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 UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
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FORM 10-Q

(MARK ONE)

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

FOR THE QUARTER ENDED MARCH 31, 2000

OR

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 1-10235

IDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or other jurisdiction of  
incorporation or organization)

630 DUNDEE ROAD, NORTHBROOK, ILLINOIS  
(Address of principal executive offices)

36-3555336

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

60062

(Zip Code)

Registrant's telephone number: (847) 498-7070

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

Yes  No

Number of shares of common stock of IDEX Corporation ("IDEX" or the  
"Company") outstanding as of April 21, 2000: 29,675,393.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## IDEX CORPORATION AND SUBSIDIARIES

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

	MARCH 31, 2000	DECEMBER 31, 1999
	----- (UNAUDITED)	-----
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 4,414	\$ 2,895
Receivables -- net.....	105,369	100,805
Inventories.....	106,138	106,141
Other current assets.....	6,827	3,874
	-----	-----
Total current assets.....	222,748	213,715
Property, plant and equipment -- net.....	127,361	129,917
Intangible assets -- net.....	377,831	385,061
Other noncurrent assets.....	11,098	9,874
	-----	-----
Total assets.....	\$739,038	\$738,567
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable.....	\$ 48,977	\$ 44,289
Dividends payable.....	4,155	4,153
Accrued expenses.....	47,473	43,192
	-----	-----
Total current liabilities.....	100,605	91,634
Long-term debt.....	249,081	268,589
Other noncurrent liabilities.....	48,809	49,320
	-----	-----
Total liabilities.....	398,495	409,543
	-----	-----
Shareholders' equity		
Common stock, par value \$.01 per share		
Shares authorized: 2000 and 1999 -- 75,000,000		
Shares issued and outstanding: 2000 -- 29,673,893;		
1999 -- 29,635,576.....	297	296
Additional paid-in capital.....	100,558	99,802
Retained earnings.....	244,984	233,326
Minimum pension liability adjustment.....	(1,759)	(1,759)
Accumulated translation adjustment.....	(3,393)	(2,543)
Treasury stock.....	(144)	(98)
	-----	-----
Total shareholders' equity.....	340,543	329,024
	-----	-----
Total liabilities and shareholders' equity.....	\$739,038	\$738,567
	=====	=====

See Notes to Consolidated Financial Statements.

## IDEX CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED OPERATIONS  
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
	----	----
	(UNAUDITED)	
Net sales.....	\$176,662	\$156,488
Cost of sales.....	106,107	95,168
	-----	-----
Gross profit.....	70,555	61,320
Selling, general and administrative expenses.....	37,692	34,981
Goodwill amortization.....	2,900	2,714
	-----	-----
Operating income.....	29,963	23,625
Other (expense) income -- net.....	(499)	120
	-----	-----
Income before interest expense and income taxes.....	29,464	23,745
Interest expense.....	4,164	4,518
	-----	-----
Income before income taxes.....	25,300	19,227
Provision for income taxes.....	9,487	7,306
	-----	-----
Net income.....	\$ 15,813	\$ 11,921
	=====	=====
Basic Earnings Per Common Share.....	\$ .53	\$ .40
	=====	=====
Diluted Earnings Per Common Share.....	\$ .52	\$ .40
	=====	=====
Share Data:		
Weighted average common shares outstanding.....	29,663	29,464
	=====	=====
Weighted average common shares outstanding assuming full dilution.....	30,188	29,880
	=====	=====

See Notes to Consolidated Financial Statements.

## IDEX CORPORATION AND SUBSIDIARIES

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

	COMMON STOCK & ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	MINIMUM PENSION LIABILITY ADJUSTMENT	ACCUMULATED TRANSLATION ADJUSTMENT	TREASURY STOCK	TOTAL SHAREHOLDERS' EQUITY
	-----	-----	-----	-----	-----	-----
Balance, December 31, 1999.....	\$100,098	\$233,326	\$(1,759)	\$(2,543)	\$ (98)	\$329,024
	-----	-----	-----	-----	-----	-----
Net income.....		15,813				15,813
Unrealized translation adjustment...				(850)		(850)
		-----		-----		-----
Comprehensive income.....		15,813		(850)		14,963
		-----		-----		-----
Issuance of 40,317 shares of common stock from exercise of stock options.....	757					757
Purchase of common stock.....					(46)	(46)
Cash dividends declared on common stock (\$.14 per share).....		(4,155)				(4,155)
	-----	-----	-----	-----	-----	-----
Balance, March 31, 2000 (unaudited).....	\$100,855	\$244,984	\$(1,759)	\$(3,393)	\$(144)	\$340,543
	=====	=====	=====	=====	=====	=====

See Notes to Consolidated Financial Statements.

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

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
	----- (UNAUDITED)	
Cash flows from operating activities		
Net income.....	\$ 15,813	\$ 11,921
Adjustments to reconcile to net cash provided by operations:		
Depreciation and amortization.....	5,697	5,352
Amortization of intangibles.....	3,268	3,063
Amortization of debt issuance expenses.....	56	139
Deferred income taxes.....	(463)	(141)
Increase in receivables.....	(4,564)	(5,455)
Decrease in inventories.....	3	3,717
Increase (decrease) in trade accounts payable.....	4,688	(1,251)
Increase in accrued expenses.....	4,281	553
Other -- net.....	(4,904)	(1,016)
	-----	-----
Net cash flows from operating activities.....	23,875	16,882
	-----	-----
Cash flows from investing activities		
Additions to property, plant and equipment.....	(4,348)	(4,104)
	-----	-----
Net cash flows from investing activities.....	(4,348)	(4,104)
	-----	-----
Cash flows from financing activities		
Net repayments under credit facilities.....	(11,336)	(4,758)
Repayments of other long-term debt.....	(310)	
Decrease in accrued interest.....	(2,596)	(2,689)
Dividends paid.....	(4,152)	(4,126)
Proceeds from stock option exercises.....	432	37
Purchase of common stock.....	(46)	(98)
	-----	-----
Net cash flows from financing activities.....	(18,008)	(11,634)
	-----	-----
Net increase in cash.....	1,519	1,144
Cash and cash equivalents at beginning of year.....	2,895	2,721
	-----	-----
Cash and cash equivalents at end of period.....	\$ 4,414	\$ 3,865
	=====	=====

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for:		
Interest.....	\$ 6,704	\$ 7,136
Income taxes.....	1,598	2,793

See Notes to Consolidated Financial Statements.

## IDEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. BUSINESS

IDEX Corporation ("IDEX" or the "Company") manufactures an extensive array of proprietary engineered industrial products sold to customers in a variety of industries around the world. The Company believes that each of its principal business units holds the number-one or number-two market share position in each unit's niche market. IDEX believes that its consistent financial performance has been attributable to the manufacture of quality proprietary products designed and engineered by the Company, coupled with its ability to identify and successfully integrate strategic acquisitions. IDEX consists of three reportable business segments: Pump Products Group, Dispensing Equipment Group, and Other Engineered Products Group.

The Pump Products Group designs, produces and distributes a wide variety of industrial pumps, compressors and related controls for the movement of liquids, air and gases. The devices and equipment produced by the Group are used by a large and diverse set of industries, including chemical processing, machinery, water treatment, medical equipment, petroleum distribution, oil and refining, and food processing.

The Dispensing Equipment Group produces highly engineered equipment for dispensing, metering and mixing colorants, paints, inks and dyes; refinishing equipment; and centralized lubrication systems. This proprietary equipment is used in a variety of retail and commercial industries around the world. These units provide componentry and systems for applications such as tinting paints and coatings; providing industrial and automotive refinishing equipment; and the precise lubrication of machinery and transportation equipment.

The Other Engineered Products Group manufactures engineered banding and clamping devices, fire fighting pumps and rescue tools. The high-quality stainless steel bands, buckles and preformed clamps and related installation tools are used in applications including securing hoses, signals, pipes, poles, electrical lines, sign-mounting systems and numerous other "hold-together" applications. The group also includes a leading manufacturer of truck-mounted fire pumps and rescue tool systems used by public and private fire and rescue organizations.

Information about the operations of IDEX in different business segments follows based on the nature of products and services offered. The Company's basis of segmentation and basis of segment profit measurement for the three months ended March 31, 2000, are the same as those set forth under "Business Segments and Geographic Information" on pages 30 and 31 of the 1999 Annual Report to Shareholders. Intersegment sales are accounted for at fair value as if the sales were to third parties. Amounts are in thousands.

## IDEX CORPORATION AND SUBSIDIARIES

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

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
	(UNAUDITED)	
Net sales		
Pump Products		
From external customers.....	\$ 98,341	\$ 93,661
Intersegment sales.....	646	647
Total group sales.....	98,987	94,308
Dispensing Equipment		
From external customers.....	39,919	26,259
Intersegment sales.....	1	
Total group sales.....	39,920	26,259
Other Engineered Products		
From external customers.....	38,402	36,568
Intersegment sales.....	1	1
Total group sales.....	38,403	36,569
Intersegment elimination.....	(648)	(648)
Total net sales.....	\$176,662	\$156,488
Operating income		
Pump Products.....	\$ 19,323	\$ 17,253
Dispensing Equipment.....	7,217	3,676
Other Engineered Products.....	7,439	6,315
Corporate Office and Other.....	(4,016)	(3,619)
Total operating income.....	\$ 29,963	\$ 23,625

## 2. ACQUISITION

On June 4, 1999, IDEX acquired FAST S.p.A. (FAST) at a cost of \$61.6 million, with financing provided by borrowings under the Company's U.S. bank credit facilities and debt acquired from FAST. FAST, with headquarters near Milan, Italy, is a leading European manufacturer of refinishing and color-formulation equipment for a number of applications, including paints, coatings, inks, colorants and dyes. FAST is being operated as part of IDEX's Dispensing Equipment Group.

The acquisition was accounted for as a purchase, and operating results include the acquisition from the date of purchase. Cost in excess of net assets acquired is amortized on a straight-line basis over a period not exceeding 40 years. The unaudited pro forma consolidated results of operations for the three months ended March 31, 1999, reflecting the allocation of the purchase price and the related financing of the transaction are as follows, assuming that the acquisition had occurred at the beginning of the period (in thousands except per share amounts):

	1999
	(UNAUDITED)
Net sales.....	\$166,608
Net income.....	12,746
Basic EPS -- Net income.....	.43
Diluted EPS -- Net income.....	.43

## IDEX CORPORATION AND SUBSIDIARIES

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

## 3. EARNINGS PER COMMON SHARE

Earnings per common share (EPS) are computed by dividing net income by the weighted average number of shares of common stock (basic) plus common stock equivalents outstanding (diluted) during the year. Common stock equivalents consist of stock options and have been included in the calculation of weighted average shares outstanding using the treasury stock method. Basic weighted average shares reconciles to fully diluted weighted average shares as follows (in thousands):

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999
	----- (UNAUDITED) -----	
Basic weighted average common shares outstanding.....	29,663	29,464
Dilutive effect of stock options.....	525	416
	----- -----	
Weighted average common shares outstanding assuming full dilution.....	30,188	29,880
	=====	=====

## 4. INVENTORIES

The components of inventories as of March 31, 2000, and December 31, 1999, were (in thousands):

	MARCH 31, 2000	DECEMBER 31, 1999
	----- (UNAUDITED) -----	
Raw materials and supplies.....	\$ 29,954	\$ 28,930
Work in process.....	14,407	12,722
Finished goods.....	61,777	64,489
	----- -----	
Total.....	\$106,138	\$106,141
	=====	=====

Those inventories which were carried on a LIFO basis amounted to \$85,352 and \$86,587 at March 31, 2000, and December 31, 1999, respectively. The excess of current cost over LIFO inventory value and the impact of using the LIFO method on earnings are not material.

## 5. COMMON AND PREFERRED STOCK

The Company had five million shares of preferred stock authorized but unissued at March 31, 2000, and December 31, 1999.

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

HISTORICAL OVERVIEW AND OUTLOOK

IDEX sells a broad range of proprietary pump products, dispensing equipment and other engineered products to a diverse customer base in the United States and internationally. Accordingly, IDEX's businesses are affected by levels of industrial activity and economic conditions in the U.S. and in other countries where its products are sold, and by the relationship of the U.S. dollar to other currencies. Among the factors that influence the demand for IDEX's products are interest rates, levels of capacity utilization and capital spending in certain industries, and overall industrial activity.

IDEX has a history of above-average operating margins. The Company's operating margins are affected by, among other things, utilization of facilities as sales volumes change, and inclusion of newly acquired businesses, which may have lower margins and whose margins are normally further reduced by purchase accounting adjustments.

IDEX achieved records in orders, sales, net income and earnings per share for the first quarter of 2000. New orders for the first quarter totaled \$193.2 million, a 16% improvement from the first quarter of last year and 17% ahead of 1999's fourth quarter. As a result, the order backlog rose almost \$17 million during the quarter, the largest increase in the Company's history. IDEX continues to operate with a relatively low backlog of unfilled orders of about 1 1/3 months' sales. This customarily low level of backlog allows the Company to provide excellent customer service, but also means that changes in orders are felt quickly in operating results.

The following forward-looking statements are qualified by the cautionary statement under the Private Securities Litigation Reform Act set forth below. Management is very optimistic about the Company's short-and long-term prospects. IDEX anticipates improving results as the year progresses and expects to achieve record orders, sales and earning per share in 2000. Several factors should contribute to the Company's sales and earnings growth. These factors include the positive trend of leading economic indicators for our end-markets and an improving international economy. IDEX will also benefit from our continued emphasis on profitable growth initiatives, margin improvement at recently acquired businesses, the use of the Company's strong cash flow to cut debt and interest expense, and the continued pursuit of an active and successful acquisition strategy. Management believes that IDEX is well-positioned to continue its profitable growth.

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

The preceding paragraph, the "Liquidity and Capital Resources" and "Euro Preparations" sections of this management's discussion and analysis of IDEX's operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. Such statements relate to, among other things, capital expenditures, cost reduction, cash flow and operating improvements, and are indicated by words such as "anticipate," "estimate," "expects," "plans," "projects," "should," "will," "management believes," "the Company intends," and similar words or phrases. Such statements are subject to inherent uncertainties and risks that could cause actual results to vary materially from suggested results. These uncertainties and risks include but are not limited to the following: levels of industrial activity and economic conditions in the U.S. and other countries around the world; pricing pressures and other competitive factors, and levels of capital spending in certain industries -- all of which could have a material impact on order rates and the Company's results, particularly in light of the low levels of order backlogs typically maintained by the Company; IDEX's ability to integrate and operate acquired businesses on a profitable basis; the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness; interest rates; utilization of IDEX's capacity and the effect of capacity utilization on costs; labor market conditions and raw material costs; developments with respect to contingencies, such as environmental matters and litigation; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

## RESULTS OF OPERATIONS

For purposes of this discussion and analysis section, reference is made to the table on the following page and the Company's Statements of Consolidated Operations included in the Financial Statements section. IDEX consists of three reportable business segments: Pump Products, Dispensing Equipment and Other Engineered Products.

## PERFORMANCE IN THE THREE MONTHS ENDED MARCH 31, 2000 COMPARED TO THE SAME PERIOD OF 1999

Orders, sales, net income and earnings per share for the first quarter of 2000 were the highest for any quarter in the Company's history. Incoming orders, \$193.2 million, were 16% higher than in 1999, with the base businesses contributing the majority of the growth. Net sales for the three months ended March 31, 2000, were \$176.7 million, an increase of 13% over the \$156.5 million for the comparable 1999 period. The FAST acquisition (June 1999) added 4% to first quarter sales, base business volume was up 11%, but foreign currency translation had a 2% negative effect. Net income was \$15.8 million, 33% higher than the \$11.9 million earned in last year's first quarter. Diluted earnings per share rose 12 cents to 52 cents, up 30% over the same period a year ago.

In the first quarter of 2000, the Pump Products Group contributed 56% of sales and 57% of operating income, the Dispensing Equipment Group accounted for 22% of sales and 21% of operating income, and the Other Engineered Products Group represented 22% of both sales and operating income. International sales were 40% of total sales, up from 37% in the same quarter of 1999. In the first quarter of 2000, international sales grew by 20%, while domestic sales increased by 9%. Excluding FAST, international sales increased 9%.

Pump Products Group sales of \$99.0 million for the three months ended March 31, 2000, increased by \$4.7 million, or 5%, from 1999 principally reflecting higher sales volume. Foreign currency had almost no effect on the Group's sales comparison to 1999. In the first quarter of 2000, international sales grew by 8%, while domestic sales increased by 3%. As a result, sales to customers outside the U.S. increased to 31% of total group sales in 2000 from 30% in 1999 principally due to higher sales in Europe.

Dispensing Equipment Group sales of \$39.9 million increased \$13.7 million, or 52%, in the first quarter of 2000 compared with last year's first quarter. The FAST acquisition added 24% to first quarter sales, base business volume was up 34%, but foreign currency translation had a 6% negative effect. In the first quarter of 2000, international sales grew by 94%, while domestic sales increased by 23%. The increase in international sales reflected the FAST acquisition and higher base business volume. Excluding FAST, international sales increased by 34% reflecting higher sales volume in all of the Dispensing Equipment Group's international markets. Sales to customers outside the U.S. were 51% of total group sales in 2000, up from 40% in 1999 reflecting the additional international sales from the FAST acquisition and higher base business international sales.

Other Engineered Products sales of \$38.4 million increased by \$1.8 million, or 5%, in the first quarter of 2000 compared with 1999. Overall base business increased by 8% and foreign currency translation had a negative effect of 3% on this Group's sales volume. In the first quarter of 2000, domestic sales increased by 15%, while international sales decreased by 4% with the decline in international sales principally reflecting foreign currency translation. Sales to customers outside the U.S. were 48% of total group sales in 2000, down from 52% in 1999.

Gross profit of \$70.6 million in the first quarter of 2000 increased by \$9.2 million, or 15%, from 1999 reflecting higher sales volume and productivity improvements at all of IDEX's business operations. Gross profit as a percent of sales was 39.9% in 2000, versus 39.2% in 1999 reflecting productivity improvements. Selling, general and administrative expenses increased 8% to \$37.7 million in 2000 from \$35.0 million in 1999 principally reflecting volume related increases and the FAST acquisition. As a percent of net sales, selling, general and administrative expenses decreased to 21.3% from 22.4% in 1999. Goodwill amortization increased by 7% to \$2.9 million in 2000 from \$2.7 million in 1999 reflecting the FAST acquisition. As a percent of sales, goodwill amortization remained flat at about 2% for both years.

IDEX CORPORATION AND SUBSIDIARIES  
 COMPANY AND BUSINESS GROUP FINANCIAL INFORMATION  
 (IN THOUSANDS)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2000	1999(1)
	----- (UNAUDITED)	
Pump Products Group		
Net sales(2).....	\$ 98,987	\$ 94,308
Operating income(3).....	19,323	17,253
Operating margin.....	19.5%	18.3%
Depreciation and amortization.....	\$ 4,975	\$ 4,909
Capital expenditures.....	1,966	1,863
Dispensing Equipment Group		
Net sales(2).....	\$ 39,920	\$ 26,259
Operating income(3).....	7,217	3,676
Operating margin.....	18.1%	14.0%
Depreciation and amortization.....	\$ 2,138	\$ 1,699
Capital expenditures.....	1,101	1,197
Other Engineered Products Group		
Net sales(2).....	\$ 38,403	\$ 36,569
Operating income(3).....	7,439	6,315
Operating margin.....	19.4%	17.3%
Depreciation and amortization.....	\$ 1,768	\$ 1,729
Capital expenditures.....	1,267	1,017
Company		
Net sales.....	\$176,662	\$156,488
Operating income.....	29,963	23,625
Operating margin.....	17.0%	15.1%
Depreciation and amortization(4).....	\$ 8,965	\$ 8,415
Capital expenditures.....	4,348	4,104

(1) On June 4, 1999, IDEX completed the acquisition of FAST S.p.A. for a cash purchase price of \$61.6 million. The acquisition was accounted for as a purchase, and operating results include the acquisition from the date of purchase.

(2) Group net sales include intersegment sales.

(3) Group operating income excludes net unallocated corporate operating expenses.

(4) Excludes amortization of debt issuance expenses.

Operating income increased by 27% to \$30.0 million in 2000 from \$23.6 million in 1999. Operating income as a percent of sales increased to 17.0% in 2000 from 15.1% in 1999. The increase in operating income and margin growth reflected improvements at all three business groups and resulted from higher sales volumes, expense controls and productivity improvements. In the Pump Products Group, operating income of \$19.3 million and operating margin of 19.5% in 2000 compared to the \$17.3 million and 18.3% recorded in 1999. Operating income of \$7.2 million and operating margin of 18.1% in the Dispensing Equipment Group increased from the \$3.7 million and 14.0% recorded in 1999. Operating income in the Other Engineered Products Group of \$7.4 million and operating margin of 19.4% in 2000 increased from \$6.3 million and 17.3% achieved in 1999.

Interest expense decreased to \$4.2 million in the first quarter of 2000 from \$4.5 million in 1999. The decrease in interest was due to lower interest rates and debt reductions from operating cash flow.

The provision for income taxes increased to \$9.5 million in 2000 from \$7.3 million in 1999 reflecting higher income. The effective tax rate decreased to 37.5% in 2000 from 38.0% in 1999.

Net income of \$15.8 million in 2000 was 33% higher than net income of \$11.9 million in 1999. Diluted earnings per share amounted to 52 cents in 2000, an increase of 12 cents per share, or 30%, from the 40 cents achieved in 1999.

#### LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2000, IDEX's working capital was \$122.1 million and its current ratio was 2.2 to 1. The Company's cash flow from operations increased by \$7.0 million to \$23.9 million in 2000. The improvement principally reflected higher income, lower income tax payments, and lower working capital requirements.

Cash flow provided from operations was more than adequate to fund capital expenditures of \$4.3 million and \$4.1 million in 2000 and 1999, respectively. Capital expenditures were generally for machinery and equipment, which improved productivity, although a portion was for repair and replacement of equipment and facilities. Management believes that IDEX has ample capacity in its plant and equipment to meet expected needs for future growth in the intermediate term.

At March 31, 2000, the maximum amount available under the U.S. Bank Credit Facility was \$235 million, of which \$80.1 million was borrowed, including an 82 million Netherlands guilder borrowing (\$35.6 million) and a 90 billion Italian lira borrowing (\$44.5 million). The Netherlands guilder and Italian lira borrowings provide an economic hedge against the net investment in Fluid Management's Netherlands operation and FAST's Italian operation, respectively. The availability under this facility declines in stages, to \$210 million on July 1, 2000. Any amount outstanding at July 1, 2001, becomes due at that date. Interest is payable quarterly on the outstanding balance at the agent bank's reference rate or at LIBOR plus an applicable margin. At March 31, 2000, the applicable margin was 50 basis points. The Company pays an annual facility fee of 15 basis points on the total facility.

The Company also has a \$15 million demand line of credit available for short-term borrowing requirements at the bank's reference rate or at an optional rate based on the bank's cost of funds. At March 31, 2000, the Company had no borrowings under this short-term line of credit.

At March 31, 2000, the maximum amount available under the Company's German credit agreement was 52.5 million marks (\$25.7 million), of which 16.5 million marks (\$8.1 million) was being used, which provides an economic hedge against the net investment in Hale Product's German subsidiary. The availability under this agreement declines to 37 million marks at November 1, 2000. Any amount outstanding at November 1, 2001, becomes due at that date. Interest is payable quarterly on the outstanding balance at LIBOR plus an applicable margin. At March 31, 2000, the applicable margin was 62.5 basis points.

On October 20, 1998, IDEX's Board of Directors authorized the repurchase of up to 1.5 million shares of common stock either at market prices or on a negotiated basis as market conditions warrant. Any such purchases would be funded with borrowings under the Company's existing lines of credit. At March 31, 2000

6,500 shares had been repurchased under the program at a cost of approximately \$144,000 including 2,000 shares at a cost of approximately \$46,000 during the first quarter of 2000.

IDEX believes it will generate sufficient cash flow from operations in 2000 to meet its operating requirements, interest and scheduled amortization payments under the U.S. Bank Credit Facility, the Italian credit facilities and notes payable, the demand line of credit, the German credit agreement, interest and principal payments on the Senior Notes, any share repurchases, approximately \$25 million of planned capital expenditures, and approximately \$17 million of annual dividend payments to holders of common stock. From commencement of operations in January 1988 until March 31, 2000, IDEX has borrowed \$639 million under its various credit agreements to complete 14 acquisitions. During this same period IDEX generated, principally from operations, cash flow of \$559 million to reduce its indebtedness. In the event that suitable businesses are available for acquisition by IDEX upon terms acceptable to the Board of Directors, IDEX may obtain all or a portion of the financing for the acquisitions through the incurrence of additional long-term indebtedness.

#### YEAR 2000

IDEX initiated a Year 2000 compliance program in late 1996 to ensure that its information systems and other date-sensitive equipment continue an uninterrupted transition into the Year 2000. All of the Company's essential processes, systems, and business functions were compliant with the Year 2000 requirements by the end of 1999. IDEX did not experience any Year 2000 consequences affecting its financial position, liquidity, or results of operations.

The costs of IDEX's Year 2000 transition program were funded with cash flows from operations. Some of these costs related solely to the modification of existing systems, while others were for new systems, which also improved business functionality. In total, these costs were not substantially different from the normal, recurring costs incurred for system development and implementation, in part due to the reallocation of internal resources to implement the new business systems. Expenditures related to this multi-year program were approximately \$6 million.

#### EURO PREPARATIONS

During 1998, 1999 and 2000, the Company upgraded its business systems to accommodate the euro currency. The cost of this upgrade was immaterial to the Company's financial results. Although difficult to predict, any competitive implications and any impact on existing financial instruments resulting from the euro implementation are also expected to be immaterial to the Company's results of operations, financial position or liquidity.

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

The Company is subject to market risk associated with changes in interest rates and foreign currency exchange rates. Interest rate exposure is limited to the \$249.1 million of long-term debt of the Company outstanding at March 31, 2000. Approximately 11% of the debt is priced at interest rates that float with the market. A 50 basis point movement in the interest rate on the floating rate debt would result in an approximate \$140,000 annualized increase or decrease in interest expense and cash flows. The remaining debt is either fixed rate debt or debt that has been essentially fixed through the use of interest rate swaps. The Company will from time to time enter into interest rate swaps on its debt when it believes there is a clear financial advantage for doing so. A formalized treasury risk management policy adopted by the Board of Directors exists that describes the procedures and controls over derivative financial and commodity instruments, including interest rate swaps. Under the policy, the Company does not use derivative financial or commodity instruments for trading purposes, and the use of such instruments is subject to strict approval levels by senior officers. Typically, the use of such derivative instruments is limited to interest rate swaps on the Company's outstanding long-term debt. The Company's exposure related to such derivative instruments is, in the aggregate, not material to the Company's financial position, results of operations and cash flows.

The Company's foreign currency exchange rate risk is limited principally to the euro, British pound sterling, German mark, Dutch guilder, Italian lira and other Western European currencies. The Company manages its foreign exchange risk principally through the invoicing of its customers in the same currency as the source of the products.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS. None.

ITEM 2. CHANGES IN SECURITIES. Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES. None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. None.

ITEM 5. OTHER INFORMATION. None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

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

(b) Reports on Form 8-K:

There have been no reports on Form 8-K filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized in the capacity and on the date indicated.

IDEX CORPORATION

/s/ WAYNE P. SAYATOVIC

-----  
WAYNE P. SAYATOVIC  
Senior Vice President -- Finance  
and Chief Financial Officer  
(Duly Authorized and Principal  
Financial Officer)

April 27, 2000

## EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1	Restated Certificate of Incorporation of IDEX Corporation (formerly HI, Inc.) (incorporated by reference to Exhibit No. 3.1 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on April 21, 1988)
3.1(a)	Amendment to Restated Certificate of Incorporation of IDEX Corporation (formerly HI, Inc.), (incorporated by reference to Exhibit No. 3.1(a) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended March 31, 1996, Commission File No. 1-10235)
3.2	Amended and Restated By-Laws of IDEX Corporation (incorporated by reference to Exhibit No. 3.2 to Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on July 17, 1989)
3.2(a)	Amended and Restated Article III, Section 13 of the Amended and Restated By-Laws of IDEX Corporation (incorporated by reference to Exhibit No. 3.2(a) to Post-Effective Amendment No. 3 to the Registration Statement on Form S-1 of IDEX, et al., Registration No. 33-21205, as filed on February 12, 1990)
4.1	Restated Certificate of Incorporation and By-Laws of IDEX Corporation (filed as Exhibits No. 3.1 through 3.2(a))
4.2	Indenture, dated as of February 23, 1998, between IDEX Corporation, and Norwest Bank Minnesota, National Association, as Trustee, relating to the 6 7/8% Senior Notes of IDEX Corporation due February 15, 2008 (incorporated by reference to Exhibit No. 4.1 to the Current Report of IDEX on Form 8-K dated February 23, 1998, Commission File No. 1-10235)
4.3	Specimen Senior Note of IDEX Corporation (incorporated by reference to Exhibit No. 4.1 to the Current Report of IDEX on Form 8-K dated February 23, 1998, Commission File No. 1-10235)
4.4	Specimen Certificate of Common Stock of IDEX Corporation (incorporated by reference to Exhibit No. 4.3 to the Registration Statement on Form S-2 of IDEX, et al., Registration No. 33-42208, as filed on September 16, 1991)
4.5	Third Amended and Restated Credit Agreement dated as of July 17, 1996, among IDEX Corporation, Bank of America NT&SA, as Agent, and other financial institutions named therein (the "Banks") (incorporated by reference to Exhibit No. 4.5 to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1996, Commission File No. 1-10235)
4.5(a)	First Amendment to the Third Amended and Restated Credit Agreement dated as of April 11, 1997 (incorporated by reference to Exhibit No. 4.5(a) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1998, Commission File No. 1-10235)
4.5(b)	Second Amendment to the Third Amended and Restated Credit Agreement dated as of January 20, 1998 (incorporated by reference to Exhibit No. 4.5(b) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1998, Commission File No. 1-10235)
4.5(c)	Third Amendment to the Third Amended and Restated Credit Agreement dated as of February 9, 1998 (incorporated by reference to Exhibit No. 4.5(c) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1998, Commission File No. 1-10235)
4.5(d)	Fourth Amendment to the Third Amended and Restated Credit Agreement dated as of April 3, 1998 (incorporated by reference to Exhibit No. 4.5(d) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1998, Commission File No. 1-10235)
4.5(e)	Fifth Amendment to the Third Amended and Restated Credit Agreement dated as of June 8, 1999 (incorporated by reference to Exhibit No. 4.5(e) to the Quarterly Report of IDEX on Form 10-Q for the quarter ended June 30, 1999, Commission File No. 1-10235)
10.1*	IDEX Corporation Amended and Restated Stock Option Plan for Outside Directors
10.2*	Amended and Restated Employment Agreement between IDEX Corporation and Wayne P. Sayatovic, dated March 31, 2000



EXHIBIT NUMBER -----	DESCRIPTION -----
10.3*	First Amendment to the Letter Agreement between IDEX Corporation and Wayne P. Sayatovic, dated March 15, 2000
10.4*	First Amendment to the Letter Agreement between IDEX Corporation and James R. Fluharty, dated March 15, 2000
10.5*	First Amendment to the Letter Agreement between IDEX Corporation and Rodney L. Usher, dated March 15, 2000
27*	Financial Data Schedule

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\* Filed herewith

INDEX CORPORATION  
AMENDED AND RESTATED  
STOCK OPTION PLAN  
FOR OUTSIDE DIRECTORS

IDEX Corporation, a corporation organized under the laws of the State of Delaware (the "Company"), adopted the IDEX Corporation Stock Option Plan For Outside Directors (the "Plan") effective April 24, 1990. The original purposes of the Plan were as follows:

(1) To further the growth, development and financial success of the Company and its subsidiaries by providing additional incentives to Outside Directors (as defined below), by assisting them to become owners of capital stock of the Company and thus to benefit directly from its growth, development and financial success.

(2) To enable the Company to obtain and retain the services of the type of Outside Directors considered essential to the long-range success of the Company by providing and offering them an opportunity to become owners of capital stock of the Company under options.

Under the original terms of the Plan, no options could be granted more than ten years after its adoption by the Board (as defined below). As a significant number of shares were still available for grant of options under the Plan upon the original expiration date of the Plan, it is in the best interest of the Company to continue the Plan and the grant of options to Outside Directors thereunder. Therefore, the following constitutes an amendment, restatement, continuation and extension of the Plan beyond its original term, effective upon approval of this IDEX Corporation Amended and Restated Stock Option Plan for Outside Directors by the stockholders of the Company, as provided in Section 7.3 hereof.

ARTICLE I

DEFINITIONS

Whenever the following terms are used in the Plan, they shall have the meanings specified below.

Board -- the Board of Directors of the Company.

Change in Control Event -- a "Change of Control Event" shall mean the occurrence of (a) any transaction or series of transactions which within a 12-month period constitute a change of management or control where (i) at least 51 percent of the then outstanding shares of Common Stock are (for cash, property (including, without limitation, stock in any corporation), or indebtedness, or any combination thereof) redeemed by the Company or purchased by any person(s), firm(s) or entity(ies), or exchanged for shares in any other corporation whether or not affiliated with the Company, or any combination of such redemption, purchase or exchange, or (ii) at least 51 percent of the Company's assets are purchased by any

person(s), firm(s) or entity(ies) whether or not affiliated with the Company for cash, property (including, without limitation, stock in any corporation) or indebtedness or any combination thereof, or (iii) the Company is merged or consolidated with another corporation regardless of whether the Company is the survivor (except any such transaction solely for the purpose of changing the Company's domicile or which does not change the ultimate beneficial ownership of the equity interests in the Company), or (b) any substantial equivalent of any such redemption, purchase, exchange, change, transaction or series of transactions, acquisition, merger or consolidation constituting such a change of management or control. For purposes hereof, the term "control" shall have the meaning ascribed thereto under the Exchange Act and the regulations thereunder, and the term "management" shall mean the chief executive officer of the Company. For purposes of clause (a)(ii) above or as appropriate for purposes of clause (b) above, the Company shall be deemed to include on a consolidated basis all subsidiaries and other affiliated corporations or other entities with the same effect as if they were divisions.

Code -- the Internal Revenue Code of 1986, as amended.

Committee -- a committee consisting of each member of the Compensation Committee of the Board who is then a disinterested person within the meaning of Rule 16b-3.

Common Stock -- the Company's Common Stock, par value \$.01 per share.

Company -- IDEX Corporation and any corporation assuming, or issuing new stock options in substitution for, Options.

Director -- a member of the Board.

Exchange Act -- the Securities Exchange Act of 1934, as amended.

Fair Market Value -- the "Fair Market Value" of a share of Common Stock as of a given date shall be: (i) if Common Stock is traded on an exchange then the closing price of a share of Common Stock as reported in the Wall Street Journal for the first trading date immediate prior to such date during which a sale occurred; or (ii) if Common Stock is not traded on an exchange but is quoted on NASDAQ or a successor or other quotation system, (x) the last sales price (if the Common Stock is then listed as a National Market Issue under the NASD National Market System) or (y) the mean between the closing representative bid and asked prices (in all other cases) for the Common Stock on the date immediately prior to such date on which sales prices or bid and asked prices, as applicable, are reported by NASDAQ or such successor quotation system; or (iii) if such Common Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the mean between the closing bid and asked prices for the Common Stock on the day previous to such date, as determined in good faith by the Committee; or (iv) if the Common Stock is not publicly traded, the fair market value established by the Committee acting in good faith.

Officer -- the President, any Vice President, the Secretary or any Assistant Secretary of the Company.

Option -- an option to purchase Common Stock granted under the Plan, which option shall not constitute an option that meets the requirements of Section 422 of the Code.

Optionee -- an Outside Director to whom an Option is granted under the Plan.

Outside Director -- a Director who is not then (i) a full-time employee (as defined in accordance with the regulations and revenue rulings then applicable under Section 3401(c) of the Code) of the Company or of any corporation that is then a Parent Corporation or a Subsidiary or (ii) a general partner, limited partner or full-time employee of either KKR Associates, L.P. or Kohlberg Kravis Roberts & Co., L.L.C.

Parent Corporation -- any corporation that owns, directly or indirectly, more than 50% of the voting power of the shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of Directors.

Retirement -- the Termination of Service on or after the date the Director attains age sixty (60).

Rule 16b-3 -- that certain Rule 16b-3, as such rule is then in effect, that has been adopted by the Securities and Exchange Commission under the Exchange Act, or any replacement rule adopted thereunder.

Secretary -- the Secretary of the Company.

Securities Act -- the Securities Act of 1933, as amended.

Subsidiary -- any corporation of which more than 50% of the total voting power of the shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors thereof is owned, directly or indirectly, by the Company.

Termination of Service -- the effective time at which a person serving as a Director ceases to be a member of the Board for any reason.

## ARTICLE II

### SHARES SUBJECT TO PLAN

#### SECTION 2.1 \* SHARES SUBJECT TO PLAN

The shares of stock subject to Options shall be shares of the Company's Common Stock. The aggregate number of such shares which may be issued upon exercise of Options shall not exceed 337,500(1).

#### SECTION 2.2 \* UNEXERCISED OPTIONS

- - - - -  
1 Reflects 3 for 2 stock splits occurring on January 31, 1995 and January 31, 1997.

If any Option expires or is cancelled without having been fully exercised, the number of shares subject to such Option, but as to which such Option was not exercised prior to its expiration or cancellation, may again be optioned hereunder, subject to the limitations of Section 2.1.

## SECTION 2.3 \* CHANGES IN COMPANY'S SHARES

In the event that the outstanding shares of Common Stock are hereafter changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split, stock dividend or combination of shares, appropriate adjustments shall be made by the Committee in the number and kind of shares for the purchase of which Options may be granted, including adjustments of the limitation in Section 2.1 on the maximum number and kind of shares which may be issued upon exercise of Options. In the event of an adjustment contemplated by this Section 2.3 in any outstanding Options, the Committee shall make an appropriate and equitable adjustment to the end that after such event the Optionee's proportionate interest shall be maintained as before the occurrence of such event. Such adjustment in any outstanding Options shall be made without change in the total price applicable to the option or the unexercised portion of any Option (except for any change in the aggregate price resulting from rounding off or share quantities or prices) and with any necessary corresponding adjustment in the Option price per share. In the event of a "spin-off" or other substantial distribution of assets of the Company which has a material diminutive effect upon Fair Market Value, the Committee may in its discretion make an appropriate and equitable adjustment to the Option exercise price to reflect such diminution. Any such adjustment made by the Committee shall be final and binding upon all Optionees, the Company and all other interested persons.

## ARTICLE III

## GRANTING OF OPTIONS

## SECTION 3.1 \* ELIGIBILITY

Any person who (a) is an Outside Director on January 1, 2000 or (b) thereafter becomes an Outside Director shall be granted Options under Section 3.2.

## SECTION 3.2 \* GRANTING OF OPTIONS

(a) Subject to Section 2.1, Options shall be granted as follows:

(i) Each person who first becomes an Outside Director between January 1, 2000 and April 18, 2000 shall receive, on the date that this Plan is approved by the Company's stockholders in accordance with Section 7.3, an Option to purchase 6,750 shares of Common Stock;

(ii) Each person who first becomes an Outside Director on or after April 19, 2000 shall receive, as of the date on which such person first becomes an

Outside Director, an Option to purchase 6,750 shares of Common Stock; provided, however, that each person who, immediately prior to becoming an Outside Director, was either (i) a full-time employee of the Company or any of its subsidiaries or (ii) a partner or full-time employee of either Kohlberg Kravis Roberts & Co., L.L.C. or KKR Associates, L.P., shall not receive such an option; and

(iii) On the date of the first regularly scheduled meeting of the Board held in January of each year, commencing with the meeting held in January 2001, any person who is an Outside Director on such date shall receive an Option to purchase 4,500 shares of Common Stock.

(b) The Committee shall instruct the Secretary or other authorized Officer to execute and deliver a stock option agreement (described in Section 4.1) to each person who becomes entitled to an Option under Section 3.2(a).

#### ARTICLE IV

##### TERMS OF OPTIONS

###### SECTION 4.1 \* OPTION AGREEMENT

Each Option shall be evidenced by a written stock option agreement, which shall be executed by the Optionee and an authorized Officer and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan.

###### SECTION 4.2 \* OPTION PRICE

The price of the shares subject to each Option shall be the Fair Market Value of such shares on the date such Option is granted.

###### SECTION 4.3 \* COMMENCEMENT OF EXERCISABILITY

(a) Subject to the provisions of Sections 4.3(b) and 4.3(c), each Option shall become fully vested and exercisable upon the first to occur of the following events:

- (i) the second anniversary of the date of such Option grant;
- (ii) the Optionee's becoming disabled (within the meaning of Section 22(e)(3) of the Code);
- (iii) the Optionee's Termination of Service because of his death or his Retirement; or
- (iv) the occurrence of a Change in Control Event.

(b) Notwithstanding the provisions of Section 4.3(a), no Option shall be exercisable in a manner that would disqualify the Plan from satisfying the requirements of Rule 16b-3, and, to the extent necessary, no Option shall be exercisable for at least 6 months (or such other period as may be specified in such Rule) after the date such Option is granted.

(c) Except in the event of the subsequent determination of disability, at the time of Termination of Service under subsection 4.3(a)(ii), no portion of an Option that is unexercisable on the date of the Optionee's Termination of Service shall thereafter become exercisable.

#### SECTION 4.4 \* EXPIRATION OF OPTIONS

No Option may be exercised to any extent by anyone after the first to occur of the following events:

(a) the expiration of ten years from the date the Option was granted;

(b) the expiration of one year from the date of the Optionee's Termination of Service for any reason other than Retirement; provided, however, that Section 4.4(d) shall apply if the Optionee dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the expiration of such one-year period;

(c) the expiration of three years from the date of the Optionee's Termination of Service by reason of Retirement.

(d) if the Optionee dies or becomes disabled prior to the first anniversary of the Optionee's Termination of Service, the expiration of 1 year from the earlier of (i) the date of the Optionee's death, or (ii) the date on which the Optionee becomes disabled (within the meaning of Section 22(e)(3) of the Code).

#### SECTION 4.5 \* RIGHTS TO CONTINUED SERVICE

Nothing in the Plan or in any Stock Option Agreement hereunder shall confer upon any Optionee any right to continue as a Director.

### ARTICLE V

#### EXERCISE OF OPTIONS

#### SECTION 5.1 \* PERSONS ELIGIBLE TO EXERCISE

(a) Subject to Section 5.1(b) and (c), during the lifetime of the Optionee, only he may exercise an Option (or any portion thereof) granted to him. After the death of the

Optionee, any exercisable portion of an Option may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Stock Option Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

(b) Should the Optionee be determined under applicable law to have become a disabled person or the equivalent thereof, the Option may, prior to the time when the Option becomes unexercisable under the Plan or the applicable Stock Option Agreement, be exercised by the Optionee's guardian or by any other person empowered to do so under applicable laws of guardianship. For purposes of this Section 5.1(b), "disabled person" shall mean a person who (i) because of mental deterioration or physical incapacity is not fully able to manage his person or estate or (ii) is mentally ill and who because of his mental illness is not fully able to manage his person or estate.

(c) Notwithstanding the foregoing provisions of this Section 5.1, the Committee, in its sole discretion, may permit the Optionee with prior written notice to the Committee to transfer by gift, without the receipt of any consideration, to a member of the Optionee's immediate family, as defined in Rule 16a-1 under the Exchange Act, or to a trust for the exclusive benefit of, or any other entity owned solely by, such members, provided that an Option that has been so transferred shall continue to be subject to all of the terms and conditions of the Option Agreement as applicable to the Optionee, and the transferee shall execute any and all such documents requested by the Committee in connection with the transfer, including without limitation to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

#### SECTION 5.2 \* PARTIAL EXERCISE

At any time and from time to time before any exercisable Option or exercisable portion thereof becomes unexercisable under the Plan or the applicable Stock Option Agreement, such Option or portion thereof may be exercised in whole or in part; provided, however, that the Company shall not be required to issue fractional shares and no Option may be exercised for less than 1,000 shares of Common Stock unless such exercise is the full exercise of the exercisable portion of such Option.

#### SECTION 5.3 \* MANNER OF EXERCISE

An exercisable Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary or his office of all of the following prior to the time when such Option or such portion becomes unexercisable under the Plan or the applicable Stock Option Agreement:

(a) Notice in writing signed by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that such Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the

Committee;

(b) (i) Full payment (in cash or by check) for the shares with respect to which such Option or portion thereof is thereby exercised;

(ii) With the consent of the Committee, shares of Common Stock which have been owned by the Optionee for more than six months on the date of delivery and duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate Option price of the shares with respect to which such Option or portion thereof is thereby exercised;

(iii) To the extent permitted by law (including the then interpretations of Rule 16b-3), a "cashless exercise procedure" satisfactory to the Committee which permits the Optionee to deliver an exercise notice to a broker-dealer, who then sells Option shares, and delivers the proceeds of the sale, less commission, to the Company which delivers such proceeds, less the exercise price and withholding taxes to the Optionee; or

(iv) Any combination of the consideration provided in the foregoing subsections (i), (ii) or (iii);

(c) Such representations and documents as the Committee, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal or state securities laws or regulations. The Committee may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance, including without limitation placing legends on share certificates and issuing stop-transfer orders to transfer agents and registrars; and

(d) In the event that the Option or portion thereof shall be exercised pursuant to Section 5.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option or portion thereof.

#### SECTION 5.4 \* CONDITIONS TO ISSUANCE OF STOCK CERTIFICATES

The shares of Common Stock issuable and deliverable upon the exercise of an Option or any portion thereof may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The listing of such shares on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such shares,

and the obtaining of any other approval or clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and

(c) The payment to the Company of all amounts which it is required to withhold under federal, state or local law in connection with the exercise of the Option.

## SECTION 5.5 \* RIGHTS AS STOCKHOLDERS

The holders of Options shall not be, nor have any of the rights or privileges of, stockholders of the Company in respect of any shares purchasable upon the exercise of an Option or any portion thereof unless and until certificates representing such shares have been issued by the Company to such holders.

## ARTICLE VI

## ADMINISTRATION

It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Options, to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith, and to interpret, amend or revoke any such rules. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option.

## ARTICLE VII

## OTHER PROVISIONS

## SECTION 7.1 \* OPTIONS NOT TRANSFERABLE

No Option or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 7.1 shall prevent transfers by will, by the applicable laws of descent and distribution, or as provided in Section 5.1(c).

## SECTION 7.2 \* AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN; MODIFICATION OF OPTIONS

(a) The Plan may be amended or otherwise modified, suspended or terminated at any time and from time to time by the Board; provided, however, the provisions of Sections 3.1 (Eligibility), 3.2 (Granting of Options) and 4.2 (Option Price) shall not be modified more than once every six months, other than to comport with the changes in the Internal Revenue Code, the Employee Retirement Income Security Act or the rules thereunder; provided, further that without approval of the Company's stockholders given within 12 months after the action by the Board, the Board may not, except as provided in Section 2.3, increase any limit imposed in Section 2.1 on the Options, modify the eligibility requirements of Section 3.1, increase the number of Options granted or accelerate the timing of those grants under Section 3.2, reduce the minimum Option price

requirements of Section 4.2 or extend the limit imposed in this Section 7.2 on the period during which Options may be granted and such action by the Board shall become effective only after stockholder approval is obtained; and provided, further, that no amendment or modification may be made if such amendment or modification would disqualify the Plan from satisfying the requirements of the Securities Act or the Exchange Act or any regulation or rule promulgated by the Securities and Exchange Commission thereunder. None of the amendment, suspension or termination of the Plan shall, without the consent of the holder of the Option, alter or impair any rights or obligations under any Option theretofore granted. No Option may be granted during any period of suspension of the Plan, and in no event may any Option be granted under the Plan after April 19, 2009.

(b) An Option shall be subject in all events to the condition that, if at any time the Board shall determine, in its discretion, that the listing, registration or qualification of any of the Company's securities upon any securities exchange or under any law, regulation or other requirement of any governmental authority is necessary or desirable, or that any consent or approval from any governmental authority is necessary or desirable, then the Board may modify the terms of any Option granted under the Plan, without the consent of the Optionee, in any manner which the Board deems necessary or desirable in order to improve the Company's ability to obtain such listing, registration, qualification, consent or approval.

#### SECTION 7.3 \* APPROVAL OF PLAN BY STOCKHOLDERS

The amendment, restatement and continuation of the Plan will be submitted for the approval of the Company's stockholders and shall be effective only upon attainment of such approval.

#### SECTION 7.4 \* EFFECT OF PLAN UPON OTHER OPTION AND COMPENSATION PLANS

This Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent Corporation or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company, any Parent Corporation or any Subsidiary (a) to establish any other forms of incentives or compensation for employees or (b) to grant or assume options otherwise than under the Plan in connection with any proper corporate purpose, including without limitation the grant or assumption of options in connection with the acquisition by purchase, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

#### SECTION 7.5 \* NO OBLIGATION TO REGISTER

The Company shall not be deemed, by reason of the granting of any Option, to have any obligation to register the shares of Common Stock subject to such Option under the Securities Act or to maintain in effect any registration of such shares which may be made at any time under the Securities Act.

## SECTION 7.6 \* CONFORMANCE TO SECURITIES ACT AND EXCHANGE ACT

The Plan is intended to conform to the provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Options shall be granted and may be exercised, only in such a manner as to conform to the provisions of the Securities Act and Exchange Act and any and all such regulations.

\* \* \* \*

I hereby certify that the foregoing Amended and Restated Stock Option Plan for Outside Directors was duly adopted by the Board of Directors of IDEX Corporation on January 25, 2000 and approved by the stockholders of the IDEX Corporation on April 19, 2000

Executed on this 19th day of April, 2000.

/s/ Frank J. Notaro

Secretary

Corporate Seal

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT  
BETWEEN  
IDEX CORPORATION  
AND  
WAYNE P. SAYATOVIC

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT

THIS AGREEMENT, made as of the 31st day of March, 2000, between IDEX CORPORATION, a Delaware corporation with its executive offices at 630 Dundee Road, Suite 400, Northbrook, Illinois 60062 ("IDEX"), and WAYNE P. SAYATOVIC, 91 Mallard Lane, Lake Forest, Illinois 60045 (the "Executive").

IDEX and the Executive entered into an Employment Agreement dated as of January 22, 1988 (the "Effective Date") and executed by the Executive on May 10, 1989 and by IDEX on May 12, 1989, subsequently amended as of January 13, 1993 and as of September 27, 1994; and amended and restated in its entirety as of November 22, 1996. The parties now wish to modify certain provisions of the Employment Agreement and to restate the Employment Agreement in its entirety as modified. Therefore, IDEX and the Executive agree as follows:

1. Introductory statement. The Executive has previously served as an executive of Houdaille Industries, Inc. ("Houdaille"). IDEX purchased from Houdaille all of the shares of stock of all of the active subsidiaries of Houdaille other than John Crane-Houdaille, Inc. (the "NonCrane Subsidiaries") on January 22, 1988 and desires to secure the full-time services of the Executive until at least the third anniversary of the Effective Date on the terms and conditions as provided in this Agreement. The Executive is willing to execute this

Agreement with respect to his employment upon the terms and conditions set forth in this Agreement. This Agreement amends and restates in its entirety all previous employment agreements between the Executive and IDEX.

2. Agreement of employment. IDEX agrees to, and hereby does, employ the Executive, and the Executive agrees to, and hereby does accept, employment by IDEX, or one of its subsidiaries, as the case may be (hereafter in the aggregate, the "Corporation"), as an executive of the Corporation, subject to the provisions of the by-laws of the Corporation in respect of the duties and responsibilities assigned from time to time by the Chief Executive Officer of the Corporation and subject also at all times to the control of the Board of Directors of the Corporation.

The Corporation shall not require the Executive to perform services hereunder away from the Chicago, Illinois area of such frequency and duration as would necessitate, in the reasonable judgment of the Executive, the Executive moving his residence from the Chicago, Illinois area. Following an Acquisition (as hereinafter defined), the Corporation shall not, in the reasonable judgment of the Executive, (a) significantly reduce the scope of the duties of the Executive hereunder or (b) significantly reduce the total potential compensation of the Executive hereunder. If the Executive determines in accordance with the preceding sentences that (a) the

services required by the Corporation necessitate that the Executive move his residence from the Chicago, Illinois area, (b) the duties of the Executive hereunder have been significantly reduced or (c) the total potential compensation of the Executive hereunder has been significantly reduced, the Executive, in his sole discretion, may deem that the Corporation has terminated his services and shall so notify the Corporation in writing, in which case the Corporation shall be deemed to have terminated the services of the Executive for all purposes of this Agreement as of the date specified by the Executive in his notice to the Corporation.

3. Executive's obligations: vacations, automobile. During the period of his full-time service under this Agreement, the Executive shall devote substantially all of his time and energies during business hours to the supervision and conduct, faithfully and to the best of his ability, of the business and affairs of the Corporation, and to the furtherance of its interests, and shall not accept other gainful employment except with the prior consent of the Chief Executive Officer of the Corporation. With the approval of the Chief Executive Officer of the Corporation, however, the Executive may become a director, trustee or other fiduciary of other corporations, trusts or entities. The Executive may take four weeks vacation each year with pay. The Corporation shall furnish and maintain an automobile for the use of the Executive consistent with the policy of the Corporation in effect at any time; provided, however, that at no time shall the policy of the Corporation be materially less generous than the policy of the Corporation in effect as of January 1, 2000.

4. Annual salary. The Corporation shall pay to the Executive for his services under this Agreement a salary at the rate of \$231,500 per year commencing as of January 1, 2000, payable in equal monthly installments, and continuing during the period of his full-time service hereunder; provided, however, that the Corporation shall in good faith review the salary of the Executive, on an annual basis, with a view to consideration of appropriate increases in such salary. If the Executive dies during the period of his full-time service hereunder, service for any part of the month of his death shall be considered service for the entire month.

5. Period of service and benefits.

(a) Period of full-time service. The period of full-time service of the Executive under this Agreement shall continue to the third anniversary of the Effective Date, and for successive 12 month periods thereafter; provided, however, that the Corporation may terminate at any time the full-time service of the Executive hereunder by delivering written notice of termination to the Executive, or the Executive may resign and terminate his full-time service hereunder at any time after the third anniversary of the Effective Date, by delivering written notice of his intention to resign to the Corporation at least 3 months prior to the effective date of such resignation.

In the event of termination of the Executive by the Corporation, the Executive shall be entitled to receive his full annual salary and fringe benefits in effect on the date of receipt of the notice of termination for a continuing period of 24 months beginning with that month next following the month during which he ceases to be actively employed. In the event of the Executive's death, the balance of the continuing salary payments shall be made to his wife, if surviving, or if not, to his estate in addition to any and all other benefits payable under this Agreement upon his death.

In the event of resignation by the Executive as permitted by this Agreement, the Executive shall be entitled to receive his full annual salary and fringe benefits in effect on the date of receipt of the notice of resignation for a continuing period to the effective date of his resignation but not longer than three months.

Except as otherwise provided in Section 5(c)(3), continuing fringe benefits under this Section 5(a) shall be reduced to the extent of any fringe benefits provided by and available to the Executive from any subsequent employer but shall not be limited by the terms of any such fringe benefit of a subsequent employer.

In the event of termination of the Executive by the Corporation or the Executive's death or disability, the Executive or his estate shall receive a cash bonus for the entire fiscal year in which such termination or death occurs or disability commences. Such bonus shall be calculated in accordance with the management incentive compensation program of the Corporation in effect from time to time and shall in no event be less than the full target amount for the Executive for such fiscal year. The bonus shall be payable in one lump sum in accordance with and at the time prescribed by the Corporation's policy for payment of annual bonuses to its executive employees for the year in which the Executive's termination or death occurs or his disability commences. If no policy of the Corporation then exists with regard to calculation and payment of bonuses, the bonus shall be calculated and paid in accordance with the policy of the Corporation in effect as of January 1, 2000.

In addition, in the event of either termination (including, without limitation, because of the Executive's death or disability) of employment or resignation, the Executive shall receive payment for accrued but unused vacation, which payment shall be equitably prorated based on the period of active employment for that portion of the fiscal year in which the termination or resignation becomes effective, death occurs, or disability commences, plus payment for accrued but unused vacation for the prior fiscal year. Payment for accrued but unused vacation shall be payable in one lump sum on the effective date of termination or

resignation, the date of death (or as soon thereafter as practicable) or the date disability commences.

In the event of termination of the Executive by the Corporation within 24 months following an "Acquisition" of the Corporation (as hereinafter defined), the benefits to be provided to the Executive and his beneficiaries upon such termination, regardless of the continued effectiveness of this Agreement or of the provisions of this Section 5(a), shall be in an amount and character not less generous than the benefits payable upon a termination of the Executive by the Corporation as set forth in this Section 5(a). An "Acquisition" means (I) any transaction or series of transactions which within a 12-month period constitute a change of management or control where (i) at least 51 percent of the then outstanding common shares of the Corporation are (for cash, property (including, without limitation, stock in any corporation), or indebtedness, or any combination thereof), redeemed by the Corporation or purchased by any person(s), firm(s) or entity(ies), or exchanged for shares in any other corporation whether or not affiliated with the Corporation, or any combination of such redemption, purchase or exchange, or (ii) at least 51 percent of the Corporation's assets are purchased by any person(s), firm(s) or entity(ies) whether or not affiliated with the Corporation for cash, property (including, without limitation, stock in any corporation) or indebtedness or any combination thereof, or (iii) the Corporation is merged or consolidated with another corporation regardless of whether the

Corporation is the survivor, or (II) any substantial equivalent of any such redemption, purchase, exchange, change, transaction or series of transactions, merger or consolidation, constituting such change of management or control. For purposes of this paragraph, the term "control" shall have the meaning ascribed thereto under the Securities Exchange Act of 1934, as amended, and the regulations thereunder, and the term "management" shall mean the chief executive officer of the Corporation. For purposes of clause (I)(ii) above or as appropriate for purposes of clause (II) above, the Corporation shall be deemed to include on a consolidated basis all subsidiaries and other affiliated corporations or other entities with the same effect as if they were divisions.

The benefits provided for under this section shall be in lieu of, and not in addition to, any and all benefits to which the Executive and his beneficiaries may be entitled under any bonus or severance program or policy adopted by the Corporation from time to time unless otherwise expressly stated therein.

(b) Death benefit. If the Executive dies during the period of his full-time service hereunder, his wife, if surviving, or if not, his estate shall be entitled to receive his full annual salary in effect on the date of his death for a continuing period of nine months commencing on the first day of the month immediately following the date of his death.

(c) (1) Retirement compensation and obligations. Upon the retirement or

resignation of the Executive or upon his termination from full-time service with the Corporation, in either case pursuant to the provisions of this Section 5 hereof, the full-time service obligations of the Executive and the Corporation to each other under Sections 2, 3 and 4 hereof shall cease, and the Executive shall be entitled to receive benefits and compensation as specified in this Section 5 hereof.

(2) Guarantee of pension benefits. In addition to the compensation otherwise provided herein, the Executive and his beneficiaries shall be entitled to receive the retirement and death benefits they would receive at the times and under such optional arrangements as the Executive is entitled to under the terms of any defined benefit retirement or pension plan adopted and implemented by the Corporation for its executive office employees in effect at the date of the Executive's retirement, resignation or termination (for whatever reason) from full-time service with the Corporation or at any time during the Executive's service with the Corporation (any such plan is referred to hereafter as the "Plan") (such Plan shall include a lump sum option) pursuant to the Plan provisions as in effect at the point in time during the Executive's employment at which the Plan would provide the greatest benefits for the Executive and his beneficiaries and, in addition, the greatest latitude in choice of options (including, but not limited to, a lump sum option), but in any event computed without reference to (i) any restrictions in the Plan upon payments to the Executive, as described in Section 1.401(a)(4)-5(b) of the Treasury Regulations; (ii) any restrictions in the Plan upon the maximum contributions to

the Plan or upon the maximum benefits payable under the Plan, as the case may be, pursuant to Section 415 of the Internal Revenue Code of 1986, as in effect at such point in time (the "Code"); (iii) any limitations on the amount of the Executive's compensation that may be taken into account under the Plan pursuant to Section 401(a)(17) of the Code or any successor section; (iv) the limitations on compensation that would exclude any income attributable to the exercise of the nonqualified stock options granted in replacement of Equity Appreciation Rights granted under the First Restatement of the Amended and Restated 1988 Equity Appreciation Rights Plan or the 1989 Equity Appreciation Rights Plan (hereafter the "EAR Plans"); (v) for purposes of determining eligibility for a lump sum distribution, any condition under the Plan considered necessary to receive a lump sum distribution, such as the submission of medical evidence of reasonable health of the Participant or the meeting of a specified age or service requirement (in other words the lump sum distribution shall be an election solely in the discretion of the Executive); or (vi) any other restriction on the Executive's benefits as determined under the Plan pursuant to the Code, to the Employee Retirement Income Security Act of 1974, as in effect at such point in time ("ERISA") or to any other law affecting the determination of such benefits. However, except as specifically described otherwise in the preceding sentence, all calculations pursuant to this Section 5(c)(2) of benefits shall be made on the basis of the actual years of service to the Corporation, including any Affiliated Corporation and Company as defined under the Plan, and actual compensation of the Executive taken into account under the applicable Plan provisions. In calculating the Executive's compensation and years of service to the Corporation

under the Plan for purposes of benefit accrual and to determine active employment on any date relevant for any purpose under the Plan, compensation shall be deemed to include amounts termed severance and service shall be deemed to include the periods for which the Executive receives payments termed severance (based on the period over which the severance amount would have been paid if paid as compensation over the entire period as to which severance is calculated) even if such amount is paid as a lump sum settlement. To the extent that the benefits to which the Executive or his beneficiaries are entitled under this Section 5(c)(2) are not paid from the Trust under the Plan or from the IDEX Corporation Supplemental Executive Retirement Plan, the Corporation shall pay such benefits directly from its general assets.

If payments are being made, pursuant to this Section 5(c)(2), in the form of an annuity or other periodic form of distribution, and the portion of the total amount to be paid from the Trust under the Plan shall thereafter be reduced after the date such payments have been determined pursuant to the preceding paragraph, by virtue of the operation of restrictions in the Plan upon payments to the Executive, as described in Section 1.401(a)(4)-5(b) of the Treasury Regulations, or by virtue of the termination of the Plan (including the operation of Section 4045 of ERISA or any successor section) or for any other reason other than the operation of the provisions of the optional form selected under the Plan, the Corporation shall increase, in an amount equal to any such reduction, the amount of the benefit under this Section 5(c)(2) which is to be paid directly from its general assets, and such increase shall be prorated over the remaining

payments or used to recalculate the annuity payments, as the case may be.

If payments are being made or have been made in full, pursuant to this Section 5(c)(2), but the Executive or any of his beneficiaries is required to make a payment to the Trustee under the Plan (whether in the form of a loss of collateral, interest on such collateral or otherwise) as the result of the application of the restrictions in the Plan upon payments to the Executive, as described in Section 1.401(a)(4)-5(b) of the Treasury Regulations, or by virtue of the termination of the Plan (including the operation of Section 4045 of ERISA or any successor section) or for any other reason, the Corporation shall reimburse the Executive or his beneficiaries, as the case may be, directly from its general assets, for each such payment to the Trustee, and if the Executive or any of his beneficiaries does not receive a deduction for federal, state and/or local income tax purposes for such a payment and/or if such payment would result in the imposition of any penalty tax because of such repayment, then the amount of such reimbursement shall be increased by an amount such that after payment by the Executive or his beneficiaries of all taxes, including, without limitation, any interest or penalties imposed with respect to such reimbursement, the Executive or his beneficiaries retain an amount from the Corporation approximately equal to the amount repaid to the Trustee.

In the event (I) the Executive requests a lump sum distribution from the Trustee or Committee under the Plan and is denied the request, regardless of the reason for the denial, or (II) (i) if the Plan is amended to eliminate the lump sum distribution option on future benefit accruals or (ii) the Executive is not otherwise entitled to a lump sum distribution under the Plan terms and, in the case of (i) or (ii), the Executive states in writing to the Corporation at any time prior to the Executive or his beneficiaries receiving a benefit under the Plan that he otherwise would have requested the lump sum distribution option, the Corporation shall pay the Executive, or his beneficiaries, as the case may be, in cash in a single lump sum benefit, an amount equal to the benefit hereinbefore determined less any amount received by the Executive or his beneficiaries from the Plan directly or indirectly in a single payment, regardless of the form of payment in which the benefit is being paid or is to be paid under the Plan. In the case of a benefit provided under this paragraph, the Corporation shall pay the Executive or his beneficiaries an additional amount in cash in a single lump sum payment such that after payment by the Executive or his beneficiaries of all federal, state, and/or local income taxes (including, without limitation, any interest or penalties imposed with respect to such taxes) imposed upon such single lump sum payment, the Executive or his beneficiaries retain an amount that would have been retained by him or them (without regard to any limitations as described in the first paragraph of this Section 5(c)(2)) had he or they directly rolled the amount from the Plan into an individual retirement account. If the Executive or his beneficiaries receive the single lump sum payment from the Corporation under this paragraph, the Executive and his beneficiaries agree to

waive and/or return to the Corporation all benefits to him or them that he or they subsequently receive from the Plan. Notwithstanding the preceding sentence, if the Executive or any of his beneficiaries does not receive a deduction for federal, state and/or local income tax purposes for such benefits and/or if such benefits would result in the imposition of any penalty tax because of such repayment, then the amount of such waiver and/or return to the Corporation shall be decreased by an amount such that after payment by the Executive or his beneficiaries of all taxes, including, without limitation, any interest or penalties imposed with respect to such waiver and/or return, the Executive or his beneficiaries incur no net expense from such benefits he or they subsequently receive from the Plan. For purposes of this Section, beneficiaries means the beneficiaries as determined under the Plan.

Notwithstanding the preceding provisions of this Section 5(c)(2), in calculating the benefit provided under this Section 5(c)(2) under the terms of any Plan, compensation shall include in any year any amount otherwise excluded from compensation in such year as a result of an election to defer income made pursuant to the provisions of the IDEX Corporation 1996 Deferred Compensation Plan for Officers and shall exclude in any year any amount that would otherwise be included in compensation in a year which relates to an amount deferred in a prior year under the provisions of the IDEX Corporation 1996 Deferred Compensation Plan for Officers.

Notwithstanding the preceding provisions of this Section 5(c)(2), in calculating the

benefit provided under this Section 5(c)(2) under the terms of the Plan, the following rules shall apply:

(a) In computing average compensation for purposes of any benefit formula under the Plan, compensation shall not include any income includable in the Executive's income for income tax purposes attributable to the exercise of stock options granted in replacement for Equity Appreciation Rights under the EAR Plans at any time.

(b) An additional benefit under this Section 5(c)(2) shall be payable in an amount equal to the benefit accrued at the rate provided in the Plan's career average formula applied to the income includable in the Executive's income for income tax purposes attributable to the exercise of stock options granted in replacement of Equity Appreciation Rights under the EAR Plans at any time.

(3) Medical benefits. The Executive and/or his wife, as the case may be, shall be entitled to prompt reimbursement for all medical, dental, hospitalization, convalescent, nursing, extended care facilities (including, without limitation, long term care facilities such as convalescent and nursing homes) and similar health and welfare expenses incurred by the Executive (or by his wife in the event of the Executive's death or disability) for the Executive or for the benefit of his wife or other dependents (hereinafter collectively referred to as "medical benefits"). Such medical benefits shall continue at all times while the Executive is employed by

the Corporation, and thereafter for the remainder of his life or the life of his wife, whichever shall be the longer time, if (a) the Executive continues in the employ of the Corporation until the commencement of his 56th year, or (b) the Executive prior to the commencement of his 56th year dies or becomes disabled while employed by the Corporation, or (c) the Executive incurs a "Termination of Service," which entitles him to receive "Severance Benefits," both terms as defined within the meaning of the Severance Agreement between the Corporation and the Executive dated December 3, 1999, if the Termination of Service occurs within the two (2) year period preceding the commencement of his 56th year, or (d) the Executive ceases to be employed by the Corporation for any reason, whether voluntary or involuntary, at any time following an Acquisition. The Corporation may, in its discretion, insure such medical benefits; provided, however, that such benefits shall not be affected by the existence or non-existence of any available insurance from any source, shall not be limited by the terms of any such insurance or the failure of any insurer to meet its obligations thereunder, shall not limit the Executive or his wife or other dependents in the choice of any physician, medical care facility or type of medical expenses in any way, and, except as provided in the following sentence, shall not be affected by the availability of any medical benefits provided by and available to the Executive from any subsequent employer. Such medical benefits shall be reduced to the extent of any medical benefits actually available and actually provided by any subsequent employer to the Executive, his wife, or other dependents only during the following periods:

(a) until the commencement of his 56th year if he ceases to be employed by the Corporation as a result of his involuntary termination following an Acquisition, or

(b) until the commencement of his 60th year if he ceases to be employed by the Corporation as a result of his voluntary termination or retirement prior to the commencement of his 60th year.

Without limiting the foregoing, there shall be no such offset in the event of:

(a) termination for any reason after commencement of the Executive's 60th year,

(b) involuntary termination following an Acquisition, and after commencement of the Executive's 56th year, or

(c) the death or disability of the Executive while in the active employment of the Corporation.

In any case such reduction in medical benefits shall be only to the extent of any medical benefits actually provided by and actually available to the Executive (and/or his wife or other dependents)

from any subsequent employer without cost to the Executive (and/or his wife or other dependents) or subject to full reimbursement of any such cost by the Corporation to the Executive (and/or his wife or other dependents), but shall not be limited by the terms of any such insurance or reimbursement. For purposes of this Agreement, the term "medical expenses" shall include, but not be limited to, prescription drugs, prosthetics, optical care (including corrective lenses) and travel and lodging associated with medical expenses, with the selection of medical providers and institutions and related travel and lodging to be solely in the discretion of the Executive (and/or his wife or other dependents).

(d) Confidentiality agreement. During the course of his employment, the Executive has had and will have access to confidential information relating to the lines of business of the corporation, its trade secrets, marketing techniques, technical and cost data, information concerning customers and suppliers, information relating to product lines, and other valuable and confidential information relating to the business operations of the Corporation not generally available to the public (the "Confidential Information"). The parties hereby acknowledge that any unauthorized disclosure or misuse of the Confidential information could cause irreparable damage to the Corporation. The parties also agree that covenants by the Executive not to make unauthorized use or disclosures of the Confidential Information are essential to the growth and stability of the business of the Corporation. Accordingly, the

Executive agrees to the confidentiality covenants set forth in this section.

The Executive agrees that, except as required by his duties with the Corporation or as authorized by the Corporation in writing, he will not use or disclose to anyone at any time, regardless of whether before or after the Executive ceases to be employed by the Corporation, any of the Confidential Information obtained by him in the course of his employment with the Corporation.

The Executive agrees that since irreparable damage could result from his breach of the covenants in this Section 5(d) of this Agreement, in addition to any and all other remedies available to the Corporation, the Corporation shall have the remedies of a restraining order, injunction or other equitable relief to enforce the provisions thereof. The Employee consents to jurisdiction in Lake County, Illinois on the date of the commencement of any action for purposes of any claims under this Section 5(d). In addition, the Executive agrees that the issues in any action brought under this section will be limited to claims under this section, and all other claims or counterclaims under other provisions of this Agreement will be excluded.

6. Compensation under this Agreement not exclusive. Except as expressly stated to the contrary in this Agreement, the compensation and benefits payable by the

Corporation to the Executive under the provisions of this Agreement shall be in addition to and separate and apart from such additional compensation or incentives and such retirement, disability or other benefits as the Executive may be entitled to under any present or future extra compensation or bonus plan, stock option plan, share purchase agreement, pension plan, disability insurance plan, medical insurance plan, life insurance program, or other plan or arrangement of the Corporation established for its executives or employees, and the provisions of this Agreement shall not affect any such compensation, incentives or benefits. The Board of Directors of the Corporation, in its discretion, may award the Executive such additional compensation, incentives or benefits, pursuant to such plans or otherwise, as it may from time to time determine.

7. Termination of this Agreement. This Agreement shall terminate when the Corporation has made the last payment provided for hereunder; provided, however, that the obligations set forth under Section 5(d) of this Agreement shall survive any such termination and shall remain in full force and effect. Without the written consent of the Executive, the Corporation shall have no right to terminate this Agreement prior thereto. In the event the Executive, or his beneficiaries, as the case may be, and the Corporation shall disagree as to their respective rights and obligations under this Agreement, and the Executive or his beneficiaries are successful in establishing, privately or otherwise, that his or their position is substantially correct, or that the

Corporation's position is substantially wrong or unreasonable, or in the event that the disagreement is resolved by settlement, the Corporation shall pay all costs and expenses, including counsel fees, which the Executive or his beneficiaries may incur in connection therewith directly to the provider of the services or as may otherwise be directed by the Executive or his beneficiaries. The Corporation shall not delay or reduce the amount of any payment provided for hereunder or setoff or counterclaim against any such amount for any reason whatever; it is the intention of the Corporation and the Executive that the amounts payable to the Executive or his beneficiaries hereunder shall continue to be paid in all events in the manner and at the times herein provided. All payments made by the Corporation hereunder shall be final and the Corporation shall not seek to recover all or any part of any such payments for any reason whatsoever.

8. Additional payments by Corporation.

(a) Notwithstanding anything in this Agreement or any other agreement to the contrary, in the event it shall be determined that any payment or distribution by the Corporation or any affiliate (as defined under the Securities Act of 1933, as amended, and the regulations thereunder) thereof or any other person to or for the benefit of the Executive, whether paid or

payable or distributed or distributable pursuant to the terms of this Agreement, pursuant to that certain shareholder purchase and/or sale agreement between Executive and the Corporation made as of January 22, 1988, as amended and restated, pursuant to all non-qualified stock option plans of the Corporation now or hereafter in effect, pursuant to the IDEX Corporation Supplemental Executive Retirement Plan, pursuant to the IDEX Corporation 1996 Deferred Compensation Plan for Officers, any other plan of deferred compensation, or pursuant to any other agreement or arrangement with the Corporation or any affiliate thereof now or hereafter in effect (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code, or any successor statute thereto, or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including, without limitation, any interest or penalties imposed with respect to such taxes and any Excise Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) The Executive and/or the Corporation shall notify each other in writing as soon as practicable of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall state

the nature of such claim and the date on which such claim is requested to be paid. Neither the Executive nor the Corporation shall pay such claim for taxes prior to the expiration of the thirty-day period following the date on which the notice is given (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Executive or Corporation (hereafter the "Notifying Party") notifies the other party in writing prior to the expiration of such period that it desires to contest such claim, such other party shall take such action, in connection with contesting such claim as the Notifying Party shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Notifying Party and approved by the other party, provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties and counsel fees as submitted) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Furthermore, if the Corporation is the Notifying Party, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

9. Assurances on liquidation. The Corporation agrees that until the termination of this Agreement as above provided, it will not voluntarily liquidate or dissolve, or enter into or be a party to any other transaction the effect of which would be to materially reduce the net assets or operations of the Corporation, without first making a written agreement with the Executive or other beneficiary, satisfactory to and approved by him or such beneficiary in writing within 30 days of receipt of a notice from the Corporation of such proposed liquidation, dissolution or other transaction, in fulfillment of or in lieu of its obligations to him or such beneficiary under this Agreement or any other agreement, plan, policy or program of the Corporation or, in the absence of such agreement, paying him or such beneficiary in a lump sum settlement of all such obligations prior to such proposed liquidation, dissolution or other transaction. Notwithstanding anything in the preceding sentence to the contrary, in the event that pursuant to the preceding sentence the Corporation is obligated to pay to the Executive or such beneficiary in a lump sum settlement all of the obligations of the Corporation to the Executive or such beneficiary under this Agreement or any other agreement, plan, policy or program of the Corporation, the Executive or, in the event of his death or inability to act, his wife or, if not surviving, his eldest surviving child (or in the event of their inability to act, such person who has the legal power to act on their behalf), shall have the right, in his or her sole discretion, to elect not to receive a lump sum settlement of the obligations of the Corporation to the Executive or other beneficiary under Section 5(c)(3) of this Agreement and, in lieu thereof, to receive a guaranty (including, without limitation, a letter of credit), in form and substance satisfactory to the

Executive or other beneficiary, as the case may be, in his or her sole discretion, of the payment of such obligations from any entity satisfactory to the Executive or other beneficiary, as the case may be, in his or her sole discretion. Any lump sum settlement shall reflect a reasonable assumption of cost-of-living adjustments, if appropriate to such obligation, and shall be determined using the mortality assumptions of the "applicable mortality table" under Section 417(e) of the Code and either (i) the interest rate that would be used (as of the date of payment) by the Pension Benefit Guaranty Corporation for purposes of valuing a lump sum distribution upon a plan termination on the January 1 of the calendar year in which the single sum is paid or (ii) the "applicable interest rate" under Section 417(e) of the Code, determined as of the first month of the calendar year in which the single sum is paid, whichever would produce the greater single sum amount. For purposes of this Subsection, the Corporation shall be deemed to include on a consolidated basis all subsidiaries and other affiliated corporations or other entities with the same effect as if they were divisions.

10. Definitions. For purposes of this Agreement, the term "year" shall mean fiscal year, the term "dependents" shall have the same meaning as pursuant to Section 152 of the Code and the terms "his 56th year" and "his 60th year" shall mean immediately following the Executive's 55th birthday and 59th birthday respectively. For purposes of this Agreement, disability shall mean a disability which is, or has the potential to be, total and permanent and

because of which the Executive is or may become physically or mentally unable to substantially perform his regular duties as an Executive of the Corporation. Any question as to the existence, extent or potentiality of disability of the Executive upon which the Executive and the Corporation cannot agree shall be determined by a qualified independent physician selected by the Executive and reasonably acceptable to the Corporation (or, if the Executive is unable to make such selection, it shall be made by any adult member of his immediate family). The determination of such physician made in writing to the Corporation and to the Executive shall be final and conclusive for all purposes of this Agreement.

11. Amendments. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in a writing signed by the parties hereto, and specifically the agreement of any beneficiary, wife, dependents or other potential or actual third party beneficiary shall not be required, except as specifically provided for in this Agreement.

12. Assignment. This Agreement cannot be assigned by either party hereto except with the written consent of the other.

13. Binding effect. This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of the Executive and any

successors in interest of the Corporation. In addition to inuring to the benefit of the Executive, Sections 5(a) and 5(b) are intended to inure to the benefit of the Executive's beneficiaries, Section 5(c)(2) is intended to inure to the benefit of the Executive's beneficiaries, to the extent contemplated in that provision, Section 5(c)(3) is intended to inure to the benefit of the Executive's wife and his dependents, and Section 7, Section 8 and Section 9 are intended to inure to the benefit of the Executive's beneficiaries; such provisions shall be enforceable by the aforesaid beneficiaries, wife and/or dependents, as the case may be, who upon the Executive's death shall be deemed successors in interest.

14. Choice of law. This Agreement shall be governed by the law of the State of Illinois (excluding the law of the State of Illinois with regard to conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect and performance.

15. Notice. Except as otherwise provided in this Agreement, all notices and other communications given pursuant to this Agreement shall be deemed to have been properly given if personally delivered or mailed, addressed to the appropriate party at the address of such party as shown at the beginning of this Agreement, postage prepaid, by certified mail or by Federal Express or similar overnight courier service. A copy of any notice sent pursuant to this section shall also be sent to Hodgson, Russ, Andrews, Woods & Goodyear, 1800 One M&T Plaza, Buffalo, New York, 14203, Attention: Richard E. Heath, Esq. and Dianne Bennett, Esq.

Any party may from time to time designate by written notice given in accordance with the provisions of this paragraph any other address or party to which such notice or communication or copies thereof shall be sent.

16. Severability of provisions. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby and this Agreement shall be interpreted as if such invalid, illegal or unenforceable provision was not contained herein.

17. Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Executive has hereunto set his hand and the

Corporation has caused this Agreement to be executed in its name and on its behalf as of the date first above written.

/s/ Wayne P. Sayatovic

DATE OF EXECUTION: March 31, 2000

IDEX CORPORATION

/s/ Frank J. Hansen  
President

DATE OF EXECUTION: March 31, 2000

The undersigned hereby executes this Amendment to evidence her agreement to be bound by the terms of Subsection 5(c)(2) of the Employment Agreement.

/s/ Janice Z. Sayatovic

DATE OF EXECUTION: March 31, 2000

March 15, 2000

PERSONAL AND CONFIDENTIAL

Mr. Wayne P. Sayatovic  
91 West Mallard Lane  
Lake Forest, Illinois 60045

Dear Wayne:

Re: Severance Agreement

This letter serves as an amendment of the Severance Agreement between IDEX Corporation and you dated December 3, 1999 which you accepted on December 21, 1999. Pursuant to this amendment, Item 9 of the enumerated Severance Benefits is eliminated and replaced with the following:

- 9) All stock options previously granted to you will immediately vest and you will have until the earlier of (i) ten (10) years from date of grant of the option or (ii) thirty-six (36) months following the last day of employment to exercise the options you hold.

All other terms of the Severance Agreement remain unchanged. Please acknowledge your acceptance of this amendment by signing and returning the enclosed copy of this letter.

Very truly yours,

/s/ Frank J. Hansen

FJH:mtm  
Enclosure

Agreed to and accepted by:

/s/ Wayne P. Sayatovic

Date: March 31, 2000

March 15, 2000

PERSONAL AND CONFIDENTIAL

Mr. James R. Fluharty  
308 Camelot Lane  
Libertyville, Illinois 60048

Dear Jim:

Re: Severance Agreement

This letter serves as an amendment of the Severance Agreement between IDEX Corporation and you dated December 3, 1999 which you accepted on December 6, 1999. Pursuant to this amendment, Item 9 of the enumerated Severance Benefits is eliminated and replaced with the following:

- 9) All stock options previously granted to you will immediately vest and you will have until the earlier of (i) ten (10) years from date of grant of the option or (ii) thirty-six (36) months following the last day of employment to exercise the options you hold.

All other terms of the Severance Agreement remain unchanged. Please acknowledge your acceptance of this amendment by signing and returning the enclosed copy of this letter.

Very truly yours,

/s/ Frank J. Hansen

FJH:mtm  
Enclosure

Agreed to and accepted by:

/s/ James R. Fluharty

Date: March 31, 2000

March 15, 2000

PERSONAL AND CONFIDENTIAL

Mr. Rodney L. Usher  
2 Neuchatel Lane  
Fairport, New York 14450

Dear Rod:

Re: Severance Agreement

This letter serves as an amendment of the Severance Agreement between IDEX Corporation and you dated December 3, 1999 which you accepted on December 6, 1999. Pursuant to this amendment, Item 9 of the enumerated Severance Benefits is eliminated and replaced with the following:

- 9) All stock options previously granted to you will immediately vest and you will have until the earlier of (i) ten (10) years from date of grant of the option or (ii) thirty-six (36) months following the last day of employment to exercise the options you hold.

All other terms of the Severance Agreement remain unchanged. Please acknowledge your acceptance of this amendment by signing and returning the enclosed copy of this letter.

Very truly yours,

/s/ Frank J. Hansen

FJH:mtm  
Enclosure

Agreed to and accepted by:

/s/ Rodney L. Usher

Date: March 15, 2000

3-MOS

DEC-31-2000

JAN-01-2000

MAR-31-2000

4,414

0

108,266

2,897

106,138

222,748

275,675

148,314

739,038

100,605

249,081

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297

340,246

739,038

176,662

176,662

106,107

146,530

499

169

4,164

25,300

9,487

15,813

0

0

0

15,813

0.53

0.52