and new strategic platforms. Common characteristics of our acquisitions are engineered products or systems that allow us to achieve high gross margins and favorable financial results. We strive for high cash and earnings returns from our investments. During the first quarter of fiscal 2003, our results benefited from five acquisitions made during the third and fourth of quarters of the prior fiscal year –

Zetec reported in our Energy Systems & Controls segment
Qualitek reported in our Instrumentation segment
QImaging reported in our Scientific & Industrial Imaging segment
Duncan Technologies reported in our Scientific & Industrial Imaging segment
Definitive Imaging reported in our Scientific & Industrial Imaging segment

Our largest customer is RAO Gazprom ("Gazprom"), the large Russian gas exploration and distribution company. Through our Compressor Controls business unit we have sold to Gazprom approximately $338 million of pipeline control and automation equipment together with associated services over the past ten years. Gazprom recently informed us that they were re-structuring their procurement procedures and we commenced negotiations on a revised supply contract with representatives of a new internal procurement agency. As a result of various delays during this process, we were unable to make shipments of new equipment to Gazprom during the quarter and only recorded net sales of $1.4 million during the first quarter as compared to $16.0 million during the prior year first quarter. This had a significant adverse impact on our earnings for the quarter. At this time we anticipate final execution of a 2003 supply contract during our second quarter and the issuance of the related financing letter of credit to allow for revenues and earnings from Gazprom to contribute to our second quarter results.

This quarter also represented the last full quarter of the development of a new motion imaging product line by our Scientific & Industrial Imaging segment. Extensive development of this product line commenced during the second quarter of fiscal 2002 and was completed during February 2003. During this period our customers have deferred ordering our existing products in anticipation of significant benefits from our new technology cameras. The quarter ended January 31, 2003 represented the first quarter in which we did not make any shipments of motion imaging products.

This filing includes the first reporting of our operations under the new segment organization established during the quarter ended January 31, 2003. We have re-aligned our operations into four market-focused groups to capture value-creating opportunities around common customers, market orientation, sales channels and common cost opportunities. We have recruited and reassigned new managers to lead these realigned groups.

During this realignment of our businesses, we formalized our decision to offer for sale the Petrotech business. Accordingly, we are now reporting Petrotech as a discontinued operation and the results of this business are excluded from earnings from continuing operations.

You should read the following discussion in conjunction with Management's Discussion and Analysis of Financial Conditions and Results of Operations included in our Annual Report on Form 10-K/A for the year ended October 31, 2002 as filed with the Securities and Exchange Commission ("SEC") and the Notes to our condensed consolidated financial statements included elsewhere in this report.

Application of Critical Accounting Policies

Our consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States ("GAAP"). A discussion of our significant accounting policies can be found in the notes to our consolidated financial statements for the year ended October 31, 2002 included in our Annual Report.

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

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

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

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

Accounts receivable collectibility is based on the economic circumstances of customers and credits given to customers after shipment of products, including in certain cases, credits for returned products. Accounts receivable are regularly reviewed to determine customers who have not paid within agreed upon terms, whether these amounts are consistent with past experiences, what historical experience has been with amounts deemed uncollectible and the impact that current and near-term forecast economic conditions might have on collection efforts in general and with specific customers. The returns and other sales credits histories are analyzed to determine likely future rates for such credits. At January 31, 2003, our allowance for doubtful accounts receivable, sales returns and sales credits was $3.9 million, or 3.5% of total gross accounts receivable excluding securitized Gazprom receivables from a vendor financing program. This percentage is influenced by the risk profile of the underlying receivables and increased 40 basis points over the quarter.

We regularly compare inventory quantities on hand against anticipated future usage, which we determine as a function of historical usage or forecasts related to specific items in order to evaluate obsolescence and excessive quantities. When we use historical usage, this information is also qualitatively compared to business trends to evaluate the reasonableness of using historical information as an estimate of future usage. Business trends can change rapidly and these events can affect the evaluation of inventory balances. At January 31, 2003, inventory reserves for excess and obsolete inventory were $21.0 million, or 17.9% of gross first-in, first-out inventory cost. This percentage is consistent with that arising from our evaluation at the beginning of the quarter.

Most of our sales are covered by warranty provisions that generally provide for the repair or replacement of qualifying defective items for a specified period after the time of sale, typically 12 months. Future warranty obligations are evaluated using, among other factors, historical cost experience, product evolution and customer feedback. At January 31, 2003, the accrual for future warranty obligations was $3.5 million or 0.6% of the annualized quarter's sales. This percentage was 0.5% of equivalent sales at the beginning of the quarter.

Revenues related to the use of the percentage-of-completion method of accounting are dependent on a comparison of total costs incurred compared with total estimated costs for a project. During the first quarter of 2003, we recognized $3.5 million in revenue using this method. In addition, approximately $7.1 million of revenue related to unfinished percentage-of-completion contracts had yet to be recognized at January 31, 2003. Contracts accounted for under this method are generally not significantly different in profitability compared with contracts for similar products and services accounted for under other methods.

Income taxes can be affected by estimates of whether, and within which jurisdictions, future earnings will occur and how and when cash is repatriated to the United States, combined with other aspects of an overall income tax strategy. Additionally, taxing jurisdictions could retroactively disagree with our tax treatment of certain items, and some historical transactions have income tax effects going forward. Accounting rules require these future effects to be evaluated using current laws, rules and regulations, each of which can change at any time and in an unpredictable manner. Commencing with the current quarter ending January 31, 2003, our effective income tax rate was reduced to 30% from 31% reflecting the tax benefits of certain changes to our risk management practices and foreign business structures. During the course of fiscal 2002, we also reduced income taxes from the 34% rate used for the first quarter of fiscal 2002 to 31%. Principally this reflected improved expectations for our utilization of all available foreign income tax credits.

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

Results of Operations

General

The following tables set forth selected information for the periods indicated. Dollar amounts are in thousands and percentages are the particular line item shown as a percentage of net sales.

	Three months ended January 31,	
	2003	2002
Net sales		
Energy Systems & Controls	**$ 25,001**	$ 26,736
Industrial Technologies	**36,536**	36,717
Instrumentation	**43,338**	45,509
Scientific & Industrial Imaging	**33,436**	37,555
Total	**$ 138,311**	$ 146,517
Gross profit:		
Energy Systems & Controls	**49.7%**	57.7%
Industrial Technologies	**44.9**	44.4
Instrumentation	**58.1**	60.7
Scientific & Industrial Imaging	**52.1**	51.1
Total	**51.6**	53.6
Selling, general & administrative expenses:		
Energy Systems & Controls	**44.6%**	36.6%
Industrial Technologies	**25.9**	25.8
Instrumentation	**40.5**	40.1
Scientific & Industrial Imaging	**43.3**	33.8
Total	**38.0**	34.2
Operating profit:		
Energy Systems & Controls	**5.1%**	21.2%
Industrial Technologies	**19.0**	18.6
Instrumentation	**17.5**	20.6
Scientific & Industrial Imaging	**8.8**	17.3
Total	**13.6**	19.4
Corporate administrative expenses	**(2.1)**	(2.3)
Income from continuing operations	**11.5**	17.0
Interest expense	**(3.2)**	(3.2)
Other income	**0.4**	1.3
Income from continuing operations before taxes	**8.7**	15.2
Income taxes	**(2.6)**	(5.2)
Income from Continuing Operations	**6.1**	10.0
Income / (loss) from discontinued operations, net of tax	**(0.3)**	(0.1)
Earnings before change in accounting principle	**5.8**	9.9
Cumulative effect of change in accounting principle	**—**	(17.7)
Net earnings	**5.8%**	(7.8)%

Three months ended January 31, 2003 Compared to three months ended January 31, 2002

Net sales for the quarter ended January 31, 2003 were $138.3 million as compared to $146.5 million in the prior-year quarter. This decrease was primarily attributable to a $14.6 million reduction in sales to Gazprom, for the reasons noted above, and the absence of motion imaging sales in the Imaging segment, partially offset by the contributions from our fiscal 2002 acquisitions.

Net sales in our Energy Systems & Controls segment decreased by 6.5% during the three months ended January 31, 2003 as the reduced sales to Gazprom more than offset the additional sales contributed by Zetec. Gross margins decreased from 57.7% to 49.7% as a result of the adverse sales leverage from the deferred Gazprom sales and the seasonal low sales at Zetec with reduced power generation inspection activity during the peak heating season. This adverse leverage also resulted in an increase in SG&A expenses as a percentage of sales from 36.6% in the prior-year quarter to 44.6% in the current year quarter. As a result, operating margins reduced from 21.2% in the prior-year quarter to 5.1%. Management does not anticipate that the confluence of these events giving rise to such operating margins will recur in the future.

In our Industrial Technologies segment, net sales were down slightly (0.5%) compared to fiscal 2001 primarily from reduced sales to power generation applications. Gross margins improved to 44.9% in the quarter from 44.4% in the prior-year reflecting the impact of continuing operating improvements and headcount actions. Headcount in this segment has reduced by 2.8% as compared to the first quarter of fiscal 2002. SG&A expenses as a percentage of sales were approximately the same at 25.9% and as a result operating profit margins improved to 19.0% in the first quarter of fiscal 2003 from 18.6% in the first quarter of fiscal 2002.

In our Instrumentation segment, net sales decreased by 4.8% as compared to the prior-year quarter primarily as a result of surplus used equipment flooding the weak telecommunications capital equipment markets for our Logitech unit. Elsewhere softness in oil & gas refinery capital spending offset the benefits of the Qualitek acquisition and a 7% benefit to the segment from the weakening of the US dollar. Gross margins moved from 60.7% in the prior year quarter to 58.1% in the current quarter largely from the adverse leverage at our Logitech unit and a $0.3 million write-off of inventory associated with discontinuing certain semi-conductor equipment products. SG&A expenses as a percentage of sales were approximately flat at 40.5%. Overall the segment reported operating profit margins of 17.5% as compared to 20.6% in the prior-year quarter.

Our Scientific & Industrial Imaging segment net sales decreased by 11.0% due primarily to the absence of motion imaging product sales (explained in the overview above) which was partially offset by net sales contributed by the contributions from the QImaging and Definitive Imaging acquisitions. Gross margins improved from 51.1% in the first quarter of 2002 to 52.1% in the current quarter with higher margin sales from our QImaging acquisition which were partially offset by the increased manufacturing costs in the quarter for TEM imaging equipment. SG&A expenses as a percentage of sales increased to 43.3% in the quarter from 33.8% in the prior-year quarter as a result of additional costs associated with the development of the new motion imaging products and additional costs associated with foreign sales subsidiaries. Overall, the segment reported operating profits margins of 8.8% as compared to 17.3% with bulk of the decline attributable to the revamp of the motion imaging business.

Corporate expenses decreased by $0.5 million and reduced as a percentage of sales from 2.3% to 2.1% due primarily to reduced variable executive compensation.

Interest expense decreased $0.2 million, or 4%, for the quarter ended January 31, 2003 compared to the quarter ended January 31, 2002. Average borrowing levels were approximately the same quarter over quarter and effective interest rates were approximately 4% lower.

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Other income was $0.6 million in the first quarter of fiscal 2003 as compared to $2.0 million in the prior-year quarter. This was attributable to lower semiconductor royalty income and reduced realized foreign exchange gains.

Income taxes were 30% of pretax earnings in the current year quarter as compared to 34% in the prior-year quarter for the reasons noted in our discussion of critical accounting policies.

During fiscal 2002, we completed a transition review for goodwill impairment under SFAS 142 as of November 1, 2001. This review initially compared the fair value of each previously acquired reporting unit to its carrying value. If an impairment was indicated, the amount was then determined by comparing the implied fair value of goodwill to its carrying amount. This impairment, which was reported as a change in accounting principle, was a $0.82 per share after-tax non-cash charge and was related to the Redlake, Petrotech and Dynamco units.

At January 31, 2003, the functional currencies of our European subsidiaries were stronger against the U.S. dollar compared to currency exchange rates at October 31, 2002. This strengthening resulted in a gain of $15.1 million in the foreign exchange component of comprehensive earnings for the quarter. Approximately $12.2 million of this adjustment related to goodwill and is not expected to directly affect our expected future cash flows. The quarters operating results in fiscal 2003 also benefited slightly from the weakening of the US dollar. The benefits were less than 2% of operating earnings.

Net orders booked for continuing operations at $149.4 million for the quarter were approximately the same as the first quarter fiscal 2002 net order intake of $149.9 million. Net orders booked from Gazprom were $0.6 million in the quarter as compared to $15.3 million in the first quarter of fiscal 2002 as a result of the delay in finalizing the annual procurement contract. This reduction approximated the additional net orders booked of $14.8 million from our fiscal 2002 acquisitions. Elsewhere, strength in net orders booked for our Scientific & Industrial Imaging segment driven by the impending release of the new motion imaging cameras and strong TEM related orders was somewhat offset by delays in blanket order releases and other industrial market softness for our Industrial Technology segment. Overall, our order backlog at January 31, 2003 increased by $4.1 million as compared to January 31, 2002. Excluding the impact of the delayed Gazprom orders, the order backlog increased by 11.5% of which approximately 50% is attributable to fiscal 2002 acquisitions.

	Net orders booked for the three months ended January 31,		Order backlog as of January 31,	
	2003	2002	2003	2002
Instrumentation	$ 42,844	$ 41,476	$ 17,622	$ 20,255
Industrial Technology	39,585	42,810	28,106	32,052
Energy Systems & Controls	22,968	26,436	22,035	21,774
Scientific & Industrial Imaging	44,015	39,163	50,481	40,045
	$ 149,412	$ 149,885	$ 118,244	$ 114,126

Financial Condition, Liquidity and Capital Resources

Net cash provided by operating activities was $6.7 million in the quarter as compared to $11.3 million in the prior-year quarter. This decline is principally attributable to Gazprom, partially offset by improved cash generation from assets. Cash used in investing activities were lower in the first quarter of fiscal 2003 compared to the first quarter of fiscal 2002. In the first quarter of fiscal 2002, we made a final payment due under the purchase agreement for acquisition of Struers and Logitech in September 2001. Cash flows from financing activities during each of the quarters were mostly the borrowing activities associated with the business acquisitions and the debt reductions from our other net positive cash flows.

Net working capital (total current assets, excluding cash, less total current liabilities, excluding debt) was $134.1 million at January 31, 2003 compared to $126.7 million at October 31, 2002. Excluding the impact of our financing supplemental sales to Gazprom in the fourth quarter of fiscal 2001 and the first quarter of fiscal 2002, net working capital improved to $119.1 million at January 31, 2003 as compared to $121.7 million at October 31, 2002. This was primarily the result of effective management of our accounts receivable offset by increased inventories from deferred Gazprom and oil & gas and TEM digital imaging equipment shipments. Total debt was $335.1 million at January 31, 2003 (46% of total capital) compared to $332.1 million at October 31, 2002 (47% of total capital).

Our principal $275 million credit facility with a group of banks provides most of our daily external financing requirements, consisting of revolving loans, swing line loans and letters of credit. At January 31, 2003, utilization of this facility included $150.7 million of U.S. denominated borrowings, the equivalent of $42.1 million of non-U.S. denominated borrowings and $4.2 million of outstanding letters of credit. Total unused availability under this facility was $56.1 million at January 31, 2003. We expect that our available additional borrowing capacity combined with the cash flows expected to be generated from existing business will be sufficient to fund normal operating requirements and to assist in the financing of some additional acquisitions. This facility matures May 2005. We also have several smaller facilities that allow for borrowings or the issuance of letters of credit in various foreign locations to support our non-U.S. businesses. In total, these smaller facilities do not represent a significant source of credit for us.

Our outstanding indebtedness at January 31, 2003 also included $125 million of term notes maturing in May 2007 and May 2010 and do not require sinking fund payments. We may prepay the notes by paying the holders thereof the discounted present value of all remaining scheduled payments using a discount rate equal to the sum of 50 basis points plus the yield of the U.S. Treasury Notes corresponding to the then remaining average life of the notes being prepaid.

At January 31, 2003, 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.

Capital expenditures of $2.4 million and $1.9 million were incurred during the first quarters of fiscal 2003 and 2002 respectively. We expect capital expenditures in the balance of the fiscal year to be comparable as a percentage of sales.

In November 2002, Roper’s Board of Directors increased the quarterly cash dividend paid on our outstanding common stock to $0.0875 per share from $0.0825 per share, an increase of 6%. This represents the tenth consecutive year in which the quarterly dividend has been increased since Roper’s 1992 initial public offering. Our board of directors declared and we paid a dividend on January 31, 2003. Payment of any additional dividends require further action by the board of directors.

Recently Issued Accounting Standards

The Company adopted SFAS 143 – “Accounting for Asset Retirement Obligations” as of November 1, 2002. There was no material impact to the company related to this new statement.

The Company adopted FASB Interpretation No. 45 – “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others” as of January 1, 2003. This Interpretation elaborates on the disclosures to be made by a guarantor in its financial statements about obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Company has no new guarantees after December 31, 2002 requiring the measurement provisions of this Interpretation.

The FASB issued Interpretation No. 46 – “Consolidation of Variable Interest Entities” that is an Interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. This

Interpretation addresses the consolidation requirements of business enterprises which have variable interest entities. Roper is in the process of assessing the implications of this new statement for the company.

The FASB issued SFAS 148 – "Accounting for Stock-Based Compensation – Transition and Disclosure" that amends SFAS 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends certain disclosure requirements of Statement 123. Roper has not chosen to adopt SFAS 123 and is in the process of assessing the implications of this new statement for the company.

Outlook

Current geopolitical conditions are uncertain. A significant terrorist attack or military action against Iraq 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 will similarly disrupt the economy.

We maintain an active acquisition program, however, any further 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 activities, financial condition and results of operations. Such acquisitions may be financed by existing credit lines and future cash flows from operations, from the issuance of our equity or some combination of these financing alternatives.

We anticipate that our recently acquired companies as well as our other companies will generate positive cash flows from operating activities, and that these cash flows will permit the reduction of currently outstanding debt at a pace consistent with that which has historically been experienced. However, the rate at which we can reduce our debt during fiscal 2003 (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; and none of these factors can be predicted with certainty.

Information About Forward Looking Statements

This report contains 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. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words, "believes," "expects," "anticipates," "plans," "estimates" or similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, strategies, contingencies, financing plans, working capital needs, sources of liquidity, capital expenditures and contemplated acquisitions.

Forward-looking statements are only predictions and are not guarantees of financial performance. These statements are based on beliefs and assumptions of our management, which in turn are based on currently available information. Important assumptions which are the basis of the forward-looking statements are subject to numerous risks and uncertainties, which, if experienced, could cause our actual financial results to differ materially from those contained in any forward-looking statement. These risks and uncertainties are beyond our ability to control or predict, and they include, but are not limited to, the following:

- reductions in our business with Gazprom;
- unfavorable changes in foreign exchange rates;
- difficulties associated with exports;
- risks associated with our international operations;
- difficulty making acquisitions and successfully integrating acquired businesses;
- increased product liability and insurance costs;
- increased directors and officers liability and other insurance costs;
- the fact that our former independent auditors, Arthur Andersen LLP has ceased operations;
- future competition;
- changes in the supply of, or price for, parts and components;
- environmental compliance costs and liabilities;
- risks and costs associated with asbestos-related litigation;
- potential write-offs of our substantial intangible assets;
- terrorist attacks or war with Iraq; and
- the factors discussed in Exhibit 99.1 to our Annual Report on Form 10-K/A for the fiscal year ended October 31, 2002 under the heading "Risk Factors."

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk on our outstanding borrowings. We are exposed to foreign currency exchange risks on our transactions denominated in currencies other than the U.S. dollar. We are also exposed to equity market risks pertaining to the trading price of our common stock.

Interest rate risks at January 31, 2003 were not materially different from the analysis presented in our Annual Report on Form 10-K/A for the year ended October 31, 2002.

Several Roper companies have transactions and balances denominated in currencies other than the US dollar. Most of these transactions or balances are denominated in euros, British pounds, Danish krone or Japanese yen.

Sales by companies whose functional currency was not the US dollar were 34% of our total sales and 79% of these sales were by companies with a European functional currency. The US dollar has relatively consistently weakened against these European currencies since the first quarter of fiscal 2002. The difference between the operating results for these companies for the three months ending January 31, 2003, translated into US dollars at average currency exchange rates experienced during the quarter and these operating results translated into US dollars at average currency exchange rates experienced during the comparable quarter in fiscal 2002 was approximately 2%. If these currency exchange rates had been 10% different throughout the three months ended January 31, 2003 compared to currency exchange rates actually experienced, the impact on our expected net earnings would have been approximately $2.7 million.

The changes of these currency exchange rates relative to the US dollar during the first quarter of fiscal 2003 compared to currency exchange rates at October 31, 2002 resulted in an increase in net assets of $15.1 million that was reported as a component of comprehensive earnings, $12.2 million of which was attributed to goodwill. Goodwill changes from currency exchange rate changes do not directly affect our reported earnings or cash flows.

The trading price of Roper's common stock influences the valuation of stock option grants and the effects these grants have on diluted earnings disclosed in our financial statements. The stock price also affects our employees' perceptions of various programs that involve our common stock. We believe the quantification of the effects of these changing prices on our future earnings and cash flows is not readily determinable.

ITEM 4. CONTROLS AND PROCEDURES

Based on their evaluation as of a date within 90 days of the filing of this Quarterly Report, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses identified during the quarter and, therefore, there were no corrective actions taken.

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Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock
[(a)]3.2	Amended and Restated By-Laws
[(b)]4.01	Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C)
[(a)]4.02	Credit Agreement dated as of May 18, 2000
[(a)]4.03	Note Purchase Agreement dated as of May 18, 2000

b. Reports on Form 8-K

We filed the following reports on Form 8-K during the first quarter of fiscal 2003.

On November 1, 2002, we reported under Item 5 the announcement of the transitional impairment test of goodwill as required under Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets.”

On December 12, 2002, we reported under Item 5 our 2002 financial results.

On January 15, 2003, we reported under Item 9 the filing of our Form 10-K for the fiscal year ended October 31, 2002 and the accompanying certifications of our Chief Executive Officer and our Chief Financial Officer.

(a) Incorporated herein by reference to Exhibits 3.2, 4.02, 4.03 and 10.06 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed September 13, 2000.

(b) Incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BRIAN D. JELLISON **Brian D. Jellison**	Chief Executive Officer and President	March 17, 2003
/s/ MARTIN S. HEADLEY **Martin S. Headley**	Vice President and Chief Financial Officer	March 17, 2003

Certifications

I, Brian D. Jellison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Industries;

2. Based on my knowledge, this Quarterly 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 Quarterly Report and

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 Quarterly Report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Quarterly Report (the "Evaluation Date"); and

c) presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Quarterly Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

/s/ Brian D. Jellison

Brian D. Jellison
Chief Executive Officer and President

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I, Martin S. Headley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Industries, Inc.;

2. Based on my knowledge, this Quarterly 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 Quarterly Report and

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 Quarterly Report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Quarterly Report (the "Evaluation Date"); and

c) presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, 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 in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Quarterly Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

/s/ Martin S. Headley

Martin S. Headley
Chief Financial Officer

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EXHIBIT INDEX

Number	Exhibit
3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock
3.2	Amended and Restated By-Laws incorporated herein by reference to Exhibits 3.2, 4.02, 4.03 and 10.06 to the Roper Industries, Inc. Form 10-Q filed September 13, 2002 (File No. 1-12273).
4.01	Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C), incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996 (File No. 0-19818).
4.02	Credit Agreement dated as of May 18, 2000, incorporated herein by reference to Exhibits 3.2, 4.02, 4.03 and 10.06 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000 (File No. 1-12273).
4.03	Note Purchase Agreement dated as of May 18, 2000, incorporated herein by reference to Exhibits 3.2, 4.02, 4.03 and 10.06 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000 (File No. 1-12273).

RESTATED CERTIFICATE OF INCORPORATION
OF
ROPER INDUSTRIES, INC.
ADOPTED APRIL 1996

This Restated Certificate of Incorporation was duly adopted by unanimous written consent of the Board of Directors of Roper Industries, Inc. in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. The Corporation was originally formed under the name Dexter Holdings, Inc. pursuant to an original Certificate of Incorporation filed with the Secretary of State of the State of Delaware on December 17, 1981. The following Restated Certificate of Incorporation restates and integrates the original Certificate of Incorporation and all amendments filed with the Secretary of State of Delaware prior to April 11, 1996.

1. The name of the corporation is:

ROPER INDUSTRIES, INC.

2. The address of the corporation's registered office in the State of Delaware is 1013 Centre Road in the City of Wilmington, County of New Castle, and the name of the registered agent thereat is The Prentice-Hall Corporation System, Inc.

3. The nature of the business of the corporation and the purposes to be conducted or promoted by it are as follows:

(a) To design, manufacture, purchase, lease, distribute, install, repair, service, sell, import, export and otherwise deal in or with any and all kinds of positive displacement rotary and centrifugal pumps and industrial machinery, and all related supplies, components, equipment and products;

(b) To acquire all or any part of the stock or other securities, goodwill, rights, property or assets of any kind and to undertake or assume all or any part of the obligations or liabilities of any corporation, association, partnership, syndicate, entity, or person located in or organized under the laws of any state, territory or possession of the United States of America or any foreign country, and to pay for the same in cash, stock, bonds, debentures, notes, or other securities, secured or unsecured, of this or any other corporation or otherwise in any manner permitted by law, and to conduct in any lawful manner all or any part of any business so acquired; and

(c) To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. In addition to the general powers conferred by the laws of the State of Delaware and the purposes hereinbefore set forth, the corporation shall also have the following powers:

(d) To issue any of the shares of its capital stock of any class or series thereof now or hereafter authorized for such consideration as may be permitted by law and upon such terms and conditions as the Board of Directors may deem proper in its absolute discretion, and the stock so issued shall be fully paid and not liable to any further call or payment thereof; in the absence of actual fraud in the transaction, the judgment of the Board of Directors as to the value of the property or other consideration received for the shares of capital stock shall be conclusive; and

(e) To borrow money, make, issue and sell, pledge, or otherwise dispose of checks, drafts, bills of exchange, documents of title, bonds, debentures, notes and other evidence of indebtedness of all kinds, whether unsecured or secured by mortgage, pledge or otherwise of any or all of the assets of the corporation, and without limit as to amount; and generally to mortgage, pledge or sell any stock or other securities or other property held by it, all on such terms and conditions as the Board of Directors;

4. A. The total number of shares of stock which the corporation shall have authority to issue is eighty-one million (81,000,000) shares, divided into two (2) classes as follows:

(i) eighty million (80,000,000) shares, each to be of the par value of one cent ($.01), and to be designated as Common Stock; and

(ii) one million (1,000,000) shares, each to be of the par value of one cent ($.01), and to be designated as Preferred Stock.

B. (i) Each outstanding share of Common Stock shall entitle the holder thereof to five (5) votes on each matter properly submitted to the stockholders of the corporation for their vote, waiver, release or other action; except that no holder of outstanding shares of Common Stock shall be entitled to exercise more than one (1) vote on any such matter in respect of any share of Common Stock with respect to which there has been change in beneficial ownership during the four (4) years immediately preceding the date on which a determination is made of the stockholders of the corporation who are entitled to vote or to take any other action.

(ii) A change in beneficial ownership of an outstanding share of Common Stock shall be deemed to have occurred whenever a change occurs in any person or persons who, directly or indirectly, through any contract, agreement, arrangement, understanding, relationship or otherwise has or shares any of the following: (a) voting power, which includes, without limitation, the power to vote or to direct the voting power of such share of Common Stock; (b) investment power, which includes, without limitation, the power to direct the sale or other disposition of such shares of Common Stock; (c) the right to receive or to retain the proceeds of any sale or other disposition of such share of Common Stock; or (d) the right to receive or to retain any distributions, including, without limitation, cash dividends, in respect of such share of Common Stock. (iii) Without limiting the generality of the foregoing section (ii) of this subparagraph B, the following events or conditions shall be deemed to involve a change in beneficial ownership of a share of Common Stock: (a) in the absence of proof to the contrary provided in accordance with the procedures set forth in section (v) of this subparagraph B, a change in beneficial ownership shall be deemed to have occurred (1) whenever an outstanding share of Common Stock is transferred of record into the name of any other person and (2) upon the issuance of shares in a public offering;

(b) in the case of an outstanding share of Common Stock held of record in the name of a corporation, general partnership, limited partnership, voting trustee, bank, trust company, broker, nominee or clearing agency, if it has not been established pursuant to the procedures set forth in section (v) of this subparagraph B that there has been no change in the person or persons who or that direct the exercise of the rights referred to in clauses (ii)(a) through (ii)(d), inclusive, of this subparagraph B with respect to such outstanding share of Common Stock during the period of four (4) years immediately preceding the date on which a determination is made of the stockholders of the corporation entitled to vote or to take any other action (or since February 12, 1992 for any period ending on or before February 12, 1992), then a change in beneficial ownership of such share of Common Stock shall be deemed to have occurred during such period; (c) in the case of an outstanding share of Common Stock held of record in the name of any person as a trustee, agent, guardian or custodian under the Uniform Gifts to Minors Act as in effect in any jurisdiction, a change in beneficial ownership shall be deemed to have occurred whenever there is a change in the beneficiary of such trust, the principal of such agent, the ward of such guardian, the minor for whom such custodian is acting or in such trustee, agent, guardian or custodian; or

(d) in the case of outstanding shares of Common Stock beneficially owned by a person or group of persons who, after acquiring, directly or indirectly, the beneficial ownership of five percent (5%) of the outstanding shares of Common Stock, fails to notify the corporation of such ownership within ten (10) days after such acquisition, a change in beneficial ownership of such shares of Common Stock shall be deemed to occur on each day while such failure continues. (iv) Notwithstanding any other provision in this subparagraph B to the contrary, no change in beneficial ownership of an outstanding share of Common Stock shall be deemed to have occurred solely as a result of: (a) any event that occurred prior to February 12, 1992 or pursuant to the terms of any contract (other than a contract for the purchase and sale of shares of Common Stock contemplating prompt settlement), including contracts providing for options, rights of first refusal and similar arrangements, in existence on February 12, 1992 and to which any holder of shares of Common Stock is a party; provided, however, that any exercise by an officer or employee of the -------- ------- corporation or any subsidiary of the corporation of an option to purchase Common Stock after February 12, 1992 shall, notwithstanding the foregoing and clause (iv)(f) hereof, be deemed a change in beneficial ownership irrespective of when that option was granted to said officer or employee; (b) any transfer of any interest in an outstanding share of Common Stock pursuant to a bequest or inheritance, by operation of law upon the death of any individual, or by any other transfer without valuable consideration, including, without limitation, a gift that is made in good faith and not for the purpose of circumventing the provisions of this Article Fourth; (c) any changes in the beneficiary of any trust, or any distribution of an outstanding share of Common Stock from trust, by reason of the birth, death, marriage or divorce of any natural person, the adoption of any natural person prior to age eighteen (18) or the passage of a given period of time or the attainment by any natural person of a specific age, or the creation or termination of any guardianship or custodial arrangement; (d) any appointment of a successor trustee, agent, guardian or custodian with respect to an outstanding share of Common Stock if neither such successor has nor its predecessor had the power to vote or to dispose of such share of Common Stock without further instructions from others; (e) any change in the person to whom dividends or other distributions in respect of an outstanding share of Common Stock are to be paid pursuant to the issuance or modification of a revocable dividend payment order;

(f) any issuance of a share of Common Stock by the corporation or any transfer by the corporation of a share of Common Stock held in treasury other than in a public offering thereof, unless otherwise determined by the Board of Directors at the time of authorizing such issuance or transfer; (g) any giving of a proxy in connection with a solicitation of proxies subject to the provisions of Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder promulgated; (h) any transfer, whether or not with consideration, among individuals related or formerly related by blood, marriage or adoption ("relatives") or between a relative and any person controlled by one or more relatives where the principal purpose for the transfer is to further the estate tax planning objectives of the transferor or of relatives of the transferor: (i) any appointment of a successor trustee as a result of the death of the predecessor trustee (which predecessor trustee shall have been a natural person); (j) any appointment of a successor trustee who or which was specifically named in a trust instrument prior to February 12, 1992; or

(k) any appointment of a successor trustee as a result of the resignation, removal or failure to qualify of a predecessor trustee or as a result of mandatory retirement pursuant to the express terms of a trust instrument; provided, that less than fifty percent -------- (50%) of the trustees administering any single trust will have changed (including in such percentage the appointment of the successor trustee) during the four (4) year period preceding the appointment of such successor trustee. (v) For purposes of this subparagraph B, all determinations concerning changes in beneficial ownership, or the absence of any such change, shall be made by the Board of Directors of the corporation or, at any time when the corporation employs a transfer agent with respect to the shares of Common Stock, at the corporation's request, by such transfer agent on the corporation's behalf. Written procedures designed to facilitate such determinations shall be established and may be amended, from time to time, by the Board of Directors. Such procedures shall provide, among other things, the manner of proof of facts that will be accepted and the frequency with which such proof may be required to be renewed. The corporation and any transfer agent shall be entitled to rely on any and all information concerning beneficial ownership of the outstanding shares of Common Stock coming to their attention from any source and in any manner reasonably deemed by them to be reliable, but neither the corporation nor any transfer agent shall be charged with any other knowledge concerning the beneficial ownership of outstanding shares of Common Stock.

(vi) In the event of any stock split or stock dividend with respect to the outstanding shares of Common Stock, each share of Common Stock acquired by reason of such split or dividend shall be deemed to have been beneficially owned by the same person from the same date as that on which beneficial ownership of the outstanding share or shares of Common Stock, with respect to which such share of Common Stock was distributed, was acquired. (vii) Each outstanding share of Common Stock, whether at any particular time the holder thereof is entitled to exercise five (5) votes or one (1) vote, shall be identical to all other shares of Common Stock in all respects, and together the outstanding shares of Common Stock shall constitute a single class of shares of the corporation. C. Authority is hereby granted to the Board of Directors of the corporation to adopt, from time to time, a resolution or resolutions providing for the issuance of shares of Preferred Stock in one or more series; and the Board of Directors is hereby expressly granted and vested with the authority to determine and to fix with respect to each series of Preferred Stock any or all of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of such Preferred Stock, including, but not limited to, the determination of the following: (i) the distinctive designation of such series of Preferred Stock and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by the Board of Directors;

(ii) the rate of dividends, if any, payable on the shares of such series of Preferred Stock, the conditions upon which and the dates when such dividends shall be payable, whether such dividends shall be cumulative (and, if so, from which date or dates), and whether payable in preference to dividends payable on any other class or classes of stock or on any other series of Preferred Stock; (iii) whether or not the shares or such series of Preferred Stock shall have voting powers, and, if voting powers are granted, the extent of such voting powers; (iv) whether or not the shares of such series of Preferred Stock shall be redeemable and, if so, the terms and conditions of such redemption, including, but not limited to, the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; (v) whether or not the shares of such series of Preferred Stock shall be entitled to the benefit of a retirement fund or sinking fund, and, if so, the terms and conditions of such fund; (vi) whether or not the shares of such series of Preferred Stock shall be convertible into or exchangeable for shares of any other class or classes of stock of the corporation or of any other series of Preferred Stock and, if made so convertible or exchangeable, the time or times, the conversion price or prices, or the rate or rates of exchange, and the adjustments thereof, it any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange; (vii) the rights of the holders of the shares of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding-up, or merger, consolidation or distribution or sales of assets of the corporation; (viii) the conditions and restrictions, if any, on the payment of dividends or on the making of other distributions on, or the purchase, redemption or other acquisition by the corporation of the Roper Industries, Inc. Common Stock or of any other class of stock or other series of Preferred Stock of the corporation ranking junior to the shares of such series of Preferred Stock as to dividends or on liquidation; (ix) the conditions and restrictions, if any, on the creation of indebtedness of the corporation or any subsidiary or on the authorization or issue of any additional stock of the corporation ranking on a parity with or prior to the shares of such series of Preferred Stock as to dividends or on liquidation; and, (x) any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof. D. Subject to the foregoing, the authorized shares of stock of any class of the corporation may be issued by the corporation from time to time and for such consideration, not less than the par value thereof, and upon such terms as may be fixed from time to time by the Board of Directors, and any and all shares so issued, the full consideration for which shall have been paid or delivered, shall be deemed fully-paid and non-assessable stock and shall not be liable to any further call or assessment thereon. E. The holders of stock, as such, of any class of the corporation shall have no preemptive or preferential right to purchase or subscribe for any part of the unissued capital stock of the corporation of any class or for any new issue of stock of any class, whether now or hereafter authorized or issued, or to purchase or subscribe for any bonds or other obligations, whether or not convertible into stock of any class of the corporation, now or hereafter authorized or issued other than such, if any, as the Board of Directors of the corporation from time to time may fix pursuant to the authority hereby conferred by the Certificate of Incorporation of the corporation; and the Board of Directors may issue stock of the corporation, or securities or obligations convertible into stock, without offering such issue of stock or such securities or obligations, either in whole or in part, to the stockholders of the corporation. F. Subject to any limitations contained in the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of Common Stock shall be entitled to receive, when and as declared by the Board of Directors out of the assets of the corporation which are by law available therefor, dividends payable in cash, in property or in shares of Common Stock. No dividends, other than dividends payable only in shares of Common Stock of the corporation, shall be paid on Common Stock if cash dividends in full to which all outstanding shares of Preferred Stock of all series shall then be entitled for the then current dividend period and (where such dividends are cumulative) for all past dividend periods shall not have been paid or declared and set apart in full.

G. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the corporation, the holders of Common Stock shall be entitled, after payment or provision for payment of the debts and other liabilities of the corporation and of the amounts to which the holders of the Preferred Stock shall be entitled, to share ratably in the remaining net assets of the corporation. Neither a consolidation nor a merger of the corporation with or into any other corporation; nor a merger of any other corporation with or into the corporation; nor a reorganization of the corporation; nor the purchase or redemption of all or part of the outstanding shares of stock of any class or classes of the corporation; nor the sale or transfer of the property and business of the corporation as, or substantially as, an entity shall be considered a liquidation, dissolution or winding-up of the corporation for purposes of the preceding sentence. Pursuant to the authority conferred upon the Board of Directors by this Article 4, the Certificate of Designation, Preferences and Rights of Series A Preferred Stock set forth as Exhibit A hereto was duly adopted by said Board of Directors on January 8, 1996 and filed with the Secretary of State of the State of Delaware on January 10, 1996. 5. The Board of Directors shall have the power (i) to make, alter or amend the By-laws, subject only to such limitations, if any, as the By-laws of the corporation may from time to time impose; (ii) from time to time to fix and determine and to vary the amount to be reserved as working capital of the corporation, and, before the payment of any dividends or making any distribution or profits, to set aside out of the surplus or net profits of the corporation such sum or sums as the Board may from time to time in its absolute discretion think proper either as additional working capital or as a reserve fund to meet contingencies, or for the repairing or maintaining of any property of the corporation, or for such other corporate purposes as the Board of Directors shall think conducive to the interests of the corporation, subject only to such limitations, if any, as the By-laws of the corporation may from time to time impose; (iii) from time to time, to the extent now or hereafter permitted by the laws of Delaware, to sell, lease, exchange or otherwise dispose of any part of the property and assets of the corporation which the Board of Directors deems it expedient and for the best interests of the corporation to dispose of, or disadvantageous to continue to own, without assent of the stockholders by vote or otherwise; (iv) to issue or cause to be issued from time to time all or any part of the authorized capital stock of the corporation on such terms and for such consideration as the Board of Directors may determine in its discretion without obtaining the approval of the holders of any of the then outstanding capital stock; (v) pursuant to the affirmative vote of the holders of a majority of the shares of stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, to sell, lease, exchange, or otherwise dispose of all or substantially all of the property and assets of the corporation, including its goodwill and its corporate franchises, upon such terms and conditions as the Board of Directors deems expedient and for the best interest of the corporation; (vi) from time to time to authorize the corporation to borrow money or to pledge the credit of the corporation by guaranty or otherwise, and to issue, sell, pledge, or otherwise deliver or dispose of stock of this or any other corporation, bonds, debentures, notes or other evidences of indebtedness, whether unsecured or secured by mortgage, pledge or other lien of any or all of the assets of the corporation, all on such terms and conditions as the Board of Directors may determine or authorize in its discretion without obtaining the approval of any of the holders of any of the then outstanding capital stock of the corporation and; (vii) to exercise any and all other powers conferred by law or by this certificate or which may be conferred upon the Board of Directors by the corporation through appropriate By- law provisions or otherwise. 6. The Board of Directors, by resolution or resolutions duly adopted by it, may designate one or more committees, each committee to consist of one or more directors of the corporation, which, to the extent provided in the resolution or resolutions or in the By-laws of the corporation, but subject to any limitations specifically imposed by the laws of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. 7. No contract, act or transaction of the corporation with any person, firm or corporation shall be affected or invalidated by reason of the fact that any director or officer of the corporation is a party to or is interested in such contract, act or transaction, or in any way connected with such person, firm or corporation, provided that such interest or connection shall have been disclosed or known to the corporation. Any director of the corporation having any such interest or connection may, nevertheless, be counted in determining the existence of a quorum at any meeting of the Board of Directors or a committee which shall authorize any such contract, act or transaction and may vote thereon with full force and effect. No such officer or director nor any such person, firm or corporation in or with which such director or officer is connected shall be liable to account to the corporation for any profit realized from or through any such contract, act or transaction. 8. (i) Except as otherwise provided in this Certificate of Incorporation or the General Corporation law of the State of Delaware, the business and affairs of the corporation shall be managed by or under the direction of a Board of Directors consisting of such number of members as may be fixed, subject to the rights of the holders of any series of preferred stock then outstanding, from time to time, by the affirmative vote of the majority of the members of the Board of Directors of the corporation, but not less than the minimum number authorized by the State of Delaware. The directors shall be divided into three classes, as nearly equal in number as possible. The directors serving at such time shall designate individual directors as the initial members of such classes, with the term of office of the first class to expire at the 1997 Annual Meeting of Stockholders, the term of office of the second class to expire at the 1998 Annual Meeting of Stockholders and the term of office of the third class to expire at the 1999 Annual Meeting of Stockholders. At each Annual Meeting of Stockholders following the initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Stockholders after their election. (ii) Subject to the rights of the holders of any series of preferred stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of all of the shares of the corporation entitled to vote for the election of directors. For purposes of this Article 8, cause for removal shall be construed to exist only if the director whose removal is proposed has been convicted of a felony by a court of competent jurisdiction or has been adjudged by a court of competent jurisdiction to be liable for negligence or misconduct in the performance of his duty to the corporation in a matter of substantial importance to the corporation. (iii) Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the Annual Meeting of Stockholders at which the term of the class to which they have been elected expires. 9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation or any amendment thereto in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights conferred on the stockholders hereunder are granted subject to that reservation. 10. The duration of the corporation shall be perpetual. 11. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law as the same exists or hereafter may be amended or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then, in addition to the limitation on personal liability provided herein, the liability of a director of the corporation shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this paragraph by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification. 12. No action required to be taken or which may be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, and the power of stockholders of the corporation to take any such action by means of a consent or consents in writing, without a meeting, is specifically denied.

IN WITNESS WHEREOF, Roper Industries, Inc. has caused this Restated Certificate of Incorporation to be signed by Derrick N. Key, its President, and Shanler D. Cronk, its Secretary, this 10th day of March 1997.

/s/ DERRICK N. KEY

Derrick N. Key, President

/s/ SHANLER D. CRONK

Shanler D.Cronk, Secretary

EXHIBIT A CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES A PREFERRED STOCK of ROPER INDUSTRIES, INC. Pursuant to Section 151 of the General Corporation Law of the State of Delaware We, Derrick N. Key, President, and John N. Marden, Secretary, of Roper Industries, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY: That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the said Corporation, the said Board of Directors on January 8, 1996, adopted the following resolution creating a series of twenty five thousand (25,000) shares of Preferred Stock designated as Series A Preferred Stock: RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Certificate of Incorporation, the Board of Directors does hereby provide for the issue of a series of Preferred Stock, $.01 par value, of the Corporation, to be designated “Series A Preferred Stock” (hereinafter referred to as the “Series A Preferred Stock”), and does hereby fix and herein state and express the designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions thereof, as follows: Section 1. Designation and Amount. The shares of such series shall ---------------------- be designated as “Series A Preferred Stock” and the number of shares initially constituting such series shall be twenty five thousand (25,000); provided, however, that, if more than a total of twenty five thousand (25,000) shares of Series A Preferred Stock shall be issuable upon the exercise of the Rights (the “Rights”) issued pursuant to the Rights Agreement dated as of January 8, 1996 between the Corporation and SunTrust Bank, Atlanta, as Rights Agent, the Board of Directors of the Corporation, pursuant to Section 151(g) of the General Corporation Law of the State of Delaware, shall direct by resolution or resolutions that a certificate be properly executed, acknowledged, filed and recorded, in accordance with the provisions of Section 103 thereof, providing for the total number of shares of Series A Preferred Stock authorized to be issued to be increased (to the extent the Certificate of Incorporation then permits) to the largest number of whole shares (rounded up to the nearest whole number) issuable upon exercise of the Rights. Section 2. Dividends and Distributions. --------------------------- (A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of each fiscal quarter in each year or on such dates as the Board of Directors shall approve (each such date being referred to herein as a “Quarterly Dividend Payment Date”), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share of Series A Preferred Stock (rounded to the nearest cent) equal to the greater of (i) $.01 or (ii) subject to the provision for adjustment hereinafter set forth, one thousand (1,000) times the aggregate per share amount of all cash dividends, and one thousand (1,000) times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value $.01 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. If the Corporation shall at any time after January 8, 1996 (the "Rights Dividend Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a larger number of shares, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. (B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $.01 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof. Section 3. Voting Rights. The holders of shares of Series A ------------- Preferred Stock shall have the following voting rights: (A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one thousand (1000) votes on all matters submitted to a vote of the shareholders of the Corporation. If the Corporation shall at any time after the Rights Dividend Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a larger number of shares, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. (B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation. (C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors. (ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to two (2) Directors, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the two (2) Directors. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred ---- ----- Stock. (iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than twenty (20) days and not later than sixty (60) days after such order or request or in default of the calling of such meeting within sixty (60) days after such order or request, such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within sixty (60) days immediately preceding the date fixed for the next annual meeting of the shareholders. (iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence. (v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Certificate of Incorporation or By-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Certificate of Incorporation or By-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors, even though less than a quorum. (D) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action. Section 4. Certain Restrictions. -------------------- (A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not (i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; (ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or (iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. Section 5. Reacquired Shares. Any shares of Series A Preferred Stock ----------------- purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein. Section 6. Liquidation, Dissolution or Winding Up. -------------------------------------- (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $10 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the “Series A Liquidation Preference”). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the “Common Adjustment”) equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) one thousand (1000) (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the

Common Stock) (such number in clause (ii), the “Adjustment Number”). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively. (B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock. (C) If the Corporation shall at any time after the Rights Dividend Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a larger number of shares, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. Section 7. Consolidation, Merger, etc. If the Corporation shall --------------------------- enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to one thousand (1000) times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Dividend Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a larger number of shares, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. Section 8. No Redemption. The shares of Series A Preferred Stock ------------- shall not be redeemable. Section 9. Ranking. The Series A Preferred Stock shall rank junior - ------- to all other series of the Corporation’s Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise. Section 10. Amendment. The Certificate of Incorporation of the --------- Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Preferred Stock may be ----------------- issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury as of the 8th day of January.

/s/ DERRICK N. KEY

Derrick N. Key,
President

Attest:

/s/ JOHN N. MARDEN

John N. Marden,
Secretary