

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

FORM 10-Q

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

For the quarterly period ended April 30, 2000.

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.)

160 Ben Burton Road  
Bogart, Georgia  
(Address of principal executive offices)

30622  
(Zip Code)

(706) 369-7170  
(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  No

The number of shares outstanding of the Registrant's common stock as of June 9, 2000 was 30,502,236.

ROPER INDUSTRIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2000

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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 April 30,		Six months ended April 30,	
	2000	1999	2000	1999
Net sales	\$122,775	\$100,452	\$232,228	\$189,530
Cost of sales	57,879	47,565	110,000	92,999
Gross profit	64,896	52,887	122,228	96,531
Selling, general and administrative expenses	41,420	32,744	81,512	62,892
Income from operations	23,476	20,143	40,716	33,639
Interest expense	2,818	1,761	5,396	3,596
Other income	306	47	536	261
Earnings before income taxes	20,964	18,429	35,856	30,304
Income taxes	7,338	6,390	12,550	10,425
Net earnings	\$ 13,626	\$ 12,039	\$ 23,306	\$ 19,879
Net earnings per common and common equivalent share:				
Basic	\$ 0.45	\$ 0.40	\$ 0.77	\$ 0.66
Diluted	0.44	0.39	0.75	0.65
Weighted average common and common equivalent shares outstanding:				
Basic	30,436	30,220	30,380	30,271
Diluted	31,160	30,744	31,187	30,765
Dividends declared per common share	\$ 0.07	\$ 0.065	\$ 0.14	\$ 0.13

See accompanying notes to condensed consolidated financial statements.

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

	April 30, 2000	October 31, 1999
	----- (Unaudited)	-----
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 21,115	\$ 13,490
Accounts receivable, net	97,980	89,154
Inventories	71,303	56,401
Other current assets	4,117	2,774
	-----	-----
Total current assets	194,515	161,819
Property, plant and equipment, net	41,217	34,797
Intangible assets, net	260,908	215,020
Other assets	9,919	8,527
	-----	-----
Total assets	\$506,559 =====	\$420,163 =====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Accounts payable	\$ 20,585	\$ 18,457
Accrued liabilities	33,118	31,444
Income taxes payable	3,349	1,485
Notes payable and current portion of long-term debt	32,071	20,857
	-----	-----
Total current liabilities	89,123	72,243
Long-term debt	159,584	109,659
Other liabilities	7,084	6,293
	-----	-----
Total liabilities	255,791	188,195
	-----	-----
Common stock	317	316
Additional paid-in capital	73,614	71,084
Retained earnings	206,958	187,911
Accumulated other comprehensive earnings	(5,028)	(2,172)
Treasury stock	(25,093)	(25,171)
	-----	-----
Total stockholders' equity	250,768	231,968
	-----	-----
Total liabilities and stockholders' equity	\$506,559 =====	\$420,163 =====

See accompanying notes to condensed consolidated financial statements.

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

	Six months ended April 30,	
	2000	1999
	-----	-----
Cash flows from operating activities:		
Net earnings	\$ 23,306	\$ 19,879
Depreciation	4,005	3,165
Amortization	6,098	4,620
Other, net	(10,087)	(4,474)
	-----	-----
Net cash provided by operating activities	23,322	23,190
	-----	-----
Cash flows from investing activities:		
Acquisitions of business, net of cash acquired	(71,313)	-
Capital expenditures	(8,678)	(2,395)
Other, net	(2)	(95)
	-----	-----
Net cash used in investing activities	(79,993)	(2,490)
	-----	-----
Cash flows from financing activities:		
Debt borrowings	68,834	5,722
Debt payments	(5,207)	(21,601)
Dividends	(4,259)	(3,946)
Treasury stock purchases	-	(5,550)
Other, net	2,609	1,204
	-----	-----
Net cash provided by (used in) financing activities	61,977	(24,171)
	-----	-----
Effect of foreign currency exchange rate changes on cash	(681)	(69)
	-----	-----
Net increase (decrease) in cash and cash equivalents	7,625	(3,540)
Cash and cash equivalents, beginning of period	13,490	9,350
	-----	-----
Cash and cash equivalents, end of period	\$ 21,115	\$ 5,810
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings	Treasury stock	Total	Comprehensive earnings
	-----	-----	-----	-----	-----	-----	-----
Balances at October 31, 1998	\$ 313	\$ 67,145	\$ 148,435	\$ (906)	\$ (17,954)	\$ 197,033	\$ -
Net earnings	-	-	19,879	-	-	19,879	19,879
Exercise of stock options	1	1,203	-	-	-	1,204	-
Other comprehensive earnings:							
Currency translation adjustments	-	-	-	(1,224)	-	(1,224)	(1,224)
Dividends declared	-	-	(3,946)	-	-	(3,946)	-
Treasury stock purchases	-	-	-	-	(5,550)	(5,550)	-
	-----	-----	-----	-----	-----	-----	-----
Balances at April 30, 1999	\$ 314	\$ 68,348	\$ 164,368	\$ (2,130)	\$ (23,504)	\$ 207,396	\$ 18,655
	=====	=====	=====	=====	=====	=====	=====
Balances at October 31, 1999	\$ 316	\$ 71,084	\$ 187,911	\$ (2,172)	\$ (25,171)	\$ 231,968	\$ -
Net earnings	-	-	23,306	-	-	23,306	23,306
Proceeds from stock ownership plans	1	2,530	-	-	78	2,609	-
Other comprehensive earnings:							
Currency translation adjustments	-	-	-	(2,856)	-	(2,856)	(2,856)
Dividends declared	-	-	(4,259)	-	-	(4,259)	-
	-----	-----	-----	-----	-----	-----	-----
Balances at April 30, 2000	\$ 317	\$ 73,614	\$ 206,958	\$ (5,028)	\$ (25,093)	\$ 250,768	\$ 20,450
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

1. Basis of Presentation

The accompanying condensed consolidated financial statements for the three-month and six-month periods ended April 30, 2000 and 1999 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. (the "Company") and its subsidiaries for all periods presented.

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 generally accepted accounting principles. Actual results could differ from those estimates.

The results of operations 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 the Company's consolidated financial statements and the notes thereto included in its 1999 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

2. Earnings Per Common and Common Equivalent Share

Basic earnings per common share is calculated by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common and common equivalent share includes the dilutive effect of common stock equivalents outstanding during the period. Common stock equivalents consisted of stock options.

3. Supplemental Cash Flow Information

Cash payments for the six months ended April 30, 2000 and 1999 included interest of \$3,240,000 and \$2,996,000, respectively, and income taxes of \$10,631,000 and \$7,783,000, respectively.

4. Concentration of Credit Risk

At April 30, 2000, the Company had \$7.0 million of trade receivables due from RAO Gazprom ("Gazprom") compared to \$8.4 million at October 31, 1999. Gazprom is a large Russian natural gas company and one of the largest such companies in the world. Most of the Company's receivables from Gazprom at April 30, 2000 were April 2000 shipments secured by letters of credit.

5. Fair Value of Financial Instruments

At April 30, 2000, the estimated fair value of the Company's interest rate swap agreements was an unrecorded asset of \$1,833,000, compared to \$1,150,000 at October 31, 1999. Most of the increase was due to an increase in LIBOR to 6.6% at April 30, 2000 compared to 6.2% at October 31, 1999. Subsequent to April 30, 2000, the Company sold its interests in the interest rate swap agreements for approximately \$1.8 million. This amount will be amortized as a credit against interest expense over the unexpired terms of the interest rate swap agreements, which will be into 2003.

## 6. Inventories

Inventories are summarized below (in thousands):

	April 30, 2000	October 31, 1999
	-----	-----
Raw materials and supplies	\$ 36,930	\$ 27,811
Work in process	15,554	14,556
Finished products	20,509	15,724
LIFO reserve	(1,690)	(1,690)
	-----	-----
	\$ 71,303	\$ 56,401
	=====	=====

## 7. Industry Segments

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

	Three months ended April 30,			Six months ended April 30,		
	2000	1999	Change	2000	1999	Change
	-----	-----	-----	-----	-----	-----
Net sales:						
Analytical Instrumentation	\$ 57,316	\$ 33,276	+72.2%	\$107,720	\$ 60,515	+78.0%
Fluid Handling	29,104	27,181	+7.1	52,638	46,600	+13.0
Industrial Controls	36,355	39,995	-9.1	71,870	82,415	-12.8
	-----	-----	-----	-----	-----	-----
Total	\$122,775	\$100,452	+22.2%	\$232,228	\$189,530	+22.5%
	=====	=====	=====	=====	=====	=====
Gross profit:						
Analytical Instrumentation	\$ 32,715	\$ 19,530	+67.5%	\$ 60,504	34,243	+76.7%
Fluid Handling	13,956	13,067	+6.8	25,693	21,851	+17.6
Industrial Controls	18,225	20,290	-10.2	36,031	40,437	-10.9
	-----	-----	-----	-----	-----	-----
Total	\$ 64,896	\$ 52,887	+22.7%	\$122,228	\$ 96,531	+26.6%
	=====	=====	=====	=====	=====	=====
Operating profit*:						
Analytical Instrumentation	\$ 11,945	\$ 6,624	+80.3%	\$ 19,555	\$ 9,420	+107.6%
Fluid Handling	7,292	7,734	-5.7	13,589	12,090	+12.4
Industrial Controls	6,026	7,554	-20.2	11,165	15,214	-26.6
	-----	-----	-----	-----	-----	-----
Total	\$ 25,263	\$ 21,912	+15.3	\$ 44,309	\$ 36,724	+20.7%
	=====	=====	=====	=====	=====	=====

\* Operating profit is before unallocated corporate general and administrative expenses. Unallocated corporate general and administrative expenses were \$1,787 and \$1,769 for the three months ended April 30, 2000 and 1999, respectively. These expenses were \$3,593 and \$3,085 for the six months ended April 30, 2000 and 1999, respectively.

## 8. Acquisitions

In November 1999, the Company acquired Redlake Imaging Corporation ("Redlake"). Redlake, based in Morgan Hill, California, supplies high-speed digital video cameras primarily to the industrial, academic research and military testing markets. Redlake is reported as part of the Company's Analytical Instrumentation segment.

In November 1999, the Company acquired the motion analysis systems division ("MASD") of Eastman Kodak Company. MASD, based in San Diego, California, supplies high-speed, digital video cameras for applications in the automotive, industrial and military markets. MASD also manufactures and distributes high-resolution digital cameras for the machine vision and image conversion markets. MASD is reported as part of the Company's Analytical Instrumentation segment.



In February 2000, the Company acquired Flowdata, Inc. ("Flowdata"). Flowdata, previously based near Dallas, Texas and subsequently combined with the Company's Flow Technology unit in Phoenix, Arizona, manufactures positive displacement flow meters and flow metering systems for industrial applications. Flowdata is reported as part of the Company's Fluid Handling segment.

In February 2000, the Company acquired Cybor Corporation ("Cybor"). Cybor, based in San Jose, California, manufactures pumps, controls, cabinets and accessories for the semiconductor industry. Cybor is reported as part of the Company's Fluid Handling segment.

In May 2000, the Company acquired Abel Holding Corporation ("Abel"). Abel, whose principal operating facility is in Buchen, Germany, supplies specialty positive displacement pumps for a variety of applications primarily involving abrasive or corrosive fluids or those with a high solids content. Abel will be reported as part of the Company's Fluid Handling segment.

The combined purchase price for all of the above acquisitions thus far during fiscal 2000 was approximately \$100 million. All of these acquisitions are being accounted for using the purchase method of accounting. Consequently, the operating results of these businesses are included in the Company's consolidated operating results beginning from their respective acquisition date. The excess of the purchase price over the fair value of net assets acquired is being amortized straight-line over lives ranging from 20 to 30 years.

#### 9. Long-term Borrowings

On May 18, 2000, the Company entered into two new credit agreements and simultaneously cancelled its then-existing U.S. and German revolving credit facilities.

One of the new agreements is with a group of banks and provides for a total credit facility of \$275 million, consisting primarily of revolving loans, swing line loans and letters of credit. Up to \$75 million of this amount may be denominated in designated non-U.S. currencies. Interest on outstanding borrowings will be influenced by the nature and currency of the borrowings. The Company expects the majority of borrowings will be in U.S. dollars with interest at EURIBOR plus a margin. The margin is influenced by certain financial ratios of the Company and can range from 0.625% to 1.125%. This agreement provides that the Company will maintain certain financial ratios addressing coverage of fixed charges, total debt, consolidated net worth and capital expenditures. Other fees and provisions of this agreement are believed to be customary. This agreement matures on May 18, 2005.

The other new agreement is with a group of insurance companies and provides for \$40 million of 7.58% term notes due May 18, 2007 and \$85 million of 7.68% term notes due May 18, 2010. The financial covenants associated with this agreement are similar, but slightly less restrictive, than the \$275 million facility.

Both of the above borrowing agreements are secured by guarantees from the Company's U.S. subsidiaries and the pledge of stock of certain of its non-U.S. subsidiaries.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the year ended October 31, 1999 as filed with the Securities and Exchange Commission and Note 7 to the Company's condensed consolidated financial statements included elsewhere in this report.

Results of operations

The following table sets forth certain information relating to the operations of the Company expressed as a percentage of net sales:

	Three months ended April 30,		Six months ended April 30,	
	2000	1999	2000	1999
Gross profit:				
Analytical Instrumentation	57.1%	58.7%	56.2%	56.6%
Fluid Handling	48.0	48.1	48.8	46.9
Industrial Controls	50.1	50.7	50.1	49.1
	-----	-----	-----	-----
	52.9 %	52.6 %	52.6 %	50.9 %
	=====	=====	=====	=====
Operating profit:				
Analytical Instrumentation	20.8%	19.9%	18.2%	15.6%
Fluid Handling	25.1	28.5	25.8	25.9
Industrial Controls	16.6	18.9	15.5	18.5
Unallocated corporate expenses	(1.5)	(1.8)	(1.5)	(1.6)
	-----	-----	-----	-----
	19.1	20.1	17.5	17.8
Interest expense	(2.3)	(1.8)	(2.3)	(1.9)
Other income	0.3	-	0.2	0.1
	-----	-----	-----	-----
Earnings before income taxes	17.1	18.3	15.4	16.0
Income taxes	6.0	6.3	5.4	5.5
	-----	-----	-----	-----
Net earnings	11.1 %	12.0 %	10.0 %	10.5 %
	=====	=====	=====	=====

Three months ended April 30, 2000 compared to 1999

Net sales increased \$22.3 million, or 22%, during the three months ended April 30, 2000 compared to the three months ended April 30, 1999. Most of this increase resulted from the contributions of companies acquired since April 30, 1999: the instruments division of Varlen Corporation (June 1999), Redlake Imaging Corporation (November 1999), the motion analysis systems division of Eastman Kodak Company (November 1999), Flowdata, Inc. (February 2000) and Cybor Corporation (February 2000). On a pro forma basis as if these businesses had been included in the Company's results for same length of time in fiscal 1999 as in fiscal 2000, net sales were down 1%. Flowdata and Cybor are reported as part of the Company's Fluid Handling segment. The other recent acquisitions are reported as part of the Company's Analytical Instrumentation segment.

Analytical Instrumentation sales (up 72% actual and up 5% pro forma) reflected the acquisitions mentioned above and strength in the segment's motion analysis businesses (pro forma sales, including Redlake, were up 23%). Fluid Handling sales (up 7% actual and flat pro forma) reflected the acquisitions mentioned above, continued strength in the segments semiconductor equipment businesses (pro forma sales, including Cybor, were up 83%), centrifugal pump sales were down 21% resulting from weak municipal wastewater markets and the segment's medical diagnostics pump business' sales were down 34% due to a continuing FDA compliance problem at a major customer that was unrelated to the Company's products. Industrial Controls sales (down 9% actual and pro forma) reflected continued weak oil & gas markets.

The Company's overall gross profit percentage increased slightly for the three months ended April 30, 2000 compared to April 30, 1999 primarily due to increased high-margin sales within the Analytical Instrumentation segment that more than offset the leverage-related decline in margins for the Industrial Controls segment.

Selling, general and administrative ("SG&A") expenses increased \$8.7 million, or 26%, during the three months ended April 30, 2000 compared to the three months ended April 30, 1999. As a percentage of sales for these three-month periods, SG&A expenses were 34% and 33% in fiscal 2000 and fiscal 1999, respectively. The increased percentage of sales was attributed to the growth in the Analytical Instrumentation segment, whose SG&A expenses are typically higher as a percentage of sales than the Company's other segments due to higher research and development, other engineering and amortization costs. Analytical Instrumentation costs increased 61% compared to increased sales of 72%. Fluid Handling costs increased 25% compared to increased sales of 7% as a result of the acquisitions during the quarter of Cybor and Flowdata where cost reduction actions are underway. Industrial Controls costs decreased 4% compared to decreased sales of 9%.

Interest expense increased \$1.1 million, or 60%, for the three months ended April 30, 2000 compared to the three months ended April 30, 1999 due primarily to higher debt levels in fiscal 2000 that resulted from debt incurred over the past year to fund acquisitions during this period.

Income taxes were 35.0% of pretax earnings for the three months ended April 30, 2000 compared to 34.7% during the three months ended April 30, 1999. The increased effective income tax rate in fiscal 2000 reflected some of the Company's recent acquisitions that are located in higher-tax jurisdictions and goodwill that will not be deductible for income tax purposes.

Other components of comprehensive earnings represented the change in cumulative translation adjustments related to the net assets of non-U.S. subsidiaries whose functional currency was not the U.S. dollar. The net change during each of the three months ended April 30, 2000 and 1999 was mostly related to the Company's subsidiaries in Europe and Japan. The Company's exposure to foreign currency exchange rate fluctuations continues to be concentrated in Europe and Japan and the Company believes that these exposures are not significant to its operations or net assets.

The following table summarizes bookings and backlog information (dollars in thousands):

	Bookings			Backlog		
	Three months ended April 30,			April 30,		
	2000	1999	Change	2000	1999	Change
Analytical Instrumentation	\$ 53,403	\$ 33,570	+59.1%	\$ 41,499	\$ 35,152	+18.1%
Fluid Handling	32,172	30,048	+7.1	19,822	19,244	+3.0
Industrial Controls	40,851	52,223	-21.8	30,975	43,382	-28.6
	-----	-----	-----	-----	-----	-----
	\$126,426	\$115,841	+9.1%	\$ 92,296	\$ 97,778	-5.6%
	=====	=====	=====	=====	=====	=====

Bookings growth for the Company as a whole and for the Analytical Instrumentation and Fluid Handling segments for the three months ended April 30, 2000 compared to three months ended April 30, 1999 was largely due to the effects of recent acquisitions. On a pro forma basis, Analytical Instrumentation bookings were down 3%, Fluid Handling bookings were down 1% and total bookings were down 10%. Industrial Controls bookings comparisons were adversely affected by unusually large orders in fiscal 1999. However, this segment's April 2000 bookings were greater than the prior year and the Company is hopeful that this is indicative of improved energy markets for the remainder of fiscal 2000.

Six months ended April 30, 2000 compared to 1999

Net sales increased \$42.7 million, or 23%, during the six months ended April 30, 2000 compared to the six months ended April 30, 1999. Most of this increase was due to the incremental sales of businesses acquired since April 30, 1999. On a pro forma basis as if these businesses had been included in the Company's results for same length of time in fiscal 1999 as in fiscal 2000, sales for the Company as a

whole were down 2%, Analytical Instrumentation sales were up 1%, Fluid Handling sales were up 8% and Industrial Controls sales were down 13% as a result of weak oil & gas capital equipment demand.

Gross profit percentages were considered relatively consistent for the six months ended April 30, 2000 compared to the six months ended April 30, 1999. The 1.9 point improvement in Fluid Handling was mostly due to increased volume with the segment's higher-margin semiconductor equipment businesses (including the Cybor acquisition) and the Company's 1.7 point improvement was mostly due to increased acquisition-related volume in the higher-margin Analytical Instrumentation segment.

SG&A expenses increased \$18.6 million, or 30%, during the six months ended April 30, 2000 compared to the six months ended April 30, 1999. As a percentage of sales for these six-month periods, SG&A expenses were 35% and 33% in fiscal 2000 and fiscal 1999, respectively. The increased percentage of sales was attributed to the growth in the Analytical Instrumentation segment, whose SG&A expenses are typically higher as a percentage of sales than the Company's other segments due to higher research and development, other engineering and amortization costs. Analytical Instrumentation costs increased 65% compared to increased sales of 78%. Fluid Handling costs increased 24% compared to increased sales of 13% as a result of the acquisitions during the second quarter of Cybor and Flowdata where cost reduction actions are underway. Industrial Controls costs decreased 1% compared to decreased sales of 13%.

Interest expense increased \$1.8 million, or 50%, for the six months ended April 30, 2000 compared to the six months ended April 30, 1999 due primarily to higher debt levels in fiscal 2000 that resulted from debt incurred over the past year to fund acquisitions during this period.

Income taxes were 35.0% of pretax earnings for the six months ended April 30, 2000 compared to 34.4% during the six months ended April 30, 1999. The increased effective income tax rate in fiscal 2000 reflected some of the Company's recent acquisitions that are located in higher-tax jurisdictions and goodwill that will not be deductible for income tax purposes.

Other components of comprehensive earnings represented the change in cumulative translation adjustments related to the net assets of non-U.S. subsidiaries whose functional currency was not the U.S. dollar. The net change during each of the six months ended April 30, 2000 and 1999 was mostly related to the Company's subsidiaries in Europe and Japan. The Company's exposure to foreign currency exchange rate fluctuations continues to be concentrated in Europe and Japan and the Company believes that these exposures are not significant to its operations or net assets.

The following table summarizes bookings for the six months ended April 30, 2000 and 1999 (dollars in thousands):

	2000	1999	Change
	-----	-----	-----
Analytical Instrumentation	\$109,614	\$ 67,111	+63.3%
Fluid Handling	57,684	53,355	+8.1
Industrial Controls	73,894	86,977	-15.0
	-----	-----	-----
	\$241,192	\$207,443	+16.3%
	=====	=====	=====

Actual bookings growth within the Analytical Instrumentation and Fluid Handling segments was primarily due to recent acquisitions. Compared to prior year pro forma results, Analytical Instrumentation bookings were down 2% and Fluid Handling bookings were up 3%. The decrease in bookings for Industrial Controls reflected unusually large activity in the second quarter of fiscal 1999 and continued weakness in this segment's energy markets. April bookings for this segment compared favorably to April 1999 and the Company is hopeful this is indicative of improved energy markets for the remainder of fiscal 2000.

#### Financial Condition, Liquidity and Capital Resources

Working capital increased to \$105.4 million at April 30, 2000 compared to \$89.6 million at October 31, 1999. Most of the increase in working capital was due to the Company's liquidity needs for the anticipated

acquisition of Abel Holding Company that was pending at April 30, 2000. This acquisition was completed in May.

Total debt was \$191.7 million (43% of total capital) at April 30, 2000 compared to \$130.5 million (36% of total capital) at October 31, 1999. The increase in debt and debt-to-capital ratio was the result of the financing requirements for all of the fiscal 2000 acquisitions (including the May 2000 acquisition, which was largely funded at April 30), which were acquired for cash. Excluding the effects of any future acquisitions, the Company expects debt levels to be reduced over the remainder of fiscal 2000 resulting in a strengthening of its capital structure.

In May 2000, the Company replaced its \$200 million U.S. and \$30 million German revolving credit agreements with new credit agreements. The new agreements include a 5-year, \$275 million, multi-currency revolving credit facility and \$125 million of term notes (\$40 million at 7.58% due in 7 years and \$85 million at 7.68% due in 10 years). Borrowings under the new revolving credit facility accrue interest at either the prime rate or as a function of LIBOR plus a margin that is dependant upon certain financial ratios of the Company. Protective covenants under the new credit agreements are generally comparable to the former U.S. revolving credit facility.

As mentioned above, the Company completed the acquisition of Abel Holding Company ("Abel") for cash of \$23.0 million and the assumption of \$2.1 million of debt in May 2000. Abel has manufacturing facilities in Buchen, Germany and is an international supplier of specialty positive displacement for a variety of applications primarily involving abrasive or corrosive fluids or those with high solids content. Abel will be reported in the Company's Fluid Handling segment.

The Company expects cash flows from its existing businesses to exceed normal operating requirements, including capital expenditures, thereby enabling the Company to reduce its outstanding debt. Capital expenditures during the second half of fiscal 2000 are expected to be less than the first half of the year.

The Company expects to continue an active acquisition program. In addition to the Abel acquisition, the Company previously announced the signing of four letters of intent with acquisition candidates representing total consideration of approximately \$150 million. Although these acquisitions are expected to close before October 31, 2000, each is still subject to, among other things, satisfactory completion of due diligence procedures, the execution of a definitive agreement and possibly regulatory approvals. The completion of any of these acquisitions is not assured. If completed, there can be no assurance what the financial impact will be on the Company's operations.

The Company continues to expect fiscal 2000 to be its eighth consecutive year of record sales and earnings.

#### Forward-Looking Information

The information provided in this report, in other Company filings with the Securities and Exchange Commission, and in other press releases and public disclosures contains forward-looking statements about the Company's businesses and prospects as to which there are numerous risks and uncertainties which generally are beyond the Company's control. Some of these risks include the level and the timing of future business with Gazprom (a large Russian energy company and the Company's largest individual customer), market conditions failing to improve in some of the Company's key end-user markets (especially energy markets), acquisition activities, changing interest rates and changing foreign currency exchange rates. There is no assurance that these and other risks and uncertainties will not have an adverse impact on the Company's future operations, earnings, or other financial results or financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to interest rate risks on its outstanding variable-rate borrowings. It is exposed to foreign exchange risks pertaining to its transactions denominated in currencies other than the U.S. dollar. The Company is also exposed to equity market risks pertaining to the traded price of its common stock.

The Company's interest expense related to its variable-rate borrowings will be directly affected by changes in interest rates. Assuming the new term notes were in effect at April 30, 2000, the Company's variable-rate borrowings would have been about \$66 million. Therefore, an increase or decrease in interest rates of 10 basis points would increase or decrease the Company's annual interest expense by approximately \$66,000.

The Company and its subsidiaries generally do not enter into significant transactions denominated in currencies other than the U.S. dollar or their functional currency. Non-U.S. dollar balances and transactions at April 30, 2000 and for the six months then ended were principally denominated in Western European or Japanese currencies. At October 31, 1999 and for the year then ended, 10-15% of Roper's consolidated net assets and sales were denominated in these currencies. Roper expects that these currencies will remain relatively stable. Therefore, foreign exchange risks are not expected to have a material effect on the Company's financial statements.

Equity markets are influenced by many factors and changes in the Company's stock price may be influenced by factors other than its historical earnings and by factors not within the Company's control. The volatility of the Company's common stock prices preceding an option grant is directly related to the valuation of that grant for purposes of determining pro forma earnings disclosures. The Company's stock prices following an option grant directly influence the dilutive effect of these options for earnings per share calculations. The sensitivity of these issues to a change in the Company's stock price are not readily determinable, but a change in its stock price by \$1.00 is not believed to have a material effect on the Company's financial statements or disclosures.

Part II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its 2000 Annual Meeting of Shareholders on March 17, 2000. Of the 28,987,359 shares eligible to vote at the meeting, 19,411,684 were present either in person or by proxy. Of the shares present, 3,287,029 shares were claimed to be entitled to five votes per share based on certain holding period requirements. The following proposals were submitted to shareholders at the 2000 Annual Meeting of Shareholders.

Proposal 1: Election of Three (3) Directors

Each of the directors elected at the 2000 Annual Meeting of Shareholders was for a term expiring at the 2003 Annual Meeting of Shareholders. Continuing directors whose terms expire at either the 2001 Annual Meeting of Shareholders or the 2002 Annual Meeting of Shareholders are as follows: W. Lawrence Banks (2001), Luitpold von Braun (2001), John F. Fort III (2001), Donald G. Calder (2002), Derrick N. Key (2002) and Christopher Wright (2002).

Proposal 2: Approval of the Roper Industries, Inc. Employee Stock Purchase Plan

Under the terms of the Employee Stock Purchase Plan, eligible employees of the Company and designated subsidiaries will be granted options to purchase shares of Roper Industries, Inc. common stock. The Employee Stock Purchase Plan would reserve 500,000 shares of Roper Industries, Inc. common stock for issuance under this Plan.

Proposal 3: Approval of the Roper Industries, Inc. 2000 Stock Incentive Plan

The 2000 Stock Incentive Plan is intended to provide the Company with a successor to its 1991 Stock Option Plan, which is expected to exhaust its capacity to issue equity-based incentive compensation securities prior to its expiration in December 2001. The 2000 Stock Incentive Plan would reserve 1,000,000 shares of Roper Industries, Inc. common stock for issuance under this Plan.

Following are the election results for each of the proposals.

	Number of Votes		
	For	Against	Abstain
Proposal 1			
Wilbur J. Prezzano	32,430,513	129,287	0
Georg Graf Schall-Riauour	32,528,213	31,587	0
Eriberto R. Scocimara	32,487,913	71,887	0
Proposal 2	32,076,344	142,844	340,612
Proposal 3	24,134,459	8,047,619	377,722

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

- /(a)/3.1 Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock
- /(b)/3.2 Amended and Restated By-Laws
- /(c)/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)
- /(b)/4.02 Third Amended and Restated Credit Agreement dated May 15, 1997 by and between Roper Industries, Inc. and NationsBank, N.A. (South) and the lender parties thereto
- /(d)/4.03 Amendment Agreement No. 1 to Amended and Restated Credit Agreement
- /(d)/4.04 Amendment Agreement No. 2 to Amended and Restated Credit Agreement
- /(e)/4.05 Amendment Agreement No. 3 to Amended and Restated Credit Agreement
- /(a)/10.01 1991 Stock Option Plan, as amended +
- /(e)/10.02 Non-employee Director Stock Option Plan, as amended +
- /(f)/10.03 Form of Amended and Restated Indemnification Agreement +
- 10.04 Employee Stock Purchase Plan +
- 10.05 2000 Stock Incentive Plan +
- 27 Financial Data Schedule

- 
- /(a)/ Incorporated herein by reference to Exhibits 3.1 and 10.02 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
  - /(b)/ Incorporated herein by reference to Exhibits 3 and 4 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997.
  - /(c)/ Incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.
  - /(d)/ Incorporated herein by reference to Exhibits 4.03 and 4.04 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 21, 1998.
  - /(e)/ Incorporated herein by reference to Exhibits 4.05 and 10.03 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 20, 1999.
  - /(f)/ Incorporated herein by reference to Exhibit 10.04 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 31, 1999.

+ Management contract or compensatory plan or arrangement.

b. Reports on Form 8-K

None



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/ Derrick N. Key ----- Derrick N. Key	Chief Executive Officer and President	June 12, 2000
/s/ Martin S. Headley ----- Martin S. Headley	Vice President and Chief Financial Officer	June 12, 2000
/s/ Kevin G. McHugh ----- Kevin G. McHugh	Controller	June 12, 2000

EXHIBIT INDEX  
TO REPORT ON FORM 10-Q

Number -----	Exhibit -----
3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock, incorporated herein by reference to Exhibit 3.1 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
3.2	Amended and Restated By-Laws, incorporated herein by reference to Exhibit 3 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997.
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.
4.02	Third Amended and Restated Credit Agreement dated May 15, 1997 by and between Roper Industries, Inc. and NationsBank, N.A. (South) and the lender parties thereto, incorporated herein by reference to Exhibit 4 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997.
4.03	Amendment Agreement No. 1 to Amended and Restated Credit Agreement, incorporated herein by reference to Exhibit 4.03 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 21, 1998.
4.04	Amendment Agreement No. 2 to Amended and Restated Credit Agreement, incorporated herein by reference to Exhibit 4.03 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 21, 1998.
4.05	Amendment Agreement No. 3 to Amended and Restated Credit Agreement, incorporated herein by reference to Exhibit 4.05 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 20, 1999.
10.01	1991 Stock Option Plan, as amended, incorporated herein by reference to Exhibit 10.02 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998. +
10.02	Non-employee Director Stock Option Plan, as amended, incorporated herein by reference to Exhibit 10.03 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 20, 1999. +
10.03	Form of Amended and Restated Indemnification Agreement, incorporated herein by reference to Exhibit 10.04 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 31, 1999. +
10.04	Employee Stock Purchase Plan. +
10.05	2000 Stock Incentive Plan. +
27	Financial Data Schedule
+	Management contract or compensatory plan or arrangement.

Exhibit 10.04

ROPER INDUSTRIES, INC.

EMPLOYEE STOCK PURCHASE PLAN (U.S.)

1. Purpose. The purpose of the Roper Industries, Inc. Employee stock Purchase Plan (U.S.) (the "Plan") is to provide employees of the subsidiaries of Roper Industries, Inc. (the "Company") with an opportunity to participate in the benefit of stock ownership and to acquire an interest in the Company through the purchase of common stock, \$.01 par value per share, of the Company (the "Common Stock"). The Company intends the Plan to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, the provisions of the Plan shall be construed so as to extend and limit participation in a manner consistent with the requirements of Code Section 423.

2. Definitions.

(a) "Compensation" means the base pay, commissions and bonus amount paid to an Employee by a Plan Sponsor with respect to an Offering Period (defined below). Bonuses and commissions shall be treated as Compensation, if at all, pursuant to such rules as may be determined from time to time by the Company.

(b) "Employee" shall mean any person, including an officer, who is customarily employed for more than 20 hours per week and for more than five months during any calendar year, and who is having payroll taxes withheld from his/her Compensation on a regular basis, by a Plan Sponsor.

(c) "Plan Sponsor" means the Company and any Subsidiary which adopts the Plan with the approval of the Company.

(d) "Subsidiary" means an entity which may be treated as a "subsidiary corporation" within the meaning of Code Section 424(f).

3. Eligibility.

(a) Any Employee who has been employed by a Plan Sponsor for at least six months immediately before the Beginning Date (defined below) of an Offering Period (defined below) shall be eligible to participate in the Plan for that Offering Period.

(b) No Employee shall be granted purchase rights if, immediately after the grant, that Employee would own shares or hold outstanding rights to purchase shares, or both, possessing five percent (5%) or more of the total combined voting power or value of all classes of the Company or any Subsidiaries.

(c) A person shall cease to be an active participant upon the earliest to occur of:

- (i) the date of a withdrawal under Paragraph 10(a) or (b) below; or
- (ii) the date of a termination of employment from all Plan Sponsors.

4. Offering Period. Offering Period shall mean each calendar quarter beginning with the calendar quarter commencing January 1, 2000 and each calendar quarter thereafter until the Plan is otherwise amended or terminated. Each Offering Period will begin on the first day of that period (the "Beginning Date") and end on the last day of that period (the "Exercise Date").

5. Participation. The Company will make available to each eligible Employee an authorization notice (the "Authorization") which must be completed to effect his or her right to commence participation in the Plan. An eligible Employee may become a participant for an Offering Period by completing the Authorization and delivering same to the Company at least one day prior to the appropriate Beginning Date (except, with respect to the first Beginning Date, such later date as is administratively feasible). All employees granted purchase rights under the Plan shall have the same rights and privileges, except that the amount of Common Stock which may be purchased under such rights may vary in a uniform manner according to Compensation.

A participant will be deemed to have elected to participate in each subsequent Offering Period following his or her initial election to participate following his or her initial election to participate in the Plan, unless (i) a written withdrawal notice for that period is delivered to the Plan Administrator at least one week prior to the Beginning Date of an immediately succeeding Offering Period for which the participant desires to withdraw from participation and (ii) provides other information in accordance with the procedures designated by the Plan Administrator.

A participant who has elected not to participate in an Offering Period may resume participation in the same manner and pursuant to the same rules as any eligible Employee making an initial election to participate in the Plan.

6. Method of Payment. A participant may contribute to the Plan through payroll deductions, as follows:

(a) A participant shall elect on the Authorization to have deduction made from the participant's Compensation for the Offering Period at a rate which, expressed as a percentage of Compensation in whole number increments of at least one percent (1%), but not in excess of ten percent (10%), of the participant's Compensation.

(b) All payroll deductions made for a participant shall be credited to the participant's account under the Plan. All payroll deductions made from participants' Compensation shall be commingled with the general assets of the Company and no separate fund shall be established. Participants accounts are solely for bookkeeping purposes and the Company shall not be obligated to pay interest on any payroll deductions credited to participant's accounts.

(c) A participant may not alter the rate of payroll deductions during the Offering Period; however, an existing participant may change the rate of payroll deductions effective for the immediately succeeding Offering Period by filing a revised Authorization within the same deadline as applies to new participants for that Offering Period.

7. Granting of Purchase Rights.

(a) As of the first day of each Offering Period, a participant shall be granted purchase rights for a number of shares of Common Stock, subject to the adjustments provided for in Paragraph 11 (a) below, determined according to the following procedure:

Step 1 - Determine the amount of the participant payroll deduction during the Offering Period;

Step 2 - Determine the amount which represents the Purchase Price (as defined below); and

Step 3 - Divide the amount determined in Step 1 by the amount determined in Step 2 and round the quotient down to the nearest whole number.

Notwithstanding the foregoing and subject to Paragraph 7(c) below, the maximum number of shares of Common Stock for which a participant may be granted purchase rights for an Offering Period is 775.

(b) For each Offering Period, the purchase price of shares of Common Stock to be purchased with a participant's payroll deductions shall be the average of (i) 90% of the fair market value of a share of Common Stock on the Beginning Date, and (ii) 90% of the price of the fair market value of a share of Common stock on the Exercise Date (the "Purchase Price").

(c) Notwithstanding the foregoing, no participant shall be granted purchase rights which permit that to purchase shares under all employee purchase plans of the Company and its Subsidiaries at a rate which exceeds \$25,000 of the fair market value of the shares (determined at the time the rights are granted) for each calendar year in which such rights are outstanding at any time.

(d) For purposes of this Paragraph, the fair market value of a share of Common Stock on the Beginning Date and the Exercise Date as of each such date, or the most immediately preceding business day with respect to which the information required in the following clauses is available, shall be determined as follows: (i) if the Common Stock is traded on a national securities exchange, the closing sale price on that date; (ii) if the Common Stock is not traded on any such exchange, the closing sale price as reported by the National Association of Securities Dealers, Inc. Automated Quotation Systems ("NASDAQ"); (iii) if no such closing sale price information is available on the national securities exchange or NASDAQ, the average of the closing bid and asked prices as reported by the national securities exchange or NASDAQ within a reasonable period prior to such date; or (iv) if there are no such closing bid and asked prices within a reasonable period, the determination of fair market value shall be determined by the Company taking into account material facts and circumstances pertinent to such determination, as determined by the Company in its sole discretion.

8. Exercise of Purchase Rights. Unless a timely withdrawal has been effected pursuant to Paragraph 10 below, a participant's rights for the purchase of shares of Common Stock during an Offering Period will be automatically exercised on the Exercise Date for that Offering Period for the purchase of the maximum number of full shares which the sum of the payroll deductions credited to the participant's account on that Exercise Date can purchase at the Purchase Price.

9. Delivery. As soon as administratively feasible after the end of each Exercise Date, the Company shall deliver to a custodian designated by the Plan Administrator (as defined in Paragraph 12 below), the shares of Common Stock purchased upon the exercise of the purchase rights. No less frequently than annually, at such times as the Plan Administrator shall prescribe, a participant may elect to have such shares delivered to the participant or to an account established by the participant with any brokerage firm. The Plan Administrator will designate a one month window during which time stock certificates can be issued or shares can be sold out of individual accounts. The disposition of any payroll deductions credited to a participant's account during the Offering Period not used for the purchase of shares (the "Cash Excess") shall be as follows:

(a) If the participant has elected to withdraw from the Plan as of the end of the Offering Period, the Plan Administrator shall deliver the Cash Excess to the participant.

(b) If the participant has not elected to withdraw from the Plan as of the end of the Offering Period, the Cash Excess shall be applied to the purchase of shares of Common Stock in the immediately succeeding Offering Period.

A participant may not direct the Plan Administrator to sell any shares of Common Stock credited to his or her account, regardless of whether such shares are otherwise immediately deliverable to him or her, The cost of any disposition of shares of Common Stock acquired through participation in the Plan shall be the sole responsibility of the participant.

10. Withdrawal.

(a) A participant will be deemed to have elected to participate in each subsequent Offering Period following his or her initial election to participate in the Plan, unless (i) a written withdrawal notice is delivered to the Plan Administrator at least one week prior to the Beginning Date of an immediately succeeding Offering Period for which the participant desires to withdraw from the Plan and, (ii) provides any other information in accordance with the procedures designated by the Plan Administrator.

(b) A participant who for any reason, including retirement, termination of employment or death, ceases to be an eligible Employee prior to the Exercise Date during an Offering Period will be deemed to have requested a withdrawal from the Plan as of the date of retirement, termination of employment or death.

(c) Upon the withdrawal of a participant from the Plan under the terms of this Paragraph during an Offering Period, the participant's unexercised purchase rights under this Plan shall immediately terminate.

(d) In the event a participant withdraws or is deemed to have withdrawn from the Plan under this Paragraph, all payroll deductions and all shares of Company Stock credited to the participant's account will be paid to the participant or, in the event of death, to the person or persons entitled thereto under the terms of Paragraph 13, as soon as administratively feasible after the end of the calendar year in which the withdrawal is deemed to have occurred, unless, if applicable, such an inactive participant becomes an active participant again prior to the distribution of his or her accounts.

(e) A participant who has elected to withdraw from the Plan may resume participation in the same manner and pursuant to the same rules as any eligible Employee making an initial election to participate in the Plan.

11. Stock.

(a) The maximum number of shares of Common Stock to be sold to participants under the Plan shall be 500,000 shares, subject to adjustment upon changes in capitalization of the Company as provided in Paragraph 15 below. The shares of Common Stock to be sold to participants under the Plan, may, at the election of the Company, include treasury shares, shares originally issued for such purpose, or shares purchased in the open market. If the total number of shares of Common Stock then available under the Plan for which purchase rights are to be exercised in accordance with Paragraph 8 exceeds the number of such shares then available under the Plan, the Company shall make a pro rata allocation of the shares available in as nearly a uniform manner as shall be practicable and as it shall determine to be equitable. If purchase rights expire or terminate for any reason without being exercised in full, the unpurchased shares subject to the rights shall again be available for the purposes of the Plan.

(b) A participant will have no interest in shares of Common Stock covered by his or her purchase rights until such rights have been exercised.

(c) Shares to be delivered to a participant under the Plan will be registered in the name of the participant, or, if the participant so directs, by written notice to the Plan Administrator prior to the Exercise Date, in the names of the participant and one other person designated by the

participant, as joint tenants with rights of survivorship, to the extent permitted by applicable law.

12. Administration. The Plan shall be administered by the Company (the "Plan Administrator"). The Plan Administrator shall be vested with full authority to make, administer and interpret such rules and regulations as it deems necessary to administer the Plan, and any determination or action of the Plan Administrator in connection with the interpretation or administration of the Plan shall be final and binding upon all participants and any and all persons claiming under or through any participant.

13. Designation of Beneficiary.

(a) A participant may file with the Plan Administrator a written designation of a beneficiary who is to receive any cash to his or her credit under the Plan in the event of the participant's death before an Exercise Date, or any shares of Common Stock and cash to his or her credit under the Plan in the event of the participant's death on or after an Exercise Date but prior to the delivery of such shares and cash. A beneficiary may be changed by the participant at any time by notice in writing to the Plan Administrator.

(b) Upon the death of a participant and upon receipt by the Company of the proof the identity and existence at the time of the participant's death of a beneficiary designated by the participant in accordance with the immediately preceding Subparagraph, the Company shall deliver such shares or cash, or both, to the beneficiary. In the event a participant dies and is not survived by a then living or in existence beneficiary designated by him in accordance with the immediately preceding Subparagraph, the Company shall deliver such shares or cash, or both, to the personal representative of the estate of the deceased participant. If to the knowledge of the Company no personal representative has been appointed within ninety (90) days following the date of the participant's death, the Company, in its discretion, may deliver such shares or cash, or both, to the surviving spouse of the deceased participant, or to any one or more dependents or relatives of the deceased participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) No designated beneficiary shall, prior to the death of the participant by whom the beneficiary has been designated, acquire any interest in the shares or cash credited to the participant under the Plan.

14. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise or purchase rights or to receive any shares under the Plan may be assigned, transferred, pledge or otherwise disposed of in any way by the participant. Any attempted assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Paragraph 10 above.

15. Adjustments Upon Changes in Capitalization. In the event that the outstanding shares of Common stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, reclassification, stock split, combination of shares or dividend payable in shares of Common Stock, an appropriate adjustment shall be made by the Plan Administrator to the number and kind of shares available for the granting of purchase rights, or as to which outstanding purchase rights shall be exercisable, and to the purchase Price. No fractional shares shall be issued or optioned in making any such adjustments. All adjustments made by the Plan Administrator under this Paragraph shall be conclusive.

Subject to any required action by the shareholders, if the Company shall be a party to any reorganization involving merger or consolidation with



respect to which the Company will not be the surviving entity or acquisition of substantially all of the stock or assets of the Company, the Plan Administrator in its discretion (a) may declare the Plan's termination in the same manner as if the Board of Directors of the Company had terminated the Plan pursuant to paragraph 16 below, or (b) may declare that any purchase rights granted hereunder shall pertain to and apply with appropriate adjustment as determined by the Plan Administrator to the securities of the resulting corporation to which a holder of the number of shares of Common Stock subject to such rights would have been entitled.

Any issue by the Company of any class of preferred stock, or securities convertible into shares of common or preferred stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Purchase price of shares of Common Stock subject to any purchase rights except as specifically provided otherwise in this Paragraph 15. The grant of purchase rights pursuant to the plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

16. Amendment or Termination.

(a) The Board of Directors of the Company may at any time terminate or amend the Plan. The cash balances and shares of Common Stock credited to participants' accounts as of the date of any Plan termination shall be delivered to those participants as soon as administratively feasible following the effective date of the Plan's termination.

(b) Prior approval of the shareholders shall be required with respect to any amendment which would require the sale of more shares than are authorized under Paragraph 11 of the plan.

(c) Where prior approval of the stockholders of the Company shall be required with respect to a proposed Plan amendment under applicable federal, state or local law, the Company shall obtain such approval prior to the effective date of any such amendment.

17. Notices. All notices or other communications by a participant to the Plan Administrator under or in connection with the Plan shall be deemed to have been duly given when received by the Secretary of the Company or when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

18. No Contract. This Plan shall not be deemed to constitute a contract between the Company or any Subsidiary and any eligible Employee or to be a consideration or an inducement for the employment of any Employee. Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of the Company or any Subsidiary or to interfere with the right of the Company or any Subsidiary to discharge any Employee at any time regardless of the effect which such discharge shall have upon him or her or as a participant of the Plan.

19. Waiver. No liability whatever shall attach to or be incurred by any past present or future shareholders, officers or directors, as such, of the Company or any Subsidiary, under or by reason of any of the terms, conditions or agreements contained in this Plan or implied the reform, and any and all liabilities of, and any and all rights and claims against, the Company or any Subsidiary, or any shareholder, officer or director as such, whether arising at common law or in equity or created by statute or constitution or otherwise, pertaining to this Plan, are hereby expressly waived and released by every eligible Employee as a part of the consideration for any benefits by the Company under this Plan.

20. Securities Law Restrictions. Shares of Common Stock shall not be issued under the Plan unless (a) the exercise of the related option and the issuance and delivery of the shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, and any rules and regulations promulgated pursuant to such laws and with the requirements of any stock exchange upon which the shares may then be listed; and (b) the express approval of counsel for the Company with respect to such compliance is first obtained. The Company reserves the right to place an appropriate legend on any certificate representing shares of Common Stock issuable under the Plan with any such legend reflecting restrictions on the transfer of the shares as may be necessary to assure the availability of applicable exemptions under federal and state securities laws.

21. Approval of Shareholders. The Plan shall be submitted to the shareholders of the Company for their approval within twelve (12) months after the adoption of the Plan by the Board of Directors of the Company. The Plan is conditional upon approval of the shareholders of the Company and failure to receive their approval shall render the Plan and all outstanding purchase rights issued thereunder void and of no effect.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed as of this \_\_\_\_\_ of \_\_\_\_\_, 1999.

ROPER INDUSTRIES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

EXHIBIT 10.05

ROPER INDUSTRIES, INC.  
2000 STOCK INCENTIVE PLAN

ROPER INDUSTRIES, INC.  
2000 STOCK INCENTIVE PLAN

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SECTION I. DEFINITIONS

1.1 Definitions. Whenever used herein, the masculine pronoun will be deemed to include the feminine, and the singular to include the plural, unless the context clearly indicates otherwise, and the following capitalized words and phrases are used herein with the meaning thereafter ascribed:

(a) "Board of Directors" means the board of directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Committee" means the Compensation Committee of the Board of Directors.

(d) "Company" means Roper Industries, Inc. or any successor thereto.

(e) "Disability" has the same meaning as provided in the long-term disability plan or policy maintained or, if applicable, most recently maintained, by the Company or, if applicable, any Subsidiary of the Company for the Participant. If no long-term disability plan or policy was ever maintained on behalf of the Participant or, if the determination of Disability relates to an Incentive Stock Option, Disability means that condition described in Code Section 22(e)(3), as amended from time to time. In the event of a dispute, the determination of Disability will be made by the Committee and will be supported by advice of a physician competent in the area to which such Disability relates.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(g) "Fair Market Value" with regard to a date means:

(1) the average of the high and low prices at which Stock shall have been sold on that date or the last trading date prior to that date as reported by the NASDAQ Stock Market (or, if applicable, as reported by a national securities exchange selected by the Committee on which the shares of Stock are then actively traded) and published in The Wall Street Journal,

(2) if Stock is not traded on a securities exchange, but is reported by the NASDAQ Stock Market and market information is published on a regular basis in The Wall Street Journal, the average of the published high and low sales prices for that date or the last business day prior to that date as published in The Wall Street Journal,

(3) if such market information is not published on a regular basis, the average of the high bid and low asked prices of Stock in the over-the-counter market on that date or the last business day prior to that date, as reported by the NASDAQ Stock Market, or, if not so reported, by a generally accepted reporting service, or

(4) if Stock is not publicly traded, as determined in good faith by the Committee with due consideration being given to (i) the most recent independent appraisal of the Company, if such appraisal is not more than twelve months old and (ii) the valuation methodology used in any such appraisal provided that, for purposes of granting awards other than Incentive Stock Options, Fair Market Value of the shares of Stock may be determined by the Committee by reference to the average market value determined over a period certain or as of specified dates, to a tender offer price for the

shares of Stock (if settlement of an award is triggered by such an event) or to any other reasonable measure of fair market value.

(h) "Incentive Stock Option" means an option contemplated by the provisions of Code Section 422 or any successor thereto.

(i) "Option" means a Non-Qualified Stock Option or an Incentive Stock Option

(j) "Non-Qualified Stock Option" means an option that is not designated as, or otherwise intended to be, an Incentive Stock Option.

(k) "Over 10% Owner" means an individual who at the time an Incentive Stock Option is granted owns Stock possessing more than 10% of the total combined voting power of the Company or one of its Subsidiaries, determined by applying the attribution rules of Code Section 424(d).

(l) "Participant" means an individual who receives a Stock Incentive hereunder.

(m) "Performance Unit Award" refers to a performance unit award as described in Section 3.5.

(n) "Plan" means the Roper Industries, Inc. 2000 Stock Incentive Plan.

(o) "Stock" means Company's common stock, par value \$.01.

(p) "Stock Appreciation Right" means a stock appreciation right described in Section 3.3.

(q) "Stock Award" means a stock award described in Section 3.4.

(r) "Stock Incentive Agreement" means an agreement between the Company and a Participant or other documentation evidencing an award of a Stock Incentive.

(s) "Stock Incentive Program" means a written program established by the Committee, pursuant to which Stock Incentives are awarded under the Plan under uniform terms, conditions and restrictions set forth in such written program.

(t) "Stock Incentives" means, collectively, Incentive Stock Options, Non-Qualified Stock Options, Performance Units, Stock Appreciation Rights and Stock Awards.

(u) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, with respect to Incentive Stock Options, at the time of the granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. A Subsidiary shall include any entity other than a corporation to the extent permissible under Code Section 424(f) and applicable regulations and rulings thereunder.

(v) "Termination of Employment" means the termination of the employee-employer relationship between a Participant and the Company and its affiliates, regardless of whether severance or similar payments are made to the Participant for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability or retirement. The Committee will, in its absolute discretion, determine the effect of all matters and questions relating to a Termination of Employment, including, but not by way of limitation, the question of whether a leave of absence constitutes a Termination of Employment.

## SECTION 2. THE STOCK INCENTIVE PLAN

2.1 Purpose of the Plan. The Plan is intended to (a) provide incentive to officers, key employees and consultants of the Company and its affiliates to stimulate their efforts toward the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encourage stock ownership by officers and key employees by providing them with a means to acquire a proprietary interest in the Company, to acquire shares of Stock, or to receive compensation which is based upon appreciation in the value of Stock; and (c) provide a means of obtaining, rewarding and retaining key personnel and consultants.

2.2 Stock Subject to the Plan. Subject to adjustment in accordance with Section 5.2, 1,000,000 shares of Stock (the "Maximum Plan Shares") are hereby reserved exclusively for issuance pursuant to Stock Incentives. At no time may the Company have outstanding under the Plan Stock Incentives subject to Section 16 of the Exchange Act and shares of Stock issued in respect of Stock Incentives under the Plan in excess of the Maximum Plan Shares. The shares of Stock attributable to the nonvested, unpaid, unexercised, unconverted or otherwise unsettled portion of any Stock Incentive that is forfeited or cancelled or expires or terminates for any reason without becoming vested, paid, exercised, converted or otherwise settled in full will again be available for purposes of the Plan.

2.3 Administration of the Plan. The Plan is administered by the Committee. The Committee has full authority in its discretion to determine the officers, key employees and consultants of the Company or its affiliates to whom Stock Incentives will be granted and the terms and provisions of Stock Incentives, subject to the Plan. Subject to the provisions of the Plan, the Committee has full and conclusive authority to interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the respective Stock Incentive Agreements and to make all other determinations necessary or advisable for the proper administration of the Plan. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan (whether or not such persons are similarly situated). The Committee's decisions are final and binding on all Participants.

2.4 Eligibility and Limits. Stock Incentives may be granted only to officers, key employees and consultants of the Company, or any affiliate of the Company; provided, however, that an Incentive Stock Option may only be granted to an employee of the Company or any Subsidiary. In the case of Incentive Stock Options, the aggregate Fair Market Value (determined as at the date an incentive stock option is granted) of Stock with respect to which options intended to meet the requirements of Code Section 422 become exercisable for the first time by an individual during any calendar year under all plans of the Company and its Subsidiaries may not exceed \$100,000; provided further, that if the limitation is exceeded, the Incentive Stock Option(s) which cause the limitation to be exceeded will be treated as Non-Qualified Stock Option(s).

## SECTION 3. TERMS OF STOCK INCENTIVES

### 3.1 Terms and Conditions of All Stock Incentives.

(a) The number of shares of Stock as to which a Stock Incentive may be granted will be determined by the Committee in its sole discretion, subject to the provisions of Section 2.2 as to the total number of shares available for grants under the Plan and subject to the limits on Options and Stock Appreciation Rights in the following sentence. The maximum number of shares of Stock with respect to which Options or Stock Appreciation Rights may



be granted during any fiscal year of the Company to any employee may not exceed 100,000, subject to adjustment in accordance with Section 5.2. In applying this limitation, if an Option or Stock Appreciation Right, or any portion thereof, granted to an employee is cancelled or repriced for any reason, then the shares of Stock attributable to such cancellation or repricing either shall continue to be counted as an outstanding grant or shall be counted as a new grant of shares of Stock, as the case may be, against the affected employee's 100,000 limit for the appropriate fiscal year.

(b) Each Stock Incentive will either be evidenced by a Stock Incentive Agreement in such form and containing such terms, conditions and restrictions as the Committee may determine to be appropriate, or be made subject to the terms of a Stock Incentive Program, containing such terms, conditions and restrictions as the Committee may determine to be appropriate. Each Stock Incentive Agreement or Stock Incentive Program is subject to the terms of the Plan and any provisions contained in the Stock Incentive Agreement or Stock Incentive Program that are inconsistent with the Plan are null and void.

(c) The date a Stock Incentive is granted will be the date on which the Committee has approved the terms of, and the satisfaction of any conditions applicable to, the grant of the Stock Incentive and has determined the recipient of the Stock Incentive and the number of shares covered by the Stock Incentive, and has taken all such other actions necessary to complete the grant of the Stock Incentive.

(d) Any Stock Incentive may be granted in connection with all or any portion of a previously or contemporaneously granted Stock Incentive. Exercise or vesting of a Stock Incentive granted in connection with another Stock Incentive may result in a pro rata surrender or cancellation of any related Stock Incentive, as specified in the applicable Stock Incentive Agreement or Stock Incentive Program.

(e) Unless otherwise permitted by the Committee, Stock Incentives are not transferable or assignable except by will or by the laws of descent and distribution and are exercisable, during the Participant's lifetime, only by the Participant; or in the event of the Disability of the Participant, by the legal representative of the Participant; or in the event of death of the Participant, by the legal representative of the Participant's estate or if no legal representative has been appointed, by the successor in interest determined under the Participant's will. Notwithstanding the foregoing, the Committee shall not permit Incentive Stock Options to be transferred or assigned beyond the limitations set forth in this Section 3.1(e).

3.2 Terms and Conditions of Options. Each Option granted under the Plan must be evidenced by a Stock Incentive Agreement. At the time any Option is granted, the Committee will determine whether the Option is to be an Incentive Stock Option or a Non-Qualified Stock Option, and the Option must be clearly identified as to its status as such. Incentive Stock Options may only be granted to employees of the Company or any Subsidiary. At the time any Incentive Stock Option granted under the Plan is exercised, the Company will be entitled to legend the certificates representing the shares of Stock purchased pursuant to the Option to clearly identify them as representing the shares purchased upon the exercise of an Incentive Stock Option. An Incentive Stock Option may only be granted within ten (10) years from the earlier of the date the Plan is adopted or approved by the Company's stockholders.

(a) Option Price. Subject to adjustment in accordance with Section 5.2 and the other provisions of this Section 3.2, the exercise price (the "Exercise Price") per share of Stock purchasable under any Option must be as set forth in the applicable Stock Incentive Agreement, but in no event may it be less than 85% of the Fair Market Value on the date the Option is granted; unless the Option is an Incentive Stock Option in which case the

Exercise Price may not be less than 100% of Fair Market Value. In addition, with respect to each grant of an Incentive Stock Option to a Participant who is an Over 10% Owner, the Exercise Price may not be less than 110% of the Fair Market Value on the date the Option is granted. The Exercise Price of an Option may not be reduced by the Committee following its date of grant.

(b) Option Term. Any Incentive Stock Option granted to a Participant who is not an Over 10% Owner is not exercisable after the expiration of ten (10) years after the date the Option is granted. Any Incentive Stock Option granted to an Over 10% Owner is not exercisable after the expiration of five (5) years after the date the Option is granted. The term of any Non-Qualified Stock Option must be as specified in the applicable Stock Incentive Agreement.

(c) Payment. Payment for all shares of Stock purchased pursuant to exercise of an Option will be made in any form or manner authorized by the Committee in the Stock Incentive Agreement or by amendment thereto, including, but not limited to, cash or, if the Stock Incentive Agreement provides:

(i) by delivery to the Company of a number of shares of Stock which have been owned by the holder for at least six (6) months prior to the date of exercise having an aggregate Fair Market Value of not less than the product of the Exercise Price multiplied by the number of shares the Participant intends to purchase upon exercise of the Option on the date of delivery; or

(ii) in an exercise effected through delivery of an irrevocable notice of exercise to a broker.

In its discretion, the Committee also may authorize (at the time an Option is granted or thereafter) Company financing to assist the Participant as to payment of the Exercise Price on such terms as may be offered by the Committee in its discretion. Payment must be made at the time that the Option or any part thereof is exercised, and no shares may be issued or delivered upon exercise of an option until full payment has been made by the Participant. The holder of an Option, as such, has none of the rights of a stockholder.

(d) Conditions to the Exercise of an Option. Each Option granted under the Plan is exercisable by whom, at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee specifies in the Stock Incentive Agreement; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be exercised in whole or in part, including, without limitation, upon any change in control described by the Stock Incentive Agreement and may permit the Participant or any other designated person to exercise the Option, or any portion thereof, for all or part of the remaining Option term, notwithstanding any provision of the Stock Incentive Agreement to the contrary.

(e) Termination of Incentive Stock Option. With respect to an Incentive Stock Option, in the event of Termination of Employment of a Participant, the Option or portion thereof held by the Participant which is unexercised will expire, terminate, and become unexercisable no later than the expiration of three (3) months after the date of Termination of Employment; provided, however, that in the case of a holder whose Termination of Employment is due to death or Disability, one (1) year will be substituted for such three (3) month period; provided, further that such time limits may be exceeded by the Committee under the terms of the grant, in which case, the incentive stock option will be a Non-Qualified Stock Option if it is exercised after the time limits that would otherwise apply. For purposes of this Subsection (e), Termination of Employment of the Participant will not be deemed to have occurred if the Participant is employed by another corporation

(or a parent or subsidiary corporation of such other corporation) which has assumed the Incentive Stock Option of the Participant in a transaction to which Code Section 424(a) is applicable.

(f) Special Provisions for Certain Substitute Options.

Notwithstanding anything to the contrary in this Section 3.2, any Option issued in substitution for an option previously issued by another entity, which substitution occurs in connection with a transaction to which Code Section 424(a) is applicable, may provide for an exercise price computed in accordance with such Code Section and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued option being replaced thereby.

3.3 Terms and Conditions of Stock Appreciation Rights. Each Stock Appreciation Right granted under the Plan must be evidenced by a Stock Incentive Agreement. A Stock Appreciation Right entitles the Participant to receive the excess of (1) the Fair Market Value of a specified or determinable number of shares of the Stock at the time of payment or exercise over (2) a specified or determinable price which, in the case of a Stock Appreciation Right granted in connection with an Option, may not be less than the Exercise Price for that number of shares subject to that Option. A Stock Appreciation Right granted in connection with a Stock Incentive may only be exercised to the extent that the related Stock Incentive has not been exercised, paid or otherwise settled. The base amount on which a Stock Appreciation Right is calculated shall not be reduced by the Committee following its date of grant.

(a) Settlement. Upon settlement of a Stock Appreciation Right, the Company must pay to the Participant the appreciation in cash or shares of Stock (valued at the aggregate Fair Market Value on the date of payment or exercise) as provided in the Stock Incentive Agreement or, in the absence of such provision, as the Committee may determine.

(b) Conditions to Exercise. Each Stock Appreciation Right granted under the Plan is exercisable or payable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee specifies in the Stock Incentive Agreement; provided, however, that subsequent to the grant of a Stock Appreciation Right, the Committee, at any time before complete termination of such Stock Appreciation Right, may accelerate the time or times at which such Stock Appreciation Right may be exercised or paid in whole or in part.

3.4 Terms and Conditions of Stock Awards.

(a) The number of shares of Stock subject to a Stock Award and restrictions or conditions on such shares, if any, will be as the Committee determines, and the certificate for such shares will bear evidence of any restrictions or conditions. Subsequent to the date of the grant of the Stock Award, the Committee has the power to permit, in its discretion, an acceleration of the expiration of an applicable restriction period with respect to any part or all of the shares awarded to a Participant. Subject to Subsections (b) and (c) below, the Committee may require a cash payment from the Participant in an amount no greater than the aggregate Fair Market Value of the shares of Stock awarded determined at the date of grant in exchange for the grant of a Stock Award or may grant a Stock Award without the requirement of a cash payment.

(b) Any Stock Award containing forfeitability provisions shall generally vest over a period of no less than three (3) years.

(c) Any Stock Award that does not contain forfeitability provisions shall be granted only in lieu of salary or cash bonuses otherwise payable to a Participant and may be granted at up to a 15% discount to the

Fair Market Value of the Stock as of the date of grant, but only if the Stock is subject to material restrictions on transferability.

3.5 Terms and Conditions of Performance Unit Awards. A Performance Unit Award shall entitle the Participant to receive, at a specified future date, payment of a number of shares of Stock having Fair Market Value equal to the value of a specified or determinable number of units (stated in terms of a designated or determinable dollar amount per unit) granted by the Committee. At the time of the grant, the Committee must determine the base value of each unit, the number of units subject to a Performance Unit Award, the performance factors applicable to the determination of the ultimate payment value of the Performance Unit Award and the period over which Company performance shall be measured. The Committee may provide for an alternate base value for each unit under certain specified conditions.

(a) Payment. Payment in respect of Performance Unit Awards shall be in the form of shares of Stock (valued at Fair Market Value as of the date payment is owed), all on such terms and conditions as provided in the applicable Stock Incentive Agreement or Stock Incentive Program or, in the absence of such provision, as the Committee may determine.

(b) Conditions to Payment. Each Performance Unit Award granted under the Plan shall be payable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee shall specify in the applicable Stock Incentive Agreement or Stock Incentive Program; provided, however, that subsequent to the grant of a Performance Unit Award, the Committee, at any time before complete termination of such Performance Unit Award, may accelerate the time or times at which such Performance Unit Award may be paid in whole or in part.

3.6 Treatment of Awards Upon Termination of Employment. Except as otherwise provided by Plan Section 3.2(e), any award under this Plan to a Participant who has experienced a Termination of Employment may be cancelled, accelerated, paid or continued, as provided in the applicable Stock Incentive Agreement or Stock Incentive Program, or, in the absence of such provision, as the Committee may determine. The portion of any award exercisable in the event of continuation or the amount of any payment due under a continued award may be adjusted by the Committee to reflect the Participant's period of service from the date of grant through the date of the Participant's Termination of Employment or such other factors as the Committee determines are relevant to its decision to continue the award.

#### SECTION 4. RESTRICTIONS ON STOCK

4.1 Escrow of Shares. Any certificates representing the shares of Stock issued under the Plan will be issued in the Participant's name, but, if the applicable Stock Incentive Agreement or Stock Incentive Program so provides, the shares of Stock will be held by a custodian designated by the Committee (the "Custodian"). Each applicable Stock Incentive Agreement or Stock Incentive Program providing for transfer of shares of Stock to the Custodian must appoint the Custodian as the attorney-in-fact for the Participant for the term specified in the applicable Stock Incentive Agreement or Stock Incentive Program, with full power and authority in the Participant's name, place and stead to transfer, assign and convey to the Company any shares of Stock held by the Custodian for such Participant, if the Participant forfeits the shares under the terms of the applicable Stock Incentive Agreement or Stock Incentive Program. During the period that the Custodian holds the shares subject to this Section, the Participant is entitled to all rights, except as provided in the applicable Stock Incentive Agreement or Stock Incentive Program, applicable to shares of Stock not so held. Any dividends declared on shares of Stock held by the Custodian must provide in the applicable Stock Incentive Agreement or Stock Incentive Program, be paid directly to the Participant or, in the alternative, be retained by the Custodian or by the Company until the expiration of the term specified in the

applicable Stock Incentive Agreement or Stock Incentive Program and shall then be delivered, together with any proceeds, with the shares of Stock to the Participant or to the Company, as applicable.

4.2 Restrictions on Transfer. The Participant does not have the right to make or permit to exist any disposition of the shares of Stock issued pursuant to the Plan except as provided in the Plan or the applicable Stock Incentive Agreement or Stock Incentive Program. Any disposition of the shares of Stock issued under the Plan by the Participant not made in accordance with the Plan or the applicable Stock Incentive Agreement or Stock Incentive Program will be void. The Company will not recognize, or have the duty to recognize, any disposition not made in accordance with the Plan and the applicable Stock Incentive Agreement or Stock Incentive Program, and the shares so transferred will continue to be bound by the Plan and the applicable Stock Incentive Agreement or Stock Incentive Program.

#### SECTION 5. GENERAL PROVISIONS

5.1 Withholding. The Company must deduct from all cash distributions under the Plan any taxes required to be withheld by federal, state or local government. Whenever the Company proposes or is required to issue or transfer shares of Stock under the Plan or upon the vesting of any Stock Award, the Company has the right to require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares or the vesting of such Stock Award. A Participant may pay the withholding tax in cash, or, if the applicable Stock Incentive Agreement or Stock Incentive Program provides, a Participant may elect to have the number of shares of Stock he is to receive reduced by, or with respect to a Stock Award, tender back to the Company, the smallest number of whole shares of Stock which, when multiplied by the Fair Market Value of the shares of Stock determined as of the Tax Date (defined below), is sufficient to satisfy federal, state and local, if any, withholding taxes arising from exercise or payment of a Stock Incentive (a "Withholding Election"). A Participant may make a Withholding Election only if both of the following conditions are met:

(a) the Withholding Election must be made on or prior to the date on which the amount of tax required to be withheld is determined (the "Tax Date") by executing and delivering to the Company a properly completed notice of Withholding Election as prescribed by the Committee; and

(b) any Withholding Election made will be irrevocable except on six months advance written notice delivered to the Company; however, the Committee may in its sole discretion disapprove and give no effect to the Withholding Election.

#### 5.2 Changes in Capitalization; Merger; Liquidation.

(a) The number of shares of Stock reserved for the grant of Options, Performance Unit Awards, Stock Appreciation Rights and Stock Awards; the number of shares of Stock reserved for issuance upon the exercise or payment, as applicable, of each outstanding Option, Performance Unit Award and Stock Appreciation Right and upon vesting or grant, as applicable, of each Stock Award; the Exercise Price of each outstanding Option and the specified number of shares of Stock to which each outstanding Stock Appreciation Right pertains must be proportionately adjusted for any increase or decrease in the number of issued shares of Stock resulting from a subdivision or combination of shares or the payment of a stock dividend in shares of Stock to holders of outstanding shares of Stock or any other increase or decrease in the number of shares of Stock outstanding effected without receipt of consideration by the Company.

(b) In the event of a merger, consolidation, extraordinary dividend (including a spin-off), reorganization or other change in the capital

structure of the Company or tender offer for shares of Stock, the Committee may make such adjustments with respect to awards and take such other action as it deems necessary or appropriate to reflect such merger, consolidation, extraordinary dividend, reorganization, change in capital structure or tender offer, including, without limitation, the substitution of new awards, or the adjustment of outstanding awards, the acceleration of awards, the removal of restrictions on outstanding awards, or the termination of outstanding awards in exchange for the cash value determined in good faith by the Committee of the vested and or unvested portion of the award. Any adjustment pursuant to this Section 5.2 may provide, in the Committee's discretion, for the elimination without payment therefor of any fractional shares that might otherwise become subject to any Stock Incentive, but except as set forth in this Section may not otherwise diminish the then value of the Stock Incentive.

(c) The existence of the Plan and the Stock Incentives granted pursuant to the Plan must not affect in any way the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its business or assets, or any other corporate act or proceeding.

5.3 Cash Awards. The Committee may, at any time and in its discretion, grant to any holder of a Stock Incentive the right to receive, at such times and in such amounts as determined by the Committee in its discretion, a cash amount which is intended to reimburse such person for all or a portion of the federal, state and local income taxes imposed upon such person as a consequence of the receipt of the Stock Incentive or the exercise of rights thereunder.

5.4 Compliance with Code. All Incentive Stock Options to be granted hereunder are intended to comply with Code Section 422, and all provisions of the Plan and all Incentive Stock Options granted hereunder must be construed in such manner as to effectuate that intent.

5.5 Right to Terminate Employment or Services. Nothing in the Plan or in any Stock Incentive confers upon any Participant the right to continue as an employee or officer of the Company or any of its affiliates or to continue to provide services in any other respect or to affect the right of the Company or any of its affiliates to terminate the Participant's employment or other relationship at any time.

5.6 Non-Alienation of Benefits. Other than as specifically provided herein or pursuant to the terms of the applicable Stock Incentive Agreement or Stock Incentive Program, no benefit under the Plan may be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge; and any attempt to do so shall be void. No such benefit may, prior to receipt by the Participant, be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the Participant.

5.7 Restrictions on Delivery and Sale of Shares; Legends. Each Stock Incentive is subject to the condition that if at any time the Committee, in its discretion, shall determine that the listing, registration or qualification of the shares covered by such Stock Incentive upon any securities exchange or under any state or federal law is necessary or desirable as a condition of or in connection with the granting of such Stock Incentive or the purchase or delivery of shares thereunder, the delivery of any or all shares pursuant to such Stock Incentive may be withheld unless and until such listing, registration or qualification shall have been effected. If a registration statement is not in effect under the Securities Act of 1933 or any applicable state securities laws with respect to the shares of Stock purchasable or otherwise deliverable under Stock Incentives then outstanding,

the Committee may require, as a condition of exercise of any Option or as a condition to any other delivery of Stock pursuant to a Stock Incentive, that the Participant or other recipient of a Stock Incentive represent, in writing, that the shares received pursuant to the Stock Incentive are being acquired for investment and not with a view to distribution and agree that the shares will not be disposed of except pursuant to an effective registration statement, unless the Company shall have received an opinion of counsel that such disposition is exempt from such requirement under the Securities Act of 1933 and any applicable state securities laws. The Company may include on certificates representing shares delivered pursuant to a Stock Incentive such legends referring to the foregoing representations or restrictions or any other applicable restrictions on resale as the Company, in its discretion, shall deem appropriate.

5.8 Listing and Legal Compliance. The Committee may suspend the exercise or payment of any Stock Incentive so long as it determines that securities exchange listing or registration or qualification under any securities laws is required in connection therewith and has not been completed on terms acceptable to the Committee.

5.9 Termination and Amendment of the Plan. The Board of Directors at any time may amend or terminate the Plan without stockholder approval; provided, however, that the Board of Directors may condition any amendment on the approval of stockholders of the Company if such approval is necessary or advisable with respect to tax, securities or other applicable laws. No such termination or amendment without the consent of the holder of a Stock Incentive may adversely affect the rights of the Participant under such Stock Incentive.

5.10 Stockholder Approval. The Plan must be submitted to the stockholders of the Company for their approval within twelve (12) months before or after the adoption of the Plan by the Board of Directors. If such approval is not obtained, any Stock Incentive granted hereunder will be void.

5.11 Choice of Law. The laws of Delaware shall govern the Plan, to the extent not preempted by federal law, without reference to the principles of conflict of laws.

5.12 Effective Date of Plan. This Plan was approved by the Board of Directors as of December 24, 1999, and shall become effective upon its approval by the Company's shareholders.

ROPER INDUSTRIES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_





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