

IDEX CORP /DE/  
Form DEF 14A  
March 03, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**IDEX Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

1925 West Field Court, Suite 200

Lake Forest, IL 60045

March 5, 2014

**Dear Stockholder:**

You are cordially invited to attend the Annual Meeting of Stockholders of IDEX Corporation (the Company) which will be held on Tuesday, April 8, 2014, at 9:00 a.m. Central Time, at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement. Included with the Proxy Statement is a copy of the Company's 2013 Annual Report. We encourage you to read the Annual Report. It includes information on the Company's operations, markets, products and services, as well as the Company's audited financial statements.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted. Therefore, we urge you to sign, date, and promptly return the accompanying proxy card in the enclosed envelope. Alternatively, you can vote over the telephone or the Internet as described on the proxy card. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy card, or voted by telephone or over the Internet.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of the Company. We look forward to seeing you at the Annual Meeting.

Sincerely,

ANDREW K. SILVERNAIL

*Chairman of the Board, President and*

*Chief Executive Officer*

**IDEX CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**APRIL 8, 2014**

**To the Stockholders:**

The Annual Meeting of Stockholders of IDEX Corporation (the Company) will be held on Tuesday, April 8, 2014, at 9:00 a.m. Central Time, at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090, for the following purposes:

1. To elect three directors, each for a term of three years.
2. To vote on a non-binding resolution to approve the compensation of the Company's named executive officers.
3. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014.
4. To transact such other business as may properly come before the meeting.

The Board of Directors fixed the close of business on February 14, 2014, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting.

You may obtain directions to the location of the Annual Meeting by visiting our website at [www.idexcorp.com](http://www.idexcorp.com).

By Order of the Board of Directors

FRANK J. NOTARO

*Vice President    General Counsel*

*and Secretary*

March 5, 2014

Lake Forest, Illinois

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 8, 2014**

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The Proxy Statement and 2013 Annual Report of IDEX Corporation are available at:

**<http://phx.corporate-ir.net/phoenix.zhtml?c=83305&p=irol-reportsAnnual>**

## PROXY STATEMENT

IDEX Corporation (the Company or IDEX) has prepared this Proxy Statement in connection with the solicitation by the Company's Board of Directors of proxies for the Annual Meeting of Stockholders to be held on Tuesday, April 8, 2014, at 9:00 a.m. Central Time, at The Westin Chicago North Shore, 601 North Milwaukee Avenue, Wheeling, Illinois 60090. The Company commenced distribution of this Proxy Statement and the accompanying materials on March 5, 2014.

The Company will bear the costs of preparing and mailing this Proxy Statement and other costs of the proxy solicitation made by the Board of Directors. Certain of the Company's officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors' recommendations, but no additional remuneration will be paid by the Company for the solicitation of those proxies. These solicitations may be made by personal interview, telephone, email or facsimile transmission. The Company has made arrangements with brokerage firms and other record holders of its Common Stock for the forwarding of proxy solicitation materials to the beneficial owners of that stock. The Company will reimburse those brokerage firms and others for their reasonable out-of-pocket expenses in connection with this work. In addition, the Company has engaged Morrow & Co., LLC, 470 West Ave., Stamford, Connecticut to assist in proxy solicitation and collection at a cost of \$6,000, plus out-of-pocket expenses.

### VOTING AT THE MEETING

The record of stockholders entitled to notice of, and to vote at, the Annual Meeting was taken as of the close of business on February 14, 2014, and each stockholder will be entitled to vote at the meeting any shares of Common Stock held of record on that date. 80,851,529 shares of Common Stock were outstanding at the close of business on February 14, 2014. Each share entitles its holder of record to one vote on each matter upon which votes are taken at the Annual Meeting. No other securities are entitled to be voted at the Annual Meeting.

A quorum of stockholders is necessary to take action at the Annual Meeting. A majority of outstanding shares of Common Stock present in person or represented by proxy will constitute a quorum. The Company will appoint election inspectors for the meeting to determine whether or not a quorum is present, and to tabulate votes cast by proxy or in person. Under certain circumstances, a broker or other nominee may have discretionary authority to vote shares of Common Stock if instructions have not been received from the beneficial owner or other person entitled to vote. The election inspectors will treat directions to withhold authority, abstentions and broker non-votes (which occur when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because such broker or other nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner) as present and entitled to vote for purposes of determining the presence of a quorum for the transaction of business at the Annual Meeting. The following sets forth the voting procedures for each proposal at the Annual Meeting:

**Proposal 1 Election of Directors.** Directors are elected by a plurality of the votes cast at the Annual Meeting; provided however, that the Company's Corporate Governance Guidelines provide for a plurality plus standard with respect to the election of directors, under which any nominee who receives a greater number of withhold votes than affirmative votes in an uncontested election is required to submit an offer of resignation for consideration by the Nominating and Corporate Governance Committee of the Board of Directors, as more fully described under **Proposal 1 Election of Directors.** Abstentions and broker non-votes will have no effect on the election of directors.

**Proposal 2 Advisory Vote on Executive Compensation.** Approval of the compensation of the Company's named executive officers will require the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the matter. Abstentions will have the effect of a vote against approval and broker non-votes will have no effect on the vote.

**Proposal 3 Ratification of Auditors.** Approval of ratification of the auditors will require the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on the matter. Abstentions will have the effect of a vote against approval and broker non-votes will have no effect on the vote.

The Company requests that you mark the accompanying proxy card to indicate your votes, sign and date it, and return it to the Company in the enclosed envelope, or vote by telephone or over the Internet as described on the proxy card. If you vote by telephone or over the Internet, you should not mail your proxy card. If your completed proxy card or telephone or Internet voting instructions are received prior to the meeting, your shares will be voted in accordance with your voting instructions. If you sign and return your proxy card but do not give voting instructions, your shares will be voted FOR the election of the Company's nominees as directors, FOR approval of the compensation of the Company's named executive officers, FOR approval of the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014, and in the discretion of the proxy holders as to any other business which may properly come before the meeting. Any proxy solicited hereby may be revoked by the person or persons giving it at any time before it has been exercised at the Annual Meeting by giving notice of revocation to the Company in writing prior to the meeting. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy card, or voted by telephone or over the Internet. The Company requests that all such written notices of revocation be addressed to Frank J. Notaro, Vice President - General Counsel and Secretary, IDEX Corporation, 1925 West Field Court, Suite 200, Lake Forest, IL 60045.



**PROPOSAL 1 ELECTION OF DIRECTORS**

The Company's Restated Certificate of Incorporation, as amended, provides for a three-class Board, with one class being elected each year for a term of three years. The Board of Directors currently consists of nine members, three of whom are Class I directors whose terms will expire at this year's Annual Meeting, three of whom are Class II directors whose terms will expire at the Annual Meeting to be held in 2015, and three of whom are Class III directors whose terms will expire at the Annual Meeting to be held in 2016.

The Board of Directors has nominated three individuals for election as Class I directors to serve for a three-year term expiring at the Annual Meeting to be held in 2017, or upon the election and qualification of their successors. The nominees of the Board of Directors are Bradley J. Bell, Gregory F. Milzick and Andrew K. Silvernail, each of whom is currently serving as a director of the Company. The nominees and the directors serving in Class II and Class III whose terms expire in future years and who will serve or continue to serve after the Annual Meeting are listed below with brief statements setting forth their present principal occupations and other information, including any directorships in other public companies, and their particular experiences, qualifications, attributes and skills that lead to the conclusion they should serve as a director.

If for any reason any of the nominees are unavailable to serve, proxies solicited hereby may be voted for a substitute. The Board, however, expects the nominees to be available.

Under the Company's Corporate Governance Guidelines, any director nominee who receives a greater number of withhold votes than affirmative votes in an uncontested election is required to submit an offer of resignation for consideration by the Nominating and Corporate Governance Committee of the Board of Directors within 90 days from the date of election. The Nominating and Corporate Governance Committee must then consider all of the relevant facts and circumstances and recommend to the Board of Directors the action to be taken with respect to the offer of resignation.

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**The Company's Board of Directors Recommends a Vote FOR**

**the Nominees in Class I Identified Below.**

**Nominees for Election**

**Class I: Nominees for Three-Year Term**

**BRADLEY J. BELL**

*Retired Executive Vice President and Chief Financial Officer*

Nalco Company

Mr. Bell served as Executive Vice President and Chief Financial Officer of Nalco Company from prior to 2008 until his retirement in 2010.

Mr. Bell is a director of Compass Minerals International, Inc. and Hennessy Capital Acquisition Corp.

Director since June 2001

Age 61

Mr. Bell's business leadership skills, his knowledge of technology and manufacturing industries, his financial reporting expertise and his corporate governance and executive compensation experience led to the conclusion that he should serve on the Board of Directors. For over seven years, Mr. Bell served as executive vice president and chief financial officer of Nalco. In addition, Mr. Bell has over 30 years combined experience as an executive in the technology and manufacturing industries, including positions at Rohm and Haas Company, Whirlpool Corporation and Bundy Corporation. Through his experience, Mr. Bell has developed valuable financial expertise and experience in mergers and acquisitions, private equity and capital markets transactions. Mr. Bell has a long career in corporate finance, including more than 12 years of experience as chief financial officer of a publicly traded company, during which he obtained significant financial management and reporting expertise. He has held directorships at publicly traded companies for over 20 years, during which he chaired governance, audit and compensation committees. Through his executive experience and board memberships, Mr. Bell has acquired substantial training and experience in corporate governance and executive compensation. Mr. Bell received a bachelor of science degree in finance with high honors from the University of Illinois and a master of business administration degree with distinction from Harvard University.

Mr. Bell is Chairman of the Nominating and Corporate Governance Committee and a member of the Compensation Committee of the Board of Directors.

**GREGORY F. MILZCIK**

*Retired President and Chief Executive Officer*

Barnes Group Inc.

Mr. Milczik served as President and Chief Executive Officer of Barnes Group Inc. from prior to 2008 until his retirement in 2013. Mr. Milczik is a director of Kulicke & Soffa Industries Inc.

Director since April 2008

Age 54

Mr. Milczik's business leadership skills, his relevant experience in industrial manufacturing, his corporate governance and executive compensation training and his extensive technical and management education led to the conclusion that he should serve on the Board of Directors. Through his executive experience at Barnes Group, Mr. Milczik obtained a unique understanding of the industrial manufacturing business environment and gained exposure to and familiarity with IDEX's customer base. In addition, Mr. Milczik gained experience with international commerce, government contracting, complex project management, intellectual property management and industry cyclicality, which enrich his perspective as a director of the Company. Mr. Milczik has acquired substantial training in corporate governance and executive compensation through his executive experience, board memberships and attendance at the Harvard Directors College, Stanford Directors College and ODX/Columbia Director Education Program, and has been named a Board Leadership Fellow by the National Association of Corporate Directors. Mr. Milczik received a bachelor of science degree in applied science and technology from Thomas Edison State College, a master's degree in management and administration from Cambridge College, a certificate of graduate studies in administration and management from Harvard University and a doctorate from Case Western Reserve University, with

research focusing on management systems in cyclical markets. Mr. Milzcik is a Certified Manufacturing Engineer through the Society of Manufacturing Engineers, and has an FAA Airframe and Power Plant License.

Mr. Milzcik is a member of the Compensation Committee of the Board of Directors. Effective April 8, 2014, Mr. Milzcik will become a member of the Audit Committee, and will cease to be a member of the Compensation Committee, of the Board of Directors.

ANDREW K. SILVERNAIL

*Chairman, President and Chief Executive Officer*  
IDEX Corporation

Director since August 2011  
Age 42

Mr. Silvernail was appointed Chairman of the Board effective January 1, 2012. Mr. Silvernail has served as President and Chief Executive Officer and a director of the Company since August 10, 2011. Prior to his appointment as President and Chief Executive Officer, Mr. Silvernail served since January 2011 as Vice President Group Executive of the Company's Health & Science Technologies, Global Dispensing and Fire & Safety/Diversified Products business segments. From February 2010 to December 2010, Mr. Silvernail was Vice President Group Executive of the Company's Health & Sciences Technologies and Global Dispensing business segments. Mr. Silvernail joined IDEX in January 2009 as Vice President Group Executive of Health & Science Technologies. Mr. Silvernail is a director of Stryker Corporation.

Mr. Silvernail's relevant experience with engineering and technology industries in general, together with his extensive management experience led to the conclusion that he should serve on the Board of Directors. Mr. Silvernail received his bachelor of science degree in government from Dartmouth College and his masters of business administration degree from Harvard University.

#### Other Incumbent Directors

#### Class II: Three-Year Term Expires in 2015

WILLIAM M. COOK

*Chairman, President and Chief Executive Officer*  
Donaldson Company, Inc.

Director since April 2008  
Age 60

Mr. Cook has served as Chairman, President and Chief Executive Officer of Donaldson Company, Inc. since prior to 2008. Mr. Cook is a director of Donaldson Company and Valspar Corporation.

Mr. Cook's strong business and organizational leadership skills and his relevant experience in technological industries led to the conclusion that he should serve on the Board of Directors. Mr. Cook is a 33-year veteran of Donaldson Company, a technology-driven global company that manufactures filtration systems designed to remove contaminants from air and liquids. Throughout his career at Donaldson Company, Mr. Cook has served in several senior executive positions, and was elected as a director in 2004. Mr. Cook received a bachelor of science degree in business administration and a master of business administration degree from Virginia Polytechnic Institute and State University.

Mr. Cook is a member of the Audit Committee of the Board of Directors.

MICHAEL T. TOKARZ

*Member*  
The Tokarz Group L.L.C.

Director since September 1987  
Age 64

Mr. Tokarz has been a member of The Tokarz Group L.L.C. since prior to 2008. Mr. Tokarz is a director of CNO Financial Group, MVC Capital, Inc., Walter Investment Management Corp., Walter Energy, Inc., and Mueller Water Products, Inc.

Mr. Tokarz's knowledge and experience in banking and finance, his entrepreneurial and business leadership skills, his extensive board experience, his corporate governance training and his prominent position in the business community led to the conclusion that he should serve on the Board of Directors. Mr. Tokarz is a senior investment professional with over 30 years of lending and investment

experience. He has extensive experience in leveraged buyouts, financings, restructurings and dispositions. He is currently the Chairman of The Tokarz Group L.L.C., a private, New York-based merchant bank founded by Mr. Tokarz in 2002, and Chairman and Portfolio Manager of MVC Capital, Inc., a registered investment company advised by The Tokarz Group. Mr. Tokarz has served on the boards of publicly traded companies for over 20 years. Through his executive experience and board memberships, Mr. Tokarz has acquired substantial experience in corporate governance. Mr. Tokarz chairs the board of directors of the Illinois Emerging Technologies Fund and is a member of the Illinois VENTURES board of managers. Mr. Tokarz received a bachelor of arts degree in economics, with high distinction, and a master of business administration degree from the University of Illinois at Urbana-Champaign. Mr. Tokarz is a certified public accountant.

Mr. Tokarz is Lead Director of the Board of Directors, Chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee of the Board of Directors.

CYNTHIA J. WARNER  
*Chairman and Chief Executive Officer*  
Sapphire Energy, Inc.

Director since February 2013  
Age 55

Ms. Warner has been Chairman and Chief Executive Officer of Sapphire Energy, Inc. since 2012. From 2009 to 2011, Ms. Warner was Chairman and President of Sapphire Energy. From prior to 2008, Ms. Warner was Group Vice President, Global Refining, BP plc.

Ms. Warner's operating leadership skills, international experience and extensive experience in the energy, refining and transportation industries led to the conclusion that she should serve on the Board of Directors. During her 25 years at BP and Amoco, Inc., Ms. Warner gained significant knowledge of the global energy industry and served in numerous leadership roles, including overseeing BP's Global Refining business and its Health Safety Security Environment, with a consistent record of success in coordinating the operations of thousands of employees across BP's global facilities. In her current role as Chief Executive Officer of Sapphire Energy, an alternative energy venture, Ms. Warner has overseen the raising of substantial investment capital and the successful completion of a new demonstration facility for the company. Ms. Warner received a bachelor of engineering degree in chemical engineering from Vanderbilt University and a masters of business administration degree from Illinois Institute of Technology.

Ms. Warner is a member of the Nominating and Corporate Governance Committee of the Board of Directors. Effective April 8, 2014, Ms. Warner will become a member of the Compensation Committee of the Board of Directors.

### **Class III: Three-Year Term Expires in 2016**

ERNEST J. MROZEK  
*Retired Vice Chairman and Chief Financial Officer*  
The ServiceMaster Company

Director since July 2010  
Age 60

Mr. Mrozek served as Vice Chairman and Chief Financial Officer of The ServiceMaster Company from prior to 2008 until his retirement in March 2008. Mr. Mrozek is a director of G&K Services, Inc.

Mr. Mrozek's strategic and operating leadership skills, his extensive experience and expertise in the business services industry and his financial reporting expertise led to the conclusion that he should serve on the Board of Directors. Through over 20 years of executive experience in various senior positions in general management, operations and finance at ServiceMaster, a residential and commercial service company, Mr. Mrozek developed extensive knowledge of the business services industry and gained valuable financial expertise and experience in mergers and acquisitions. Prior to joining ServiceMaster in 1987, Mr. Mrozek spent 12 years in public accounting with Arthur Andersen & Co. Mr. Mrozek has also acquired substantial experience in corporate governance as a director on the boards of several public and private companies. Mr. Mrozek received a bachelor of science degree in accountancy with honors from the University of Illinois and is a certified public accountant.

Mr. Mrozek is Chairman of the Audit Committee of the Board of Directors.

DAVID C. PARRY

*Vice Chairman*

Illinois Tool Works Inc.

Director since December 2012

Age 60

Mr. Parry has served as Vice Chairman of Illinois Tool Works Inc. (ITW) since 2010. From prior to 2008 until 2010, Mr. Parry was Executive Vice President of ITW with responsibility for the Polymers and Fluids Group.

Mr. Parry's strategic and operating leadership skills and global commercial perspective gained from over 30 years of international business leadership experience, his significant acquisition experience and his extensive expertise in the industrial products manufacturing industry led to the conclusion that he should serve on the Board of Directors. During 18 years of executive and management experience in various senior management positions at ITW, a multinational manufacturer of a diversified range of industrial products and equipment, Mr. Parry has successfully grown the operations and profitability of multiple business units and helped ITW complete numerous acquisitions. Prior to joining ITW in 1994, Mr. Parry spent 17 years in various executive and management positions at Imperial Chemical Industries, which at the time was one of the largest chemical producers in the world. Mr. Parry received a bachelor of science degree in chemistry, a master of science degree in chemistry and a Ph.D. in polymer chemistry from Victoria University of Manchester, Manchester, England.

Mr. Parry is a member of the Audit Committee of the Board of Directors.

LIVINGSTON L. SATTERTHWAITE

*President*

Cummins Power Generation Division

Director since April 2011

Age 53

Mr. Satterthwaite has served as President of Cummins Power Generation, a unit of Cummins, Inc., since June 2008. From prior to 2008, Mr. Satterthwaite was Vice President, Generator Set Business at Cummins Power Generation.

Mr. Satterthwaite's business leadership and sales skills, international experience and extensive experience in industrial manufacturing led to the conclusion that he should serve on the Board of Directors. Since joining Cummins in 1988, Mr. Satterthwaite has held various positions at Cummins Power Generation and other divisions of Cummins, including 14 years in managerial and sales positions in the United Kingdom and Singapore. Prior to joining Cummins, Mr. Satterthwaite spent four years at Schlumberger Limited, an oilfield services provider, as a General Field Engineer. Mr. Satterthwaite received a bachelor of science degree in civil engineering from Cornell University and a masters in business administration degree from Stanford University.

Mr. Satterthwaite is a member of the Audit Committee of the Board of Directors. Effective April 8, 2014, Mr. Satterthwaite will become a member of the Compensation Committee, and will cease to be a member of the Audit Committee, of the Board of Directors.

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## CORPORATE GOVERNANCE

### Information Regarding the Board of Directors and Committees

The Board of Directors has the ultimate authority for the management of the Company's business. In November 2013, the Board amended the Company's Corporate Governance Guidelines to add the plurality plus voting standard described in Proposal 1 and otherwise affirmed the Guidelines which, along with the charters of the Board committees, the Code of Business Conduct and Ethics, and the Standards for Director Independence, provide the framework for the governance of the Company. The Corporate Governance Guidelines address matters such as composition, election of directors, size and retirement age for the Board, Board membership criteria, the role and responsibilities of the Board, director compensation, share ownership guidelines, and the frequency of Board meetings (including meetings to be held without the presence of management). The Code of Business Conduct and Ethics sets forth the guiding principles of business ethics and certain legal requirements applicable to all of the Company's employees and directors. Copies of the current Corporate Governance Guidelines, the charters of the Board committees, the Code of Business Conduct and Ethics, and the Standards for Director Independence are available under the Investor Relations links on the Company's website at [www.idexcorp.com](http://www.idexcorp.com).

The Board selects the Company's executive officers, delegates responsibilities for the conduct of the Company's operations to those officers, and monitors their performance. Without limiting the generality of the foregoing, the Board of Directors oversees an annual assessment of enterprise risk exposure, and the management of such risk, conducted by the Company's executives. When assessing enterprise risk, the Board focuses on the achievement of organizational objectives, including strategic objectives, to improve long-term performance and enhance stockholder value. Direct oversight allows the Board to assess management's inclination for risk, to determine what constitutes an appropriate level of risk for the Company and to discuss with management the means by which to control risk. In addition, while the Board of Directors has the ultimate oversight responsibility for the risk management process, the Audit Committee focuses on financial risk management and exposure, and legal compliance. The Audit Committee receives an annual risk assessment report from the Company's internal auditors and reviews and discusses the Company's financial risk exposures and the steps management has taken to monitor, control and report those exposures.

The Company's By-laws permit the Board to select its Chairman in the manner it determines to be most appropriate. The Corporate Governance Guidelines provide that, if the Chairman of the Board is not the Chief Executive Officer, and is an independent director, there shall be no Lead Director. If the Chairman of the Board is the Chief Executive Officer or is not an independent director, the independent directors shall elect an independent Lead Director. In connection with Mr. Silvernail's appointment as Chairman, the Board appointed Michael T. Tokarz as Lead Director. The responsibilities of the Lead Director include:

Coordinating the activities of the independent directors;

Reviewing the Board meeting agendas and providing the Chairman with input on the agendas;

Preparing the agendas for executive session of the independent directors and chairing those sessions;

Facilitating communications between the Chairman and other members of the Board; and

Coordinating the performance evaluation of the Chief Executive Officer.

The independent non-management directors of the Board meet separately as a group at every regularly scheduled Board meeting. The Lead Director generally presides at these non-management executive sessions. During 2013, the Board held six meetings.

The Board believes that its current leadership structure provides independent board leadership and engagement while deriving the benefit of having the CEO also serve as Chairman of the Board. The Chief Executive Officer, as the individual with primary responsibility for managing the Company's

day-to-day operations, is best positioned to chair regular Board meetings and to oversee discussion on business and strategic issues. Coupled with the existence of a Lead Director and regular executive sessions of the non-management directors, this structure provides independent oversight, including risk oversight, while facilitating the exercise of the Board's responsibilities.

The Board has adopted standards for determining whether a director is independent. These standards are based upon the listing standards of the New York Stock Exchange and applicable laws and regulations, and are available on the Company's website as described above. The Board has affirmatively determined, based on these standards, that the following directors, two of whom are standing for election to the Board, are independent: Messrs. Bell, Cook, Milzcik, Mrozek, Parry, Satterthwaite and Tokarz, and Ms. Warner. The Board has also determined that Mr. Silvernail, who is standing for election to the Board, is not independent. Mr. Silvernail is the Chairman of the Board, President and Chief Executive Officer of the Company. The Board has also determined that all Board standing committees are composed entirely of independent directors.

Important functions of the Board are performed by committees comprised of members of the Board. Subject to applicable provisions of the Company's By-laws and based on the recommendations of the Nominating and Corporate Governance Committee, the Board as a whole appoints the members of each committee each year at its first meeting. The Board may, at any time, appoint or remove committee members or change the authority or responsibility delegated to any committee, subject to applicable law and listing standards. There are three standing committees of the Board: the Nominating and Corporate Governance Committee, the Audit Committee, and the Compensation Committee. Each committee has a written charter that is available on the Company's website as described above.

The Nominating and Corporate Governance Committee's primary purpose and responsibilities are to: develop and recommend to the Board corporate governance principles and a code of business conduct and ethics; develop and recommend criteria for selecting new directors; identify individuals qualified to become directors consistent with criteria approved by the Board, and recommend to the Board such individuals as nominees to the Board for its approval; make recommendations to the Board regarding any director who submits an offer of resignation by reason of the plurality plus voting standard under the Company's Corporate Governance Guidelines; screen and recommend to the Board individuals qualified to become Chief Executive Officer and any other senior officer whom the committee may wish to approve; and oversee evaluations of the Board, individual Board members and Board committees. The members of the Nominating and Corporate Governance Committee are Messrs. Bell and Tokarz, and Ms. Warner. During 2013, the Nominating and Corporate Governance Committee held three meetings.

It is the policy of the Nominating and Corporate Governance Committee to consider nominees for the Board recommended by the Company's stockholders in accordance with the procedures described under "STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR 2015 ANNUAL MEETING" below. Stockholder nominees who are nominated in accordance with these procedures will be given the same consideration as nominees for director from other sources.

The Nominating and Corporate Governance Committee selects nominees for the Board who demonstrate the following qualities:

*Experience* (in one or more of the following):

high-level leadership experience in business or administrative activities;

specialized expertise in the industries in which the Company competes;

financial expertise;

breadth of knowledge about issues affecting the Company; and

ability and willingness to contribute special competencies to Board activities.

*Personal attributes:*

personal integrity;

loyalty to the Company and concern for its success and welfare, and willingness to apply sound independent business judgment;

awareness of a director's vital part in the Company's good corporate citizenship and corporate image;

time available for meetings and consultation on Company matters; and

willingness to assume fiduciary responsibilities.

Qualified candidates for membership on the Board are identified and considered based on the qualities described above, without regard to race, color, religion, sex, ancestry, national origin or disability. In the past, the Company has engaged executive search firms to help identify and facilitate the screening and interviewing of director candidates. After conducting an initial evaluation of a candidate, the Nominating and Corporate Governance Committee will interview that candidate if it believes the candidate suitable to be a director. The Committee may also ask the candidate to meet with other members of the Board. If the Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board appointment or election of that candidate. Annually, the Nominating and Corporate Governance Committee reviews the qualifications and backgrounds of the directors, as well as the overall composition of the Board, and recommends to the full Board the slate of directors for nomination for election at the annual meeting of stockholders.

The Audit Committee's primary duties and responsibilities are to: monitor the integrity of the Company's financial reporting process and systems of internal control regarding finance, accounting and legal compliance; monitor the independence and performance of the Company's independent registered public accounting firm and monitor the performance of the Company's internal audit and compliance functions; hire and fire the Company's independent registered public accounting firm and approve any audit and non-audit work performed by the independent registered public accounting firm; provide an avenue of communication among the independent registered public accounting firm, management and the Board; prepare the report that the rules of the Securities and Exchange Commission (SEC) require to be included in the Company's annual proxy statement; and administer the Company's Related Person Transactions Policy (see "Transactions With Related Persons" below). The members of the Audit Committee are Messrs. Cook, Mrozek, Parry and Satterthwaite. Effective April 8, 2014, Mr. Satterthwaite will cease to be a member, and Mr. Milzcik will become a member of the Audit Committee. The Board has determined that each of Messrs. Cook and Mrozek is an audit committee financial expert, as defined by the rules of the SEC. During 2013, the Audit Committee held 10 meetings.

The Compensation Committee's primary duties and responsibilities are to: establish the Company's compensation philosophy and structure the Company's compensation programs to be consistent with that philosophy; establish the compensation of the Chief Executive Officer and other senior officers; develop and recommend to the Board compensation for the directors; and prepare the compensation committee report the rules of the SEC require to be included in the Company's annual proxy statement. The members of the Compensation Committee are Messrs. Bell, Milzcik and Tokarz. Effective April 8, 2014, Mr. Milzcik will cease to be a member, and Mr. Satterthwaite and Ms. Warner will become members of the Compensation Committee. During 2013, the Compensation Committee held three meetings.

To assist the Compensation Committee in discharging its responsibilities, the Compensation Committee retained Towers Watson to act as an outside consultant. Towers Watson is engaged by, and reports directly to, the Compensation Committee. The Compensation Committee has reviewed the nature of the relationship between itself and Towers Watson, including all personal and business relationships between the committee members, Towers Watson and the individual compensation consultants who provide advice to the Compensation Committee. Based on its review the Compensation Committee did not identify any actual or potential conflicts of interest in Towers Watson's engagement as an independent consultant. Towers Watson works with the Compensation Committee and management to structure the Company's compensation programs and evaluate the



competitiveness of its executive compensation levels. Towers Watson's primary areas of assistance to the Compensation Committee are:

Analyzing market compensation data for all executive positions;

Advising on the structure of the Company's compensation programs;

Advising on the terms of equity awards;

Reviewing the risk associated with the Company's compensation programs; and

Reviewing materials to be used in the Company's proxy statement.

Towers Watson periodically provides the Compensation Committee and management market data on a variety of compensation-related topics. The Compensation Committee authorized Towers Watson to interact with the Company's management, as needed, on behalf of the Compensation Committee, to obtain or confirm information.

During 2013, each director attended more than 75% of the aggregate number of meetings of the Board and of committees of the Board of which he or she was a member. The Company encourages its directors to attend the annual meeting of stockholders but has no formal policy with respect to that attendance. All of the directors attended the 2013 Annual Meeting of Stockholders.

#### **Compensation Committee Interlocks and Insider Participation**

During 2013, Messrs. Bell, Milzcik and Tokarz served as the members of the Compensation Committee. Neither Mr. Bell, Mr. Milzcik nor Mr. Tokarz (i) was an officer or employee of the Company or any of its subsidiaries during 2013, (ii) was formerly an officer of the Company or any of its subsidiaries, or (iii) had any relationship requiring disclosure by the Company under Item 404 of Regulation S-K under the Securities Act of 1933, as amended. There were no relationships between the Company's executive officers and the members of the Compensation Committee that require disclosure under Item 407(e)(4) of Regulation S-K.

#### **Transactions with Related Persons**

The Board has adopted a written Related Person Transactions Policy regarding the review, approval and ratification of transactions with related persons. All related person transactions are approved by the Audit Committee. If the transaction involves a related person who is a director or immediate family member of a director, that director will not be included in the deliberations regarding approval. In approving the transaction, the Audit Committee must determine that the transaction is fair and reasonable to the Company.

#### **Compensation of Directors**

The objectives of our director compensation program are to attract highly-qualified individuals to serve on our Board of Directors and align our directors' interests with the interests of our stockholders. The Compensation Committee reviews the program at least annually to ensure that it continues to meet these objectives.

The Company believes that to attract and retain qualified directors, pay levels should be targeted at the 50th percentile (or median) of pay levels for directors at comparable companies. From time to time, the Compensation Committee, with the assistance of Towers Watson, evaluates the competitiveness of director compensation. The primary reference point for the determination of market pay is the peer group of companies used to benchmark the Company's executive compensation. For further details on this topic, refer to "Market Benchmarking under Compensation Process and Oversight" in the Compensation Discussion and Analysis below. Market composite data derived from pay surveys available to Towers Watson and to the Company is also used.

Our director compensation for 2013 was based on the following:

<b>Annual Retainer and Meeting Fees</b>	\$ 65,000
<b>Committee Chair Retainer</b>	
Audit Committee	\$ 15,000
Compensation Committee	\$ 10,000
Nominating and Corporate Governance Committee	\$ 8,000
<b>Lead Director Fees</b>	
Annual Retainer	\$ 15,000
Annual Equity Grant	\$ 15,000
Stock Options	50% of Value
Restricted Stock	50% of Value
<b>Value of Equity Grants Upon Initial Election to the Board</b>	\$ 127,500
Stock Options	50% of Value
Restricted Stock	50% of Value
<b>Value of Annual Equity Grants</b>	\$ 85,000
Stock Options	50% of Value
Restricted Stock	50% of Value

Equity grants upon initial election to the Board are made on the date of appointment. Annual equity grants are made on the first regularly scheduled meeting of the Board held each year. All grants are structured to provide approximately 50% of the expected value in the form of stock options and 50% of the expected value in the form of restricted stock awards, and are made under the IDEX Corporation Incentive Award Plan (Incentive Award Plan). The exercise price of each option is equal to the closing price of the Company's Common Stock on the trading day the option is granted. The options become exercisable one year following their date of grant. The restricted stock vests in full on the earliest of the third anniversary of the grant, failure of the director to be re-elected to the Board, or a change in control of the Company. The restricted stock is non-transferable until the recipient is no longer serving as a director, and is subject to forfeiture if the director terminates service as a director for reasons other than death, disability or retirement.

Under the Company's Directors Deferred Compensation Plan, directors are permitted to defer their cash compensation as of the date their compensation would otherwise be payable. In general, directors must make elections to defer fees payable during a calendar year by the end of the preceding calendar year. Newly elected directors have up to 30 days to elect to defer future fees. All amounts deferred are recorded in a memorandum account for each director and are credited or debited with earnings or losses as if such amounts had been invested in an interest-bearing account or receive an investment return as if the funds were invested in certain mutual funds, at the option of the director. The deferred compensation credited to the interest-bearing account is adjusted on at least a quarterly basis with hypothetical earnings equal to the lesser of the Barclays Capital Long Term Bond AAA Corporate Bond Index as of the first business day in November of the calendar year preceding the year for which the earnings are to be credited or 120% of the long-term applicable Federal rate (AFR) as of the first business day in November. In accordance with SEC rules, no earnings on deferred compensation are shown in the Director Compensation table below because no above market rates were earned on deferred amounts in 2013. Directors must elect irrevocably to receive the deferred funds either in a lump sum or in equal annual installments of up to 10 years, and to begin receiving distributions either at termination of Board service or at a future specified date. If a director should die before all amounts credited under the Directors Deferred Compensation Plan have been paid, the unpaid balance in the participating director's account will be paid to the director's beneficiary. The memorandum accounts are not funded, and the right to receive future payments of amounts recorded in these accounts is an unsecured claim against the Company's general assets.

Non-management directors are subject to stock ownership guidelines. Non-management directors must comply with the guidelines within five years of their initial election to the Board. The guidelines dictate that all non-management directors must purchase or acquire shares of the Company's Common Stock having an aggregate value at the time of purchase or acquisition equal to three times the annual retainer in effect upon their election to the Board. As of December 31, 2013, all directors either complied with the ownership guidelines or were proceeding towards meeting the ownership guidelines within the applicable five-year period.

The following table summarizes the total compensation earned in 2013 for the Company's directors. Ruby Chandy served as a director from January 1, 2013 until her retirement on April 9, 2013. She earned \$16,250 for her services as a director. Mr. Silvernail receives no additional compensation for his service as a director.

### 2013 Director Compensation

Name	Fees Earned or Paid in	Stock	Option	Total
	Cash	Awards(1)(2)	Awards(1)(2)	
Bradley J. Bell	\$ 73,000	\$ 42,630	\$ 40,710	\$ 156,340
William M. Cook	68,750	42,630	40,710	152,090
Gregory F. Milzcik	65,000	42,630	40,710	148,340
Ernest J. Mrozek	76,250	42,630	40,710	159,590
David C. Parry	65,000	42,630	40,710	148,340
Livingston L. Satterthwaite	65,000	42,630	40,710	148,340
Michael T. Tokarz	90,000	50,198	47,925	188,123
Cynthia J. Warner	56,875	63,819	61,031	181,725

- (1) Reflects the aggregate grant date fair value in accordance with FASB ASC Topic 718 using the assumptions set forth in the footnotes to financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, assuming no forfeitures.
- (2) The following table provides information on the restricted stock and stock option awards held by the Company's non-management directors and the value of those awards as of December 31, 2013. All outstanding awards are in or exercisable for shares of the Company's Common Stock.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested(b)	Market Value of Shares or Units of Stock that Have Not Vested(c)
	Exercisable(a)	Unexercisable(a)				
Bradley J. Bell	6,750	0	\$ 25.70	02/02/2015	2,765	\$ 204,195
	3,375	0	30.67	02/02/2016		
	3,375	0	33.99	02/12/2017		
	2,250	0	30.85	02/20/2018		
	2,250	0	19.98	02/24/2019		
	4,080	0	30.82	02/23/2020		
	3,190	0	40.89	02/22/2021		
	3,530	0	42.86	02/21/2022		
0	3,075	50.45	02/15/2023			
William M. Cook	3,375	0	32.95	04/08/2018	2,765	204,195
	2,250	0	19.98	02/24/2019		
	4,080	0	30.82	02/23/2020		
	3,190	0	40.89	02/22/2021		
	3,530	0	42.86	02/21/2022		
0	3,075	50.45	02/15/2023			
Gregory F. Milczik	3,375	0	32.95	04/08/2018	2,765	204,195
	2,250	0	19.98	02/24/2019		
	4,080	0	30.82	02/23/2020		
	3,190	0	40.89	02/22/2021		
	3,530	0	42.86	02/21/2022		
0	3,075	50.45	02/15/2023			
Ernest J. Mrozek	6,650	0	28.20	07/01/2020	2,765	204,195
	3,190	0	40.89	02/22/2021		
	3,530	0	42.86	02/21/2022		
	0	3,075	50.45	02/15/2023		
David C. Parry	4,930	0	45.08	12/06/2022	2,260	166,901
	0	3,075	50.45	02/15/2023		
Livingston L. Satterthwaite	4,800	0	45.16	04/05/2021	3,095	228,566
	3,530	0	42.86	02/21/2022		
	0	3,075	50.45	02/15/2023		
Michael T. Tokarz	10,125	0	18.78	01/30/2014	3,085	227,827
	6,750	0	25.70	02/02/2015		
	3,375	0	30.67	02/02/2016		
	3,375	0	33.99	02/12/2017		
	2,250	0	30.85	02/20/2018		
	2,250	0	19.98	02/24/2019		
	4,080	0	30.82	02/23/2020		
	3,190	0	40.89	02/22/2021		
	4,160	0	42.86	02/21/2022		
	0	3,620	50.45	02/15/2023		
Cynthia J. Warner	0	4,610	50.45	02/15/2023	1,265	93,420

(a) All options expire on the 10th anniversary of the grant date. Options granted prior to 2006 (with expiration dates prior to 2016) vest 100% on the second anniversary of the grant date. Options granted during and after 2006 (with expiration dates during and after 2016) vest 100% on the first anniversary of the grant date. All options vest 100% upon a change in control of the Company.

(b) See footnote 1 to table under SECURITY OWNERSHIP below for vesting provisions.

(c) Determined based upon the closing price of the Company's Common Stock on December 31, 2013.

For 2014, the annual cash retainer was increased from \$65,000 to \$75,000, the annual equity award was increased from \$85,000 to \$110,000, and the initial equity award was reduced from 150% of the annual award to pro-ration of the annual award. Additionally, the equity awards are now granted 100% in restricted stock and the equity ownership guidelines were increased to five times the annual cash retainer (achievable in five years).

**Communications with the Board of Directors**

Stockholders and other interested parties may contact the Board, the non-management directors as a group or any of the individual directors, including the Lead Director, by writing to Frank J. Notaro, Vice President - General Counsel and Secretary, IDEX Corporation, 1925 West Field Court, Suite 200, Lake Forest, Illinois 60045. Inquiries sent by mail will be reviewed, sorted and summarized by Mr. Notaro before they are forwarded to any director.

## SECURITY OWNERSHIP

The following table furnishes information as of February 14, 2014, except as otherwise noted, with respect to shares of the Company's Common Stock beneficially owned by (i) each director and nominee for director, (ii) each officer named in the Summary Compensation Table, (iii) directors, nominees and executive officers of the Company as a group, and (iv) any person who is known by the Company to be a beneficial owner of more than five percent of the outstanding shares of Common Stock. Except as indicated by the notes to the following table, the holders listed below have sole voting power and investment power over the shares beneficially held by them. Under SEC rules, the number of shares shown as beneficially owned includes shares of Common Stock subject to options that are exercisable currently or will be exercisable within 60 days of February 14, 2014. Shares of Common Stock subject to options that are exercisable within 60 days of February 14, 2014, are considered to be outstanding for the purpose of determining the percentage of the shares held by a holder, but not for the purpose of computing the percentage held by others. An \* indicates ownership of less than one percent of the outstanding Common Stock. For purposes of the following table, the addresses for each of the directors, nominees and executive officers of the Company is c/o 1925 West Field Court, Suite 200, Lake Forest, Illinois 60045.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
<b>Directors and Nominees (other than Named Executive Officers):</b>		
Bradley J. Bell(1)	75,626	*
William M. Cook(1)	28,690	*
Gregory F. Milzcik(1)	26,690	*
Ernest J. Mrozek(1)	21,725	*
David C. Parry(1)	11,780	*
Livingston L. Satterthwaite(1)	16,102	*
Michael T. Tokarz(1)	367,801	*
Cynthia J. Warner(1)	7,390	*
<b>Named Executive Officers:</b>		
Andrew K. Silvernail(2)(3)	217,817	*
Heath A. Mitts(2)(3)	134,074	*
Frank J. Notaro(2)(3)	96,749	*
Jeffrey D. Bucklew(2)(3)	11,134	*
Daniel J. Salliotte(2)(3)	56,084	*
Directors, Nominees and All Executive Officers as a Group: (14 persons)(4)	1,187,215	1.5
<b>Other Beneficial Owners:</b>		
T. Rowe Price Associates, Inc.(5) 100 East Pratt Street Baltimore, Maryland 21202	7,838,430	9.6
BlackRock Inc.(6) 40 East 52nd Street New York, New York 10022	5,110,673	6.3
The Vanguard Group(7) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	4,763,224	5.9
Prudential Financial(8) 751 Broad Street Newark, New Jersey 07102	4,257,509	5.3
JPMorgan Chase & Co.(9) 270 Park Ave. New York, New York 10017	4,115,988	5.0

- (1) Includes 31,875, 19,500, 19,500, 16,445, 8,005, 11,405, 33,050 and 4,610 shares under exercisable options for Messrs. Bell, Cook, Milzcik, Mrozek, Parry, Satterthwaite and Tokarz, and Ms. Warner, respectively. Includes 920 shares of restricted stock issued to each of Messrs. Bell,

Cook, Milzcik, Mrozek and Tokarz on February 22, 2011, which vest on February 22, 2014; 1,250 shares of restricted stock issued to Mr. Satterthwaite on April 5, 2011, which vest on April 5, 2014; 1,000 shares of restricted stock issued to each of Messrs. Bell, Cook, Milzcik, Mrozek and Satterthwaite on February 21, 2012, which vest on February 21, 2015; 1,170 shares of restricted stock issued to Mr. Tokarz on February 21, 2012, which vest on February 21, 2015; 1,415 shares of restricted stock issued to Mr. Parry on December 6, 2012, which vest on December 6, 2015; 845 shares of restricted stock issued to each of Messrs. Bell, Cook, Milzcik, Mrozek, Parry and Satterthwaite on February 15, 2013, which vest on February 15, 2016; 995 shares of restricted stock issued to Mr. Tokarz on February 15, 2013, which vest on February 15, 2016; 1,265 shares of restricted stock issued to Ms. Warner on February 15, 2013, which vest on February 15, 2016; 1,515 shares of restricted stock issued to each of Messrs. Bell, Cook, Milzcik, Mrozek, Parry and Satterthwaite and Ms. Warner on February 13, 2014, which vest on February 13, 2017; and 1,720 shares of restricted stock issued to Mr. Tokarz on February 13, 2014, which vest on February 13, 2017. The restricted shares held by Messrs. Bell, Cook, Milzcik, Mrozek, Parry, Satterthwaite and Tokarz, and Ms. Warner may vest earlier than the dates indicated above upon a change in control of the Company or failure to be re-elected to the Board. All shares of restricted stock are eligible for dividends.

(2) Includes 109,931, 90,217, 53,775, 4,694 and 28,886 shares under exercisable options for Messrs. Silvernail, Mitts, Notaro, Bucklew and Salliotte, respectively.

(3) Includes shares of restricted stock awarded by the Company as follows:

Mr. Silvernail was awarded 4,540 shares of restricted stock under the Incentive Award Plan on February 22, 2011, which vest on February 22, 2014; 43,441 shares of restricted stock under the Incentive Award Plan on August 10, 2011, which vest on August 10, 2014; 18,670 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 18,505 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; and 9,320 shares of restricted stock under the Incentive Award Plan on February 13, 2014, which vest on February 13, 2017; provided he is employed by the Company on such vesting dates.

Mr. Mitts was awarded 17,130 shares of restricted stock under the Incentive Award Plan on February 22, 2011, which vest on February 22, 2014; 5,840 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 4,560 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; and 2,225 shares of restricted stock under the Incentive Award Plan on February 13, 2014, which vest on February 13, 2017; provided he is employed by the Company on such vesting dates.

Mr. Notaro was awarded 9,340 shares of restricted stock under the Incentive Award Plan on February 22, 2011, which vest on February 22, 2014; 5,840 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 2,600 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; and 930 shares of restricted stock under the Incentive Award Plan on February 13, 2014, which vest on February 13, 2017; provided he is employed by the Company on such vesting dates.

Mr. Bucklew was awarded 3,220 shares of restricted stock under the Incentive Award Plan on March 5, 2012, which vest on March 5, 2015; 1,985 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; and 1,235 shares of restricted stock under the Incentive Award Plan on February 13, 2014, which vest on February 13, 2017; provided he is employed by the Company on such vesting dates.

Mr. Salliotte was awarded 2,380 shares of restricted stock under the Incentive Award Plan on February 22, 2011, which vest on February 22, 2014; 3,500 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 1,820 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; and 520 shares of restricted stock under the Incentive Award Plan on February 13, 2014, which vest on February 13, 2017; provided he is employed by the Company on such vesting dates.

The restricted shares held by Messrs. Silvernail, Mitts, Notaro, Bucklew and Salliotte may vest earlier than the dates indicated above upon a change in control of the Company and certain other events. See Outstanding Equity Awards at 2013 Fiscal Year End under EXECUTIVE COMPENSATION.

All shares of restricted stock are eligible for dividends.

- (4) Includes 516,723 shares under options that are exercisable currently or will be exercisable within 60 days of February 14, 2014, and 206,106 unvested shares of restricted stock.
- (5) Based solely on information in Schedule 13G, as of December 31, 2013, filed by T. Rowe Price Associates, Inc. (Price Associates) with respect to Common Stock owned by Price Associates and certain other entities which Price Associates directly or indirectly controls or for which Price Associates is an investment advisor on a discretionary basis.
- (6) Based solely on information in Schedule 13G, as of December 31, 2013, filed by BlackRock Inc. (BlackRock) with respect to Common Stock owned by BlackRock and certain other entities which BlackRock directly or indirectly controls or for which BlackRock is an investment advisor on a discretionary basis.
- (7) Based solely on information in Schedule 13G, as of December 31, 2013, filed by Vanguard Group (Vanguard) with respect to Common Stock owned by Vanguard and certain other entities which Vanguard directly or indirectly controls or for which Vanguard is an investment advisor on a discretionary basis.
- (8) Based solely on information in Schedule 13G, as of December 31, 2013, filed by Prudential Financial, Inc. (Prudential) with respect to Common Stock owned by Prudential and certain other entities which Prudential directly or indirectly controls or for which Prudential is an investment advisor on a discretionary basis.
- (9) Based solely on information in Schedule 13G, as of December 31, 2013, filed by JPMorgan Chase & Co. (JPMorgan) with respect to Common Stock owned by JPMorgan and certain other entities which JPMorgan directly or indirectly controls or for which JPMorgan is an investment advisor on a discretionary basis.



**EXECUTIVE COMPENSATION**

**Risk Assessment**

The Compensation Committee periodically reviews the potential risks arising from our compensation policies, practices and programs to determine whether any potential risks are material to the Company. In approving the 2013 compensation program design, the Compensation Committee engaged in discussions with its independent compensation consultant and management regarding any potential risks and concluded that the Company's compensation policies and practices are designed with the appropriate balance of risk and reward in relation to the Company's overall business strategy, do not incentivize employees, including executive officers, to take unnecessary or excessive risks, and that any risks arising from the Company's policies and practices are not reasonably likely to have a material adverse effect on the Company. In the review, the Compensation Committee considered the attributes of the Company's policies and practices, including:

The mix of fixed and variable compensation opportunities;

The balance between annual cash and long-term, stock-based performance opportunities;

Multiple performance factors tied to key measures of short-term and long-term performance that motivate sustained performance and are based on quantitative measures;

Caps on the maximum payout for cash incentives;

Stock ownership requirements for executives that encourage a long-term focus on performance;

An insider trading policy that prohibits hedging and pledging;

A clawback policy that applies to performance-based compensation, including stock-based awards, for directors and officers; and

Oversight by an independent compensation committee.

**Compensation Committee Report**

The Compensation Committee has reviewed the following Compensation Discussion and Analysis and discussed its contents with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Michael T. Tokarz, Chairman

Bradley J. Bell

Gregory F. Milzcik

**Compensation Discussion and Analysis**

**Executive Summary**

We started 2013 with the objective of executing against our strategic priorities and we are proud of the results. The following are 2013 financial highlights:

Sales of \$2.0 billion increased 4 percent compared to the prior year.

Earnings per share (EPS) of \$3.09 was 41 cents, or 15 percent, higher than the prior year adjusted EPS of \$2.68.

Free cash flow of \$379 million was 28 percent higher than the prior year, and was 148 percent of net income.

Net income of \$255 million increased 14 percent compared to the adjusted prior year.

We repurchased 2.9 million shares of common stock for \$166 million.

We increased the quarterly dividend by 15 percent in April 2013.

We acquired FTL Seals Technology, Ltd., a leader in the design and application of high integrity rotary seals, specialty bearings, and other custom products for the oil & gas, mining, power generation and marine markets.

A number of these financial highlights and significant recent accomplishments are directly tied to performance metrics under our executive compensation plans. For 2013, the executive compensation programs were designed to directly link compensation opportunities to the financial performance metrics that we believe are the best measures of success in our business: earnings per share, cash flow conversion, organic sales growth and total shareholder return. The changes we made in the 2013 executive compensation programs were designed to meet the goals defined by the Compensation Committee at the beginning of the review process: tighten the linkage between performance and pay, and minimize subjectivity. To meet these goals, for 2013, the Compensation Committee:

Eliminated the qualitative objectives and the personal performance modifier from the short-term incentive program thereby focusing solely on measurable quantitative performance objectives, and

Introduced performance stock units (PSUs) into the long-term incentive mix with a three-year relative total shareholder return metric.

### **Linkage Between Performance and Executive Pay**

The compensation opportunities of our executives are directly tied to the performance of the Company. Our pay-for-performance philosophy is demonstrated by the following elements of our executive compensation program for 2013:

Approximately 81% of our CEO's 2013 total targeted pay was tied to Company performance, and an average of approximately 63% of our other named executive officers' total targeted pay in 2013 was composed of incentives tied to Company performance. The charts below show the allocation of 2013 targeted pay across base salary, the annual cash incentive award, and the long-term incentive award for our CEO and for our other named executive officers in the 2013 Summary Compensation Table.

In 2013, our long-term incentives continued to represent the single largest component of our CEO's targeted pay, representing approximately 62% of total targeted pay for our CEO; long-term incentives represent an average of approximately 38% of total targeted pay for our other named executive officers.

Our 2013 awards are directly tied to the performance metrics that we believe are the best measures of our financial success and that will lead to value created for our stockholders: earnings per share, cash flow conversion, organic sales growth, and total shareholder return (measured on a relative basis).

Our performance metrics are largely focused on absolute performance goals. We balance these absolute goals with a relative performance goal that measures our long-term total shareholder return as compared to companies in the S&P Midcap 400 Industrials Index. This structure reinforces a focus on performance versus our financial plan and as compared to a group of industrial companies.

The value of all three components of our 2013 long-term incentive awards is tied to our stock price performance, which links executive pay directly to the creation of value for our stockholders.

### **Our Executive Compensation Governance Practices**

Our executive compensation policies and practices include the following features, which illustrate our commitment to the principles stated above:

Pay for performance is the foundation of our executive compensation program, with the majority of executive pay tied to Company performance.

We assess the market competitiveness of our programs by assessing the practices of our peer group and through review of market survey data.

We target base salary, annual cash incentives and long-term incentives at median of competitive market for each position, while allowing high performers to exceed median based on performance.

We utilize multiple performance metrics to motivate and reward achievements that we believe are complementary of one another and that contribute to the long-term creation of stockholder value.

We utilize performance metrics that emphasize absolute performance goals, which provide the primary links between incentive compensation and the Company's business strategy and financial results, while providing balance through one relative performance goal.

Our annual cash incentive awards and performance stock unit awards include a limit on the maximum payout opportunities.

We have executive stock ownership guidelines ranging from two to five times base salary.

We have adopted an annual policy for our say-on-pay vote as recommended by shareholders at our 2011 annual meeting.

We reduce the risk of improper or short-sighted compensation decisions by maintaining programs that vest over multiple years, actively engaging the Compensation Committee in executive and senior management compensation, and aligning programs with business-supporting measures.

We incorporate clawback provisions into our annual and long-term incentive awards to protect the Company and stockholders.

We do not enter into new agreements that include excise tax gross-up provisions.

The Company has an insider trading policy under which we prohibit transactions in which executives may profit from short-term speculative swings in the value of the Company's share price (hedging), pledging and holding Company shares in margin accounts.

With the exception of the Chief Executive Officer, we do not enter into employment contracts with executive officers.

We maintain a consistent severance policy for our executive officers, with no payments for termination for cause.

We work to reduce earnings dilution by limiting participation in our equity-based programs.

The Compensation Committee is comprised solely of independent directors and approves all compensation for our senior officers; the Compensation Committee develops and recommends to the Board for approval the compensation of the Chief Executive Officer.

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The Compensation Committee has retained an independent compensation consultant, who provides services directly to the Compensation Committee.

Our peer group for compensation benchmarking purposes was carefully selected to include well-run companies with a primary focus on manufacturing of highly-engineered products, similar to those produced by the Company and primarily within a range of 0.5 to 2.0 times the Company's annual revenue.

The Company held an advisory vote on executive compensation (say-on-pay) at the Company's 2013 Annual Meeting of Stockholders. The say-on-pay advisory vote received support from over 94% of the shares voted at the Annual Meeting. The Compensation Committee believes this affirms stockholders' support of the Company's approach to executive compensation. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

## Philosophy and Objectives of Our Executive Compensation Program

The Company's executive compensation philosophy is that its compensation program should: (1) align the interests of management and stockholders, (2) motivate and retain the management team, and (3) result in executives holding meaningful amounts of the Company's Common Stock.

**Aligning the interests of management and stockholders.** Our 2013 executive compensation program elements were aligned with the interests of our stockholders by linking our incentive compensation performance metrics to the following key indicators of the Company's overall financial performance: earnings per share, cash flow conversion, organic sales growth, and total shareholder return relative to companies in the S&P Midcap 400 Industrials Index. We believe that our executives should have a financial stake in our long-term success. As described in greater detail below, the Board of Directors established stock ownership guidelines in 2006 that require covered executive officers, including the named executive officers, to maintain a stake in the long-term success of our business. In addition, the Company's insider trading policy prohibits speculative and derivative trading and short selling by all employees and directors. The policy further prohibits pledging Company securities and hedging transactions with respect to Company securities. We believe these requirements along with our incentive programs effectively align the interests of management and stockholders and motivate the creation of long-term stockholder value.

**Motivate and retain the management team.** We believe that the mix of base salary, short-term and long-term incentives with appropriate performance metrics and targets provide a motivational element whereby executives are paid according to how the Company performs, and that they have direct line of sight to what it takes to outperform and thus achieve pay above market median. We seek to retain our executives primarily by setting our compensation and benefits at competitive levels relative to companies of similar size, scope and complexity. We believe that our executives have skills that are transferrable across industries and are sought after by similar-sized as well as larger diversified manufacturing companies. As a result, we do include companies in our peer group that are more than two times the Company's revenue level.

**Result in executives holding meaningful amounts of the Company's common stock.** Our long-term incentive program consists of performance-based stock units, restricted stock and stock options. Our long-term incentive award grants are targeted to be competitive with the market and, depending upon Company performance, can result in significant share ownership opportunities for our executives. As stated above and detailed below, our stock ownership guidelines require our executives to maintain certain stock ownership levels. When combining the long-term incentive grant levels that are paid out in the Company's common stock and the required ownership levels, the result is that our executives hold meaningful amounts of the Company's Common Stock.

## Compensation Process and Oversight

**Role of Compensation Committee and Data Used.** The Compensation Committee establishes the Company's compensation philosophy, structures the Company's compensation programs to be consistent with that philosophy, and approves each element of named executive officer (NEO) compensation. In the case of the CEO, the Board of Directors approves compensation recommendations made by the Compensation Committee.

The Compensation Committee performs periodic reviews of executive pay tally sheets. The tally sheets outline each executive's annual target and actual pay, unvested equity holdings and termination payments under various scenarios. Data from the tally sheets is considered by the Compensation Committee when setting target total compensation. Generally, the Compensation Committee reviews and adjusts target total compensation levels annually. Actual total compensation may vary from target based on performance and changes in stock price over time.

Generally, the amount of compensation realized historically, or potentially realizable in the future, from past equity awards does not directly impact the level at which future pay opportunities are set. When granting equity awards, the Compensation Committee reviews market data and individual performance.

**Market Benchmarking.** The Compensation Committee reviews data from various sources (as discussed below) as one input in determining appropriate target compensation levels. Individual pay decisions are made on the basis of individual performance, years of experience, skill set, value of the position (or the individual) to the organization, as well as the market data. The Compensation Committee believes that, to attract and retain qualified management, total direct compensation should be competitively targeted within a range of +/- 20% of the 50th percentile (Targeted Range) of market for comparable positions at comparable companies. However, cases may exist where these target compensation levels fall outside this range based on the individual factors listed above. Actual compensation should and does vary from target based on Company and individual performance. For 2013, compensation levels for the NEOs were within the Targeted Range.

The Compensation Committee undertook a review and analysis to ensure that the 2013 executive compensation programs appropriately reflected the market for talent. The Committee considered relevant market pay practices to ensure the Company's ability to recruit and retain high performing talent across its diversified markets and global footprint. Two surveys and a peer group analysis were utilized for the 2013 executive compensation market analysis for the NEOs:

Companies that participate in the Towers Watson executive compensation database survey (excluding energy and financial service companies) as well as the Equilar Top 25 Survey, both matched by job content. Two surveys were used because they include a broad range of manufacturing companies that are comparable to the Company in size, geography and industry; and

The peer group of companies identified below, which consists of companies that are similar to the Company in terms of their size (i.e., revenue, net income, and market capitalization), diversified industry profile (ranging from customized manufacturing solutions to emerging markets in highly specialized health science technology), research and development investment, global presence, and have executive officer positions that are comparable to the Company's in terms of breadth, complexity and scope of responsibilities. Prior to conducting the benchmarking review for 2013 compensation decisions, Towers Watson reviewed the composition of the peer group listed in last year's proxy statement with the Compensation Committee. Based on that review, the Committee removed Millipore Corporation, and added Bruker Corporation, JDS Uniphase Corporation and KLA-Tencor Corporation. Millipore was removed as it was acquired by Merck KGaA. Bruker, JDS Uniphase and KLA-Tencor were added based on their status as well-respected companies having operations that involve the photonics and life sciences industries, and their annual revenues which are within a reasonable range of the Company's annual revenue.

A.O. Smith Corporation  
 Actuant Corporation  
 AMETEK, Inc.  
 Barnes Group Inc.  
 Bruker Corporation  
 CIRCOR International Inc.  
 Colfax Corporation  
 Donaldson Company, Inc.

Dover Corporation  
 Flowserve Corporation  
 Gardner Denver, Inc.  
 JDS Uniphase Corporation  
 KLA-Tencor Corporation  
 Nordson Corporation  
 Pall Corporation

Pentair Ltd.  
 PerkinElmer, Inc.  
 Robbins & Myers, Inc.  
 Roper Industries, Inc.  
 SPX Corporation  
 Waters Corporation  
 Watts Water

The Compensation Committee believes that multiple data sources provide for a clearer perspective of the market. As such, with the assistance of Towers Watson, the Committee developed an aggregate composite of the market data to establish target compensation levels for the executives weighted as follows:

Position(s)	Survey Weighting	Peer Group Weighting	Rationale
CEO and CFO	20%	80%	Positions are required to be represented in all of the proxy peer group companies; closest representation of the corporate profile; balance of peer and survey data.
General Counsel and Chief Human Resources Officer	70%	30%	Limited number of position matches in the proxy group; pool for talent would include the broader industry representation in the survey data.
VP Mergers, Acquisitions and Treasury	100%	0%	Very limited number of position matches in the proxy group; pool for talent would include the broader industry representation in the survey data.

**Process of Setting Compensation.** The CEO's pay package is developed by the Compensation Committee based on the financial and operating performance of the Company, the Committee's assessment of his individual performance and based on a thorough review of the market benchmarking data identified above. The CEO pay recommendations put forth by the Compensation Committee are then reviewed and approved by the Board of Directors. The pay packages for the other NEOs are set by the Compensation Committee based on the recommendations of the CEO. The Compensation Committee considers the CEO's recommendations, taking into account each NEO's individual responsibility, experience and overall performance, as well as internal comparisons of pay within the executive group and the market benchmarking data. The Compensation Committee utilizes the expertise of its compensation consultant, Towers Watson, in developing compensation recommendations for the named executive officers, including the CEO.

In developing compensation programs, the Compensation Committee reviews the estimated accounting and tax impact of all elements of the executive compensation program. Generally, an accounting expense is accrued over the requisite service period of the particular pay element (generally equal to the performance period) and the Company realizes a tax deduction upon payment to, or realization by, the executive. The Compensation Committee has been advised that cash awards, performance stock units and stock options granted under the Incentive Award Plan should satisfy the requirements for performance-based compensation under Internal Revenue Code (IRC) Section 162(m). The Compensation Committee has been advised that restricted stock awards (which vest based on continued employment with the Company) do not qualify as performance-based compensation and, therefore, may not be tax-deductible as a result of the limitations of IRC Section 162(m).

IRC Section 162(m) limits the tax deductibility by the Company of annual compensation in excess of \$1,000,000 paid to the CEO and any of the three other most highly compensated executive officers, other than the CFO. While the tax impact of any compensation arrangement is one factor to be considered, that impact is evaluated in light of the Compensation Committee's overall compensation philosophy and objectives. While it is a goal of the Compensation Committee to maximize the deductibility of executive compensation, the Committee retains the discretion to compensate officers in



a manner commensurate with performance and the competitive environment for executive talent. Accordingly, the Compensation Committee may award compensation to the executive officers that is not fully deductible if it determines the compensation is consistent with its philosophy and is in the Company's and its stockholders' best interests.

### Our 2013 Executive Compensation Program

The following discussion describes our 2013 compensation elements and 2013 compensation decisions related to our NEOs. Our NEOs consist of our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers. For 2013, our named executive officers are Andrew K. Silvernail, our Chairman of the Board, President and Chief Executive Officer; Heath A. Mitts, our Vice President and Chief Financial Officer; Frank J. Notaro, our Vice President – General Counsel and Secretary; Jeffrey D. Bucklew, our Chief Human Resources Officer; and Daniel J. Salliotte, our Vice President Mergers, Acquisitions and Treasury.

**2013 Key Compensation Elements.** The material elements of 2013 compensation for the NEOs are outlined below:

Element	Purpose	Characteristics
<i>Base Salary</i>	Provide a fixed level of current cash compensation consonant with the executive's primary duties and responsibilities.	Adjusted annually to reflect market changes, salary budgets and individual performance.
<i>Short-Term Incentives Annual Bonus</i>	Provide annual performance-based cash compensation in excess of base salary.	Reflects Company performance.
<i>Long-Term Incentives Stock Options</i>	Provide long-term compensation tied to increases in the price of the Company's stock, and retention.	Priced on grant date, and vested ratably over four years.
<i>Long-Term Incentives Restricted Stock Awards</i>	Provide long-term compensation tied to the value of the Company's stock, and retention.	Cliff vested in three years.
<i>Long-Term Incentives Performance Stock Units</i>	Provide performance-based long-term compensation tied to shareholder return and value of the Company's stock, and retention.	Based on relative total shareholder return compared to companies in the S&P Midcap 400 Industrials index, and cliff vested in three years.
<i>Retirement Benefits</i>	Provide overall wealth accumulation and retention.	Various market-based retirement and welfare benefits and perquisites.

Maintaining a balanced perspective is a core part of the Company's business strategy. While short-term performance is vital to the financial well-being of the Company, the long-term health of the Company requires the appropriate emphasis on new products, technologies and investments that will enable future growth and deliver long-term stockholder value. The latter requires that employees take calculated risks to capitalize on anticipated changes in the Company's numerous businesses. The Compensation Committee believes that balancing the proportion of cash and non-cash awards, as well as short-term versus long-term awards, is important to motivate performance while mitigating risk. Cash-based awards are important in motivating executives for the short-term, while long-term incentives focus executives with the greatest ability to impact business results on managing the business for the long-term, and reinforce the link between their earnings opportunity and the long-term growth of the Company.

**Base Salary.** Base salaries are reviewed annually and may be adjusted to reflect market data, as well as individual responsibility, experience and tenure.

**Short-Term Incentives Management Incentive Compensation Plan.** All NEOs, other than Messrs. Silvernail and Notaro, participated in the Company's Management Incentive Compensation Plan (MICP). The MICP provides participants with the opportunity to earn annual cash bonuses. As compared to the 2012 MICP, we eliminated the qualitative objectives and the personal performance modifier from the 2013 MICP thereby focusing solely on measurable performance objectives and resulting in a tightening of the linkage between performance and pay.

The amount of the annual cash bonus paid to each participant under the MICP is determined under the following formula:

$$\text{Annual Bonus} = \text{Base Salary} \times \text{Individual Target Bonus Percentage} \times \text{Business Performance Factor}$$

Individual Target Bonus Percentage for the year is a percentage of the participant's base salary and is based on the participant's position and market data. For the NEOs eligible to receive a bonus under the MICP for 2013, the Individual Target Bonus Percentages were as follows: Mr. Mitts 75%; Mr. Bucklew 60%; and Mr. Salliotte 65%.

The Business Performance Factor (discussed in more detail below) is calculated based on measurable corporate quantitative objectives, which are given a combined 75% weighting, and one strategic measure with a 25% weighting. For 2013, the measurable quantitative objectives within the Business Performance Factor were adjusted EPS and adjusted cash flow conversion. Adjusted EPS excludes from reported earnings per share the impact of acquisition-related income and charges, and restructuring charges (EPS Adjustments). Adjusted cash flow conversion is cash flow as a percent of net income excluding the impact of the EPS Adjustments. The payout of each quantitative objective is a function of the amount by which actual performance exceeds or falls short of goal, with a maximum payout of 200% of target for each objective. For 2013, no bonus was payable unless a minimum threshold for adjusted EPS was met. The adjusted EPS threshold for 2013 was \$2.55.

For 2013, the 25% strategic measure was organic sales growth. Organic sales growth is a critical business metric and helps identify the underlying health of the businesses and management's ability to increase sales through innovation and customer-focus. Organic sales is defined as net sales of the Company adjusted to exclude the impact of foreign currency translation and sales from acquired businesses during the first twelve months of ownership.

For 2013, the relative weightings and the performance against the quantitative and strategic measure resulted in a recommended Business Performance Factor of 142%, as shown in the table below.

MICP Objective	Goal	Actual	Payout	MICP Weighting	Business Performance Factor
Adjusted EPS	\$ 2.85	\$ 3.10	165.6%	50%	82.8%
Adjusted Cash Flow Conversion	115%	147%	171.1%	25%	42.8%
Organic Sales Growth	2.5%	1.5%	66.7%	25%	16.7%
Total				100%	142%

As indicated, above adjusted EPS and adjusted cash flow conversion far exceeded goals. Organic sales growth results did not meet the targeted level and the MICP calculation reflects those results. Payments under the MICP are included in the 2013 Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

**Short-Term Incentives Incentive Award Plan.** Messrs. Silvernail's and Notaro's annual incentive bonus took the form of a cash performance award under the stockholder-approved Incentive Award Plan rather than the MICP in order to allow their bonuses to be deductible under IRC Section 162(m). If Messrs. Silvernail and Notaro were participants in the MICP (which is not shareholder approved and permits upward adjustments instead of only downward adjustments as permitted under the Company's Incentive Award Plan), their annual cash bonuses under the MICP would not be deductible under IRC Section 162(m).

In 2013, the Compensation Committee granted Messrs. Silvernail and Notaro cash performance awards with a maximum aggregate payment amount equal to 2% of the Company's 2013 operating income contingent on the Company achieving the same minimum \$2.55 adjusted EPS as for other named executive officers under the MICP. Adjusted EPS excludes from earnings per share the impact of acquisition-related income and charges, and restructuring charges. Under the terms of the awards, no bonus would be paid if the Company did not achieve adjusted EPS of \$2.55. The Compensation Committee set Messrs. Silvernail's and Notaro's actual performance awards for 2013 at \$1,235,400 and \$441,000, respectively. In setting the actual awards, the Compensation Committee considered the actual performance of the Company using the metrics in the Business Performance Factor described above, its assessment of Messrs. Silvernail's and Notaro's individual performance and the amounts that Messrs. Silvernail and Notaro would have earned as an annual cash bonus if they participated in the MICP on substantially the same terms as the other NEOs with targets awards of 100% and 75% of their base salaries respectively.

**2013 Long-Term Incentive Awards.** In 2013, NEOs received long-term incentive awards that were granted in three components: performance stock units, stock options and restricted stock. The 2013 total long-term target opportunities are approximately equally weighted among each of the three long-term incentive award components to reflect the Compensation Committee's belief that relative total shareholder return (TSR), stock price appreciation, retention of executives and executive stock ownership are all important objectives. Long-term incentive awards in the past consisted of only stock options and restricted stock. The performance stock units were added in 2013 to more tightly align pay and performance.

The performance stock units (PSUs) have a three-year performance period and utilize a relative TSR measure. The Company's relative TSR will be measured against the TSR of companies in the S&P Midcap 400 Industrials Index at the end of the three-year performance period. If the Company achieves 50<sup>th</sup> percentile TSR performance as compared to the group of companies, each NEO will receive the target number of performance units paid out in shares of the Company's common stock. Performance below or above the 50<sup>th</sup> percentile will result in shares delivered below or above target, respectively. Cumulative dividend equivalent payments will be made at the end of the performance period based on the number of shares of common stock received by each executive.

In selecting relative TSR as the measure, the Compensation Committee noted that TSR is highly correlated with a combination of other metrics that are important to the Company and to investors, notably: return on invested capital, operating profit margin and compound annual growth rate (CAGR).

In selecting the S&P Midcap 400 Industrials Index companies as a comparator group for relative TSR, the Compensation Committee's objective was to have a group of 50-100 manufacturing companies which was broader than the peer group of companies used for benchmarking compensation of the named executive officers, but that was not too broad or not representative of the Company's business. Towers Watson helped the Compensation Committee select from the S&P Midcap 400 Industrials Index a group of 60-70 companies that are similar to the Company. The Company is included in the index.

The Compensation Committee believes that performance stock units, stock options and restricted stock all incentive management actions that drive the creation of stockholder value and promote executive stock ownership. However, each long-term incentive component has different characteristics. The value of the performance stock units after the three-year performance period is directly linked to the

relative TSR as described above as well as the stock price movement during the performance period. Stock options provide value only to the extent that the Company's stock price appreciates above the stock price on the date of grant. Restricted stock awards provide value regardless of whether the Company's stock price appreciates, and help retain executives over the course of business and market cycles that may negatively impact the Company's operations and stock price in the short term. Long-term incentive awards are generally made on an annual basis, or at the time of a special event (such as upon hiring or promotion). Historically, we have usually made awards on the date of the first Board of Directors meeting of a year, or the date of the annual meeting of stockholders. However, we have not adopted specific guidelines as to the timing of such awards, but attempt to not make awards during any periods when we have non-public information which could impact our stock price.

**Other Compensation Components**

**Employee Benefits.** The NEOs participate in group health, welfare and qualified retirement programs available to all of the Company's employees. The NEOs also participate in nonqualified supplemental retirement plans, deferred compensation arrangements and supplemental disability benefits. Participation in these nonqualified plans is intended to provide the NEOs with the opportunity to accumulate retirement benefits at levels above the limitations imposed by tax qualified plans. For a more complete explanation of these plans, see the narrative following the 2013 Summary Compensation Table, the Pension Benefits at 2013 Fiscal Year End table, the Nonqualified Deferred Compensation at 2013 Fiscal Year End table, and the discussion under Potential Payments upon Termination or Change in Control.

**Severance and Change in Control Benefits.** Each of the NEOs are entitled to severance benefits under the terms of written agreements in the event that their employment is actually or constructively terminated without cause. The amount of the benefit, which varies with the individual, depends on whether or not the termination is in connection with a change in control. The level of each NEO's severance benefits reflects the Company's perception of the market for their positions at the time the agreements were put in place.

**Perquisites.** The Compensation Committee believes in providing limited perquisites in line with market practice. The NEOs are provided with a car allowance. The CEO is entitled to limited use of the Company's aircraft for non-business purposes. For further details on these perquisites, see the Narrative to the Summary Compensation Table.

**Other Executive Compensation Matters**

**Stock Ownership.** Consistent with its executive pay philosophy, the Company requires that executive officers maintain minimum ownership levels of the Company's Common Stock. The following stock ownership guidelines for NEOs were established by the Board of Directors in 2006.

Executive	Ownership as a Multiple of Base Salary
CEO	5x
CFO	3x
Other NEOs	2x

The CEO, CFO and the other NEOs must comply with these ownership requirements within five years of date of hire or promotion. Counted for purposes of satisfying ownership requirements are shares directly owned and unvested restricted shares. As of December 31, 2013, the CEO, CFO and the other NEOs had met or were proceeding towards meeting the ownership guidelines within the applicable five-year period.

**Hedging.** All directors and officers of the Company are prohibited from engaging in any transaction in which they may profit from short-term speculative swings in the value of the Company's securities ( hedging ). For this purpose, hedging includes short-sales (selling borrowed securities that the seller hopes can be purchased at a lower price in the future) or short sales against the box (selling, but not delivering, owned securities), put and call options (publicly available rights to sell or

buy securities within a certain period of time at a specified price or the like), and other hedging transactions designed to minimize the risk inherent in owning the Company's stock, such as zero-cost collars and forward sales contracts.

**Clawbacks.** Consistent with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and to the extent not in violation of applicable law, the Company reserves the right to recover, or clawback, from current or former directors and officers any wrongfully earned performance-based compensation, including stock-based awards, upon the determination by the Compensation Committee that:

The Company's financial statements have been restated due to material noncompliance with any financial reporting requirement;

The cash incentive or equity compensation to be recouped was calculated on, or its realized value was affected by, the financial results that were subsequently restated;

The cash incentive or equity compensation would have been less valuable than that actually awarded or paid based upon the application of the correct financial results; and

The pay affected by the calculation was earned or awarded within three years of the restatement.

The Compensation Committee has exclusive authority to modify, interpret and enforce this provision in compliance with applicable law.

**Tax Gross-Up Provisions.** In February 2011, the Compensation Committee adopted a policy that the Company will not enter into any new agreements that include excise tax gross-up provisions with respect to payments contingent upon a change in control of the Company. There is one legacy agreement that was not affected by this policy.

## 2013 Summary Compensation Table

The table below summarizes the total compensation earned in 2013, 2012 and 2011 for the Company's CEO, CFO, and each of the three most highly compensated executive officers other than the CEO and CFO. Mr. Silvernail's compensation for a portion of 2011 was earned as the Company's Vice President, Group Executive Health & Science Technologies and Global Dispensing.

Name and Principal Position	Year	Salary	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Compensation Plan(3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings(4)	All Other Compensation(5)	Total
Andrew K. Silvernail, Chairman, President and Chief Executive Officer	2013	\$ 856,808	\$ 2,036,105	\$ 931,221	\$ 1,235,400		\$ 298,296	\$ 5,357,830
	2012	790,769	800,196	818,174	732,500		261,083	3,402,723
	2011	538,615	1,685,658	192,466	767,000		190,945	3,374,684
Heath A. Mitts, Vice President and Chief Financial Officer	2013	455,289	\$ 501,737	\$ 229,515	\$ 489,900		\$ 98,514	\$ 1,774,954
	2012	431,308	250,302	255,680	298,700		109,508	1,345,497
	2011	392,000	700,446	768,226	461,895		82,921	2,405,489
Frank J. Notaro, Vice President, General Counsel and Secretary	2013	411,362	\$ 286,078	\$ 130,840	\$ 441,000	-69,565	\$ 92,519	\$ 1,292,233
	2012	391,692	250,302	255,680	269,700	77,377	103,196	1,347,947
	2011	352,346	381,913	416,781	395,115	68,118	102,731	1,717,003
Jeffrey D. Bucklew, Chief Human Resources Officer	2013	331,231	\$ 218,410	\$ 99,831	\$ 285,500		\$ 70,454	\$ 1,005,425
Daniel J. Salliotte, Vice President Mergers, Acquisitions and Treasury	2013	284,362	\$ 200,255	\$ 91,485	\$ 265,000	-6,985	\$ 63,207	897,324
	2012	270,600	150,010	153,408	147,300	8,495	69,754	\$ 799,567

- (1) Reflects the aggregate grant date fair value of restricted stock awards and the target number of performance stock units in accordance with FASB ASC Topic 718 using the assumptions set forth in the footnotes to financial statements in the Company's annual report on the Form 10-K for the year ended December 31, 2013, for awards granted during the relevant year assuming no forfeitures. All shares of restricted stock are eligible for dividend equivalent payments.
- (2) Reflects the aggregate grant date fair value for the year indicated in accordance with FASB ASC Topic 718 using the assumptions set forth in the footnotes to financial statements in the Company's Annual Report on the Form 10-K for the year ended December 31, 2013, for stock options granted during the relevant year assuming no forfeitures.
- (3) Reflects Messrs. Silvernail's and Notaro's annual performance award under the Incentive Award Plan, and for the other NEOs the annual cash bonus under the MICP, in each case earned in the year reported.
- (4) Represents the aggregate increase/decrease in actuarial value under the Pension Plan and SERP (see the narrative to this table below for further details and the narrative to the Pension Benefits at 2013 Fiscal Year End table for descriptions of the Pension Plan and SERP).

(5) Consists of the following for 2013:

Name	Year	Contribution to 401(k) Plan, Defined Contribution Plan and Accrued SERP			Aircraft(b)	Other Payments	Total
		Benefits	Automotive(a)				
Andrew K. Silvernail	2013	\$ 159,946	\$ 26,786	\$ 111,564	\$ 0	\$ 298,296	
Heath A. Mitts	2013	77,322	21,192	0	0	98,514	
Frank J. Notaro	2013	73,377	19,142	0	0	92,519	
Jeffrey D. Bucklew	2013	53,648	16,806	0	0	70,454	
Daniel J. Salliotte	2013	46,514	16,694	0	0	63,207	

(a) Consists of auto allowance and gas.

(b) The Company's methodology for calculating the value of the personal use of the Company aircraft is to calculate the incremental costs of such usage to the Company, which includes fuel, landing fees, hangar fees, catering, additional expenses related to the crew and other expenses, which would not have otherwise been incurred by the Company if the aircraft had not been used for personal travel.

#### Narrative to Summary Compensation Table

#### Perquisites and Supplemental Disability

In addition to benefits generally available to all other U.S.-based non-union employees, the CEO and other NEOs receive an auto allowance and participate in a supplemental long-term disability program. The supplemental disability benefit is in addition to the group long-term disability benefit generally available to all U.S.-based non-union employees. The group long-term disability plan provides an annual benefit of 60% of the first \$300,000 of base salary, or an annual maximum benefit of \$180,000 per year. For the NEOs, the supplemental program provides an annual benefit of 60% of their base salary above \$300,000, with a maximum supplemental benefit of \$60,000 per year. The CEO is also offered the personal use of Company aircraft (limited to 25 hours per year).

#### Retirement Benefits

The Company maintains three tax-qualified retirement plans for all employees in which the CEO and other NEOs participate: the IDEX Corporation Defined Contribution Plan (Defined Contribution Plan), the IDEX Corporation Savings Plan, which is a 401(k) plan with a prescribed matching contribution (401(k) Plan), and the IDEX Corporation Retirement Plan, which is a defined benefit plan (Pension Plan). Two NEOs have accrued benefits under the Pension Plan. None of the NEOs actively accrued any benefits under the Pension Plan in 2013.

#### Defined Contribution Plan

The Defined Contribution Plan is an ongoing tax-qualified defined contribution plan that provides an annual contribution based on a participant's compensation for that year and a combination of the participant's age and years of service as shown below:

Age + Years of Service	Company Contribution
Less than 40	3.5% of Eligible Annual Compensation
40 but less than 55	4.0% of Eligible Annual Compensation
55 but less than 70	4.5% of Eligible Annual Compensation
70 or more	5.0% of Eligible Annual Compensation

Under the Defined Contribution Plan, participants are entitled to receive the lump-sum value of their vested account at termination of employment subject to distribution rules under the law.

#### 401(k) Plan

The 401(k) Plan is an on-going tax-qualified 401(k) plan that provides a matching contribution based on the employee's contribution up to 8% of eligible compensation. The maximum matching contribution by the Company is 4% of eligible compensation.

#### Pension Plan

During 2005, the Company redesigned its retirement plans to eliminate the Pension Plan for employees hired after 2004. Employees who participated in the Pension Plan as of December 31, 2005 who met certain age and service requirements were given the one-time opportunity to choose:

To stay in the Pension Plan with the then current match in the 401(k) Plan (maximum match of 2.8% of eligible pay); or

To begin participating in the Defined Contribution Plan as of January 1, 2006, with an enhanced match in the 401(k) Plan (maximum match of 4% of eligible pay). Employees who chose this option retain, by law, a frozen benefit in the Pension Plan as of December 31, 2005.

Messrs. Notaro and Salliotte chose to begin participation in the Defined Contribution Plan. Each has a frozen benefit under the Pension Plan as of December 31, 2005. The monthly accrued benefit for Messrs. Notaro and Salliotte under the Pension Plan upon retirement at age 65 will not change, although the present value of such benefit will change from year to year. Messrs. Silvernail, Mitts and Bucklew never participated in the Pension Plan.

#### 2013 Grants of Plan-Based Awards

The following table provides information on plan-based awards for all NEOs for 2013.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock(3)	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$ per Share)(4)	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum				
Andrew K. Silvernail	02/15/2013	\$ 0	\$ 870,000	\$ N/A	6,168	18,505	37,010	18,505	72,525	\$ 50.45	\$ 2,967,326
Heath A. Mitts	02/15/2013	0	345,000	690,000	1,520	4,560	9,120	4,560	17,875	\$ 50.45	\$ 731,252
Frank J. Notaro	02/15/2013	0	310,500	N/A	867	2,600	5,200	2,600	10,190	\$ 50.45	\$ 416,918
Jeffrey D. Bucklew	02/15/2013	0	201,000	402,000	662	1,985	3,970	1,985	7,775	\$ 50.45	\$ 318,241
Daniel J. Salliotte	02/15/2013	0	186,550	373,100	607	1,820	3,640	1,820	7,125	\$ 50.45	\$ 291,740

(1) For Messrs. Silvernail and Notaro, target amount reflects payment level under the Incentive Award Plan at 100% and 75% respectively, of base salary. The Incentive Award Plan has no individual maximum payment amount. See Short-Term Incentives Annual Bonus under COMPENSATION DISCUSSION AND ANALYSIS. For NEOs other than Messrs. Silvernail and Notaro, amounts reflect payment levels under the MICP based upon 2013 salary levels, applicable individual target bonuses, and a Business Performance Factor of 0% for threshold, 100% for target and 200% for maximum. The amounts actually paid to the NEOs are reflected in the Non-Equity Incentive Plan Compensation column in the 2013 Summary Compensation Table.

(2)



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Reflects the range of the number of shares of Common Stock that could be issued pertaining to the performance stock units awarded in 2013 under the Incentive Award Plan. The target number of performance stock units is used to determine the grant date fair value for this award.

(3) Reflects the number of restricted shares awarded in 2013 under the Incentive Award Plan.

(4) Reflects closing price of the Company's Common Stock on the grant date, which is the fair market value of the stock under the terms of the Incentive Award Plan.

**Narrative to 2013 Grants of Plan-Based Awards Table**

Stock options awarded to the NEOs in 2013 had the following characteristics:

All are nonqualified stock options;

All have an exercise price equal to the closing price of the Company's stock on the grant date;

All vest annually in equal amounts over a four-year period;

All vest upon retirement if retirement eligible (NEO is at least age 50, with a minimum of five years of service, and the NEO's age plus years of service equals 70); and

All expire 10 years after the date of grant.

Restricted stock awards to the NEOs in 2013 had the following characteristics:

All annual awards cliff-vest three years after the grant date;

All shares vest upon retirement if retirement eligible (NEO is at least age 50, with a minimum of five years of service, and the NEO's age plus years of service equals 70); and

All shares receive dividend equivalent payments in the same amount as dividends paid on the Company's Common Stock at the time such dividends are paid.

Performance stock units awarded to the NEOs in 2013 had the following characteristics:

All have a three-year performance period with vesting based on relative total shareholder return;

All shares vest upon retirement if retirement eligible (NEO is at least age 50, with a minimum of five years of service, and the NEO's age plus years of service equals 70); but are paid out only based on actual achievement of the Company against the relative TSR goal determined as if the last day of the year in which the individual retires is the last day of the performance period; and

Cumulative dividend equivalents are paid based on actual number of shares delivered at the end of the performance period.

### Outstanding Equity Awards at 2013 Fiscal Year End

The following table provides information on all performance stock unit, restricted stock and stock option awards held by the NEOs and the value of those awards as of December 31, 2013. All outstanding equity awards are in or exercisable for shares of the Company's Common Stock.

Name	Option Awards Number of Securities Underlying Unexercised Options		Stock Awards					
	Exercisable(1)	Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares of Stock that Have Not Vested(2)	Market Value of Stock that Have Not Vested(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(4)
Andrew K. Silvernail	33,165	11,055	31.77	03/02/2020	85,156	\$ 6,288,771	36,640	\$ 2,705,857
	7,880	7,880	40.89	02/22/2021				
	17,880	53,640	42.86	02/21/2022				
	0	72,525	50.45	02/15/2023				
Heath A. Mitts	9,750	0	34.03	04/03/2017	27,530	2,033,091	9,029	\$ 666,777
	9,000	0	32.95	04/08/2018				
	16,388	5,462	31.77	03/02/2020				
	8,495	8,495	40.89	02/22/2021				
	0	42,460	40.89	02/22/2021				
	5,587	16,763	42.86	02/21/2022				
0	17,875	50.45	02/15/2023					
Frank J. Notaro	15,795	5,265	31.77	03/02/2020	17,780	1,313,053	5,148	\$ 380,180
	5,585	5,585	40.89	02/22/2021				
	0	21,230	40.89	02/22/2021				
	5,587	16,763	42.86	02/21/2022				
	0	10,190	50.45	02/15/2023				
Jeffrey D. Bucklew	0	8,250	40.79	03/05/2022	5,205	384,389	3,930	\$ 290,253
	0	7,775	50.45	02/15/2023				
Daniel J. Salliotte	10,665	3,555	31.77	03/02/2020	7,700	568,645	3,604	\$ 266,126
	4,120	4,120	40.89	02/22/2021				
	3,352	10,058	42.86	02/21/2022				
	0	7,125	50.45	02/15/2023				

(1) All options expire on the 10th anniversary of the grant date. Except as provided in the following sentence, all options vest 25% per year on the anniversary of the grant date, and 100% upon a change in control of the Company. The February 22, 2011 option awards of 42,460 and 21,230 to Messrs. Mitts and Notaro, respectively, vest 50% on February 22, 2014 and 50% on February 22, 2015.

- (2) The following table sets forth grant and vesting information for the outstanding restricted stock awards for all NEOs. All shares vest 100% upon a change in control of the Company.

	Grant Date	Number of Shares	Market Value Per Share at Grant	Number of Shares of Stock that Have Not Vested	Market Value of Shares of Stock that Have Not Vested	Vesting
Andrew K. Silvernail	02/22/2011	4,540	40.89	4,540	\$ 335,279	100% vest on 02/22/2014
	08/10/2011	43,441	34.53	43,441	3,208,118	100% vest on 08/10/2014
	02/21/2012	18,670	42.86	18,670	1,378,780	100% vest on 02/21/2015
	02/15/2013	18,505	50.45	18,505	1,366,594	100% vest on 02/15/2016
Heath A. Mitts	02/22/2011	17,130	40.89	17,130	1,265,051	100% vest on 02/22/2014
	02/21/2012	5,840	42.86	5,840	431,284	100% vest on 02/21/2015
	02/15/2013	4,560	50.45	4,560	336,756	100% vest on 02/15/2016
Frank J. Notaro	02/22/2011	9,340	40.89	9,340	689,759	100% vest on 02/22/2014
	02/21/2012	5,840	42.86	5,840	431,284	100% vest on 02/21/2015
	02/15/2013	2,600	50.45	2,600	192,010	100% vest on 02/15/2016
Jeffrey D. Bucklew	03/05/2012	3,220	40.79	3,220	237,797	100% vest on 03/05/2015
	02/15/2013	1,985	50.45	1,985	146,592	100% vest on 02/15/2016
Daniel J. Salliotte	02/22/2011	2,380	40.89	2,380	175,763	100% vest on 02/22/2014
	02/21/2012	3,500	42.86	3,500	258,475	100% vest on 02/21/2015
	02/15/2013	1,820	50.45	1,820	134,407	100% vest on 02/15/2016

- (3) Determined based upon the closing price of the Company's Common Stock on December 31, 2013.

- (4) Represents the number and value of performance stock units based on performance as of December 31, 2013. Actual number of shares delivered will be based on performance on December 31, 2015, the end of the performance period.

**2013 Option Exercises and Stock Vested**

The following table provides information on stock option exercises and stock vesting for all NEOs in 2013.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized Upon Exercise(1)	Number of Shares Acquired on Vesting	Value Realized Upon Vesting(2)
Andrew K. Silvernail	54,200	\$ 1,725,490	5,670	\$ 287,923
Heath A. Mitts	83,100	2,788,388	2,920	148,278
Frank J. Notaro	67,983	1,986,120	6,300	319,914
Jeffrey D. Bucklew	2,750	40,934	0	0
Daniel J. Salliotte	75,880	2,504,868	4,250	215,815

(1) Calculated as the difference between the closing price of the Company's Common Stock on the date of exercise and the exercise price.

(2) Calculated based upon the closing price of the Company's Common Stock on the vesting date. For Mr. Silvernail, on March 2, 2013, 5,670 shares vested at a price of \$50.78 per share. For Mr. Mitts, on March 2, 2013, 2,920 shares vested at a price of \$50.78 per share. For Mr. Notaro, on March 2, 2013, 6,300 shares vested at a price of \$50.78 per share. For Mr. Salliotte, on March 2, 2013, 4,250 shares vested at a price of \$50.78.

**Pension Benefits at 2013 Fiscal Year End**

The following table provides information related to the potential pension benefits payable to each NEO determined as described in the footnotes below.

Name	Plan Name	Number of Years Credited Service(1)	Present Value of Accumulated Benefits(2)
Andrew K. Silvernail	Pension Plan SERP	N/A	N/A
Heath A. Mitts	Pension Plan SERP	N/A	N/A
Frank J. Notaro	Pension Plan SERP	7.75 7.75	\$ 194,586 101,323
Jeffrey D. Bucklew	Pension Plan SERP	N/A	N/A
Daniel J. Salliotte	Pension Plan SERP	1.17	27,738

(1) Credited service is determined under the Pension Plan as of December 31, 2013.

(2) The present value of accumulated benefits as of December 31, 2013 is determined using an assumed retirement age of 65 and an assumed 100% lump-sum payment. For valuing lump sums, interest and mortality assumptions are as required by the Pension Protection Act of 2009 (PPA) for funding valuations. The interest and mortality assumptions are the PPA-required three-segment interest rates (for December 31, 2013, interest rates of 1.19% for payments in the first five years, 4.53% for payments in the 6th through 20th years, and 5.66% for payments beyond 20 years), and the RP-2000 combined mortality tables as required by PPA. The discount rate used for determining present values was 4.70% for the Pension Plan and 4.10% for the SERP.



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**Narrative to Pension Benefits at 2013 Fiscal Year End Table**
**Pension Plan**

The Pension Plan is an on-going tax-qualified career average retirement plan that provides a level of benefit based on a participant's compensation for a year with periodic updates to average compensation over a fixed five-year period. Under the Pension Plan, participants are entitled to receive an annual benefit on retirement equal to the sum of the benefit earned through 1995 using the five-year average compensation of a participant through 1995, plus the benefit earned under the then current formula for each year of employment after 1995. For each year of participation through 1995, a participant earned a benefit equal to 1.25% of the first \$16,800 of such average compensation through 1995, and 1.65% of such compensation in excess of \$16,800. Beginning January 1, 1996, the benefit earned equals the sum of 1.6% of the first \$16,800 of each year's total compensation, and 2.0% for such compensation in excess of \$16,800, for each full year of service credited after 1995. As required by law, compensation counted for purposes of determining this benefit is limited. The normal form of retirement benefit is payable in the form of a life annuity with five years of payments guaranteed. Other optional forms of payment are available.

**Supplemental Executive Retirement and Deferred Compensation Plan**

The Supplemental Executive Retirement and Deferred Compensation Plan (SERP) is an unfunded, nonqualified plan designed to provide supplemental executive retirement benefits to employees who participate or have participated in the Pension Plan, and deferred compensation benefits to certain officers and other key employees designated by the Compensation Committee (see Narrative to the Nonqualified Deferred Compensation at 2013 Fiscal Year End Table below). The supplemental executive retirement portion of the SERP provides that if the employee participates or had participated in the Pension Plan, then the employee will receive an excess benefit (SERP Benefit) under a formula equivalent to the tax-qualified Pension Plan formula. This formula will only consider eligible compensation above the Internal Revenue Code limits and will restore any limits on the maximum amount of benefits that may be accrued under a qualified retirement plan. A SERP Benefit will only be accrued for the appropriate period of service during which the employee was an active participant in the Pension Plan. SERP Benefits are paid as an actuarially equivalent single lump-sum amount and are payable upon separation of service within the meaning of Internal Revenue Code Section 409A; however, no benefits are payable prior to the date that is six months after the date of separation of service, or the employee's date of death, if earlier.

**Nonqualified Deferred Compensation at 2013 Fiscal Year End**

The following table provides information related to the benefits payable to each NEO under the defined contribution portion of the SERP, which is the Company's only defined contribution nonqualified deferred compensation plan:

Name	Executive Contributions in Last Fiscal Year(1)	Registrant Contributions in Last Fiscal Year(2)	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals / Distributions	Aggregate Balance at Last Fiscal Year End(3)
Andrew K. Silvernail		\$ 143,308	\$ 77,867		\$ 490,387
Heath A. Mitts		58,372	6,407		258,475
Frank J. Notaro		53,152	8,453		328,994
Jeffrey D. Bucklew		35,305	789		47,915
Daniel J. Salliotte		26,289	18,975		171,595

(1) None of the NEOs contributed to the SERP in 2013.

(2) Amounts are reflected in All Other Compensation column of the Summary Compensation Table.

(3) The following amounts have been previously reported as All Other Compensation in the Summary Compensation Table for prior years: Silvernail \$250,632; Mitts \$119,798; Notaro \$236,718 and Salliotte \$34,350.

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**Narrative to the Nonqualified Deferred Compensation at 2013 Fiscal Year End Table**
**Supplemental Executive Retirement and Deferred Compensation Plan**

The defined contribution portion of the SERP is designed to provide deferred compensation for certain officers and other key employees designated by the Compensation Committee. Under the defined contribution portion of the SERP, eligible employees may defer until a future date payment all or any portion of their annual salary or bonus. Deferral elections may be made annually. These amounts are fully vested. The Company also contributes to an eligible employee's account additional amounts, as described below that are fully vested after the employee has completed three years of service.

The Company contributes an amount equal to 4% of the eligible employee's compensation up to the IRS limit on compensation reduced by the amount of any Company matching contribution that is made to the 401(k) Plan. Additionally, the Company makes annual contributions to the accounts of eligible employees who are not actively accruing benefits under the Pension Plan. The contribution is based on the employee's compensation above the IRS limit on compensation in the Defined Contribution Plan, and is determined based on the following table:

**Sum of Participant's**

<b>Age Plus Years of Service</b>	<b>Contribution Percentage</b>
Less than 40	7.5
40 but less than 55	8.0
55 but less than 70	8.5
70 or more	9.0

Certain eligible employees designated by the Compensation Committee including the NEOs also will receive an additional contribution equal to 2% of the employee's compensation.

All amounts deferred are recorded in a memorandum account for each employee and are credited or debited with earnings or losses as if such amounts had been invested in either an interest-bearing account or receive an investment return as if the funds were invested in certain mutual funds, as selected by the employee. The deferred compensation credited to the interest-bearing account is adjusted on at least a quarterly basis with hypothetical earnings equal to the lesser of the Barclays Capital Long Term Bond AAA Corporate Bond Index as of the first business day in November of the calendar year preceding the year for which the earnings are to be credited or 120% of the long-term applicable Federal rate as of the first business day in November. The memorandum accounts are not funded, and the right to receive future payments of amounts recorded in these accounts is an unsecured claim against the Company's general assets.

The deferred compensation account amounts are payable upon separation of service within the meaning of Internal Revenue Code Section 409A; however, no benefits are payable prior to the date that is six months after the date of separation of service, or the date of death of the employee, if earlier. Account balances will be paid either in a single lump sum or in up to ten substantially equal annual installments, as elected by the employee at the time they first become eligible for the Deferred Compensation Plan. Prior to separation from service, amounts may be paid only on the occurrence of an unforeseeable emergency, within the meaning of Internal Revenue Code Section 409A. On the happening of a change of control event within the meaning of Internal Revenue Code Section 409A, all amounts become vested and are distributed at that time in a single lump-sum payment.

**Potential Payments upon Termination or Change in Control**

The Company entered into an employment agreement with Mr. Silvernail on November 8, 2013. The employment agreement provides for a term of two years and is substantially similar to Mr. Silvernail's initial two-year employment agreement. If Mr. Silvernail's employment is terminated by



the Company other than for cause, he will receive continuing salary payments and health benefits for 24 months, a bonus equal to a pro-rata portion of 100% of his base salary (based on the portion of the year he was employed), and a payment equal to 200% of his base salary payable over 24 months commencing 60 days after his termination. If Mr. Silvernail's employment is terminated because of disability, he will receive a bonus payment equal to a pro-rata portion of 100% of his base salary (based on the portion of the year he was employed). Additionally, if Mr. Silvernail should die during the term of the agreement, Mr. Silvernail's spouse or estate will receive a bonus payment equal to a pro-rata portion of 100% of his base salary (based on the portion of the year he was employed). If his employment is terminated without cause or he terminates for certain specified reasons following a change in control, Mr. Silvernail will receive his full salary and health insurance for a period of 36 months following termination, a pro-rata portion of his bonus for the year of his termination, and a payment equal to 300% of his base salary, payable over 36 months all commencing six months after his termination.

The Company has entered into letter agreements with Messrs. Mitts, Bucklew and Salliotte providing for (a) two years of salary and target MICP bonus in the event of termination without cause within two years following a change in control, and (b) one year of salary and target MICP bonus in the event of termination without cause other than in connection with a change in control.

The Company has entered into a letter agreement with Mr. Notaro providing for (a) three years of salary and bonus and two years of fringe benefits in the event he is terminated without cause within two years following a change in control, and (b) one year of salary and target bonus if he is terminated without cause other than in connection with a change in control.

The following table sets forth the amount each NEO would receive as severance or as a result of accelerated vesting if his employment was terminated without cause or for good reason, in connection with or absent a change in control using the following assumptions:

Termination of employment on December 31, 2013.

Acceleration of vesting in options and restricted stock, and exercise of all accelerated vested options based on the closing market price of \$73.85 per share of the Company's Common Stock on December 31, 2013.

Accelerated vesting of benefits under the Deferred Compensation Plan, paid in a lump sum.

Name	Involuntary Termination Not for Cause/Good Reason	Termination in Connection with Change in Control
Andrew K. Silvernail	\$ 13,888,509	\$ 17,029,288
Heath A. Mitts	805,000	6,830,983
Frank J. Notaro	724,500	5,638,401
Jeffrey D. Bucklew	536,000	2,059,428
Daniel J. Salliotte	473,550	2,415,584

**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are soliciting a non-binding advisory vote on the compensation of the Company's NEOs, as described in the Compensation Discussion and Analysis section, the compensation tables, and the accompanying narrative disclosure set forth in this Proxy Statement.

The Company maintains a balanced approach to executive compensation with a mix of both cash and non-cash awards and short and long-term incentives, with total direct compensation targeted within a range of +/- 20% of 50th percentile of the market. In this way, the Company motivates and rewards both vital short term performance and long-term value creation. The Board of Directors strongly endorses the Company's executive compensation program and recommends that the stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to the Company's named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this Proxy Statement.

Because the vote is advisory, it will not be binding on the Company. However, the Compensation Committee will carefully consider the outcome of the vote in determining future compensation policies and decisions.

**The Board of Directors Recommends a Vote FOR the approval of the Company's executive compensation.**

**AUDIT COMMITTEE REPORT**

For the year ended December 31, 2013, the Audit Committee has reviewed and discussed the audited financial statements with management and the Company's independent registered public accounting firm, Deloitte & Touche LLP. The Committee discussed with Deloitte & Touche LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and reviewed the results of the independent registered public accounting firm's examination of the financial statements.

The Committee also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, discussed with the auditors their independence, and satisfied itself as to the auditors' independence.

Based on the above reviews and discussions, the Audit Committee recommends to the Board of Directors that the financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the SEC.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings made by the Company under those statutes, in whole or in part, this report shall not be deemed to be incorporated by reference into any such filings, nor will this report be incorporated by reference into any future filings made by the Company under those statutes.

Ernest J. Mrozek, Chairman

William M. Cook

David C. Parry

Livingston L. Satterthwaite

### PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed to the Company for each of the last two fiscal years for professional services rendered by the Company's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the Deloitte Entities), are set forth in the table below. All such fees were pre-approved by the Audit Committee in accordance with the pre-approval policy discussed below.

	2013	2012
Audit fees(1)	\$ 2,861,000	\$ 3,019,000
Audit-related fees(2)	0	192,000
Tax fees(3)	770,000	620,000
All other fees(4)	0	0
<b>Total</b>	<b>\$ 3,631,000</b>	<b>\$ 3,831,000</b>

- (1) Audit fees represent the aggregate fees billed for the audit of the Company's financial statements, review of the financial statements included in the Company's quarterly reports, and services in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees represent the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit fees.
- (3) Tax fees represent the aggregate fees billed for professional services for tax compliance, tax advice and tax planning.
- (4) All other fees represent the aggregate fees billed for products and services that are not included in the audit fees, audit-related fees, and tax fees. The Audit Committee has determined that the provision of these services is not incompatible with maintaining the Deloitte Entities independence.

#### Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that requires the pre-approval of audit and non-audit services rendered by the Deloitte Entities. For audit services, the accounting firm provides the Audit Committee with an audit services plan during the second quarter of each fiscal year outlining the scope of the audit services proposed to be performed for the fiscal year and the associated fees. This audit services plan must be formally accepted by the Audit Committee. For non-audit services, management submits to the Audit Committee for approval during the second quarter of each fiscal year and from time-to-time during the fiscal year a list of non-audit services that it recommends the Audit Committee engage the accounting firm to provide for the current year, along with the associated fees. Company management and the accounting firm each confirm to the Audit Committee that any non-audit service on the list is permissible under all applicable legal requirements. The Audit Committee approves both the list of permissible non-audit services and the budget for such services. The Audit Committee delegates to its Chairman the authority to amend or modify the list of approved permissible non-audit services and fees. The Chairman reports any such actions taken to the Audit Committee at a subsequent Committee meeting.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors and persons who own more than 10% of the Company's Common Stock to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that they file. Based solely on its review of the copies of the forms it received, or written representations from reporting persons, the Company believes that all filing requirements applicable to its officers, directors and greater than 10% stockholders were met during the year ended December 31, 2013.

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**PROPOSAL 3 APPROVAL OF AUDITORS**

The Audit Committee has appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014. Representatives of Deloitte & Touche LLP will attend the Annual Meeting and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

Although the rules of the U.S. Securities and Exchange Commission and the corporate governance listing standards of the New York Stock Exchange require that the Audit Committee be directly responsible for selecting and retaining the independent registered public accounting firm, we are providing shareholders with the opportunity to express their views on this issue. While this vote cannot be binding, if the shareholders do not ratify the appointment of Deloitte & Touche LLP, the Audit Committee will take the vote into account in making future appointments.

**The Company's Board of Directors Recommends a Vote FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014.**

**STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS**

**FOR 2015 ANNUAL MEETING**

A stockholder desiring to submit a proposal for inclusion in the Company's Proxy Statement for the 2015 Annual Meeting must deliver the proposal so that it is received by the Company no later than November 5, 2014. The Company requests that all such proposals be addressed to Frank J. Notaro, Vice President - General Counsel and Secretary, IDEX Corporation, 1925 West Field Court, Suite 200, Lake Forest, Illinois 60045, and mailed by certified mail, return receipt requested. In addition, the Company's By-laws require that any stockholder desiring to nominate a director for election or propose other business for consideration at the 2015 Annual Meeting must provide written notice. Such notice must contain the information required by the By-laws and must be received by the Secretary not less than 90 nor more than 120 days before the first anniversary of the preceding year's annual meeting. To be timely for the 2015 Annual Meeting, any such notice must be received by the Secretary, at the address above, on any date beginning on December 10, 2014, and ending on January 9, 2015.

**OTHER BUSINESS**

The Board of Directors does not know of any business to be brought before the Annual Meeting other than the matters described in the Notice of Annual Meeting. However, if any other matters are properly presented for action, it is the intention of each person named in the accompanying proxy to vote said proxy in accordance with his judgment on those matters.

By Order of the Board of Directors,

FRANK J. NOTARO

*Vice President General Counsel*

*and Secretary*

March 5, 2014

Lake Forest, Illinois

**A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, including the financial statement schedules, as filed with the Securities and Exchange Commission, may be obtained by stockholders without charge by sending a written request to Heath A. Mitts, Chief Financial Officer, IDEX Corporation, 1925 West Field Court, Suite 200, Lake Forest, Illinois 60045.**



