ROPER INDUSTRIES INC
Form 10-Q
November 02, 2011

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission File Number 1-12273

ROPER INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	51-0263969 (I.R.S. Employer Identification No.)
6901 Professional Pkwy. East, Suite 200 Sarasota, Florida (Address of principal executive offices)	34240 (Zip Code)

(941) 556-2601
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes ¨ No

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

þ Large accelerated filer ¨ Accelerated filer

¨ Non-accelerated filer ¨ Smaller reporting company
(do not check if smaller reporting company)

Indicate by check mark if the registrant is a shell company (as defined in Rule 12-b2 of the Act). ¨ Yes þ No

The number of shares outstanding of the Registrant's common stock as of October 28, 2011 was 96,477,262.

ROPER INDUSTRIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Net sales	$ 712,705	$ 605,088	$ 2,057,885	$ 1,706,633
Cost of sales	330,149	283,339	948,170	803,372
Gross profit	382,556	321,749	1,109,715	903,261
Selling, general and administrative expenses	215,341	193,516	636,530	555,125
Income from operations	167,215	128,233	473,185	348,136
Interest expense	15,373	17,134	48,265	49,608
Other income	690	2,631	8,644	1,421
Earnings before income taxes	152,532	113,730	433,564	299,949
Income taxes	42,251	29,467	127,993	84,680
Net earnings	$ 110,281	$ 84,263	$ 305,571	$ 215,269
Net earnings per share:				
Basic	$ 1.15	$ 0.89	$ 3.19	$ 2.29
Diluted	1.12	0.87	3.11	2.23
Weighted average common shares outstanding:				
Basic	96,083	94,312	95,792	94,046
Diluted	98,308	96,671	98,285	96,374
Dividends declared per common share	$ 0.1100	$ 0.0950	$ 0.3300	$ 0.2850

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2011	December 31, 2010
ASSETS:		
Cash and cash equivalents	$ 246,454	$ 270,394
Accounts receivable, net	422,418	403,337
Inventories, net	211,582	178,559
Deferred taxes	34,141	32,894
Unbilled receivables	72,681	75,620
Other current assets	42,747	37,287
Total current assets	1,030,023	998,091
Property, plant and equipment, net	106,965	103,487
Goodwill	2,874,732	2,727,780
Other intangible assets, net	1,109,406	1,104,513
Deferred taxes	60,587	57,850
Other assets	76,725	77,803
Total assets	$ 5,258,438	$ 5,069,524
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Accounts payable	$ 144,606	$ 137,778
Accrued liabilities	302,058	298,080
Deferred taxes	7,971	10,445
Current portion of long-term debt, net	71,194	93,342
Total current liabilities	525,829	539,645
Long-term debt, net of current portion	1,103,296	1,247,703
Deferred taxes	486,095	465,001
Other liabilities	74,555	66,268
Total liabilities	2,189,775	2,318,617
Commitments and contingencies		
Common stock	982	971
Additional paid-in capital	1,087,245	1,045,286
Retained earnings	1,954,728	1,680,849
Accumulated other comprehensive earnings	45,681	43,978
Treasury stock	(19,973)	(20,177)
Total stockholders' equity	3,068,663	2,750,907
Total liabilities and stockholders' equity	$ 5,258,438	$ 5,069,524

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net earnings	$ 305,571	$ 215,269
Adjustments to reconcile net earnings to cash flows from operating activities:		
Depreciation and amortization of property, plant and equipment	27,669	27,271
Amortization of intangible assets	77,056	61,430
Amortization of deferred financing costs	1,772	1,772
Non-cash stock compensation	23,466	19,384
Changes in operating assets and liabilities, net of acquired businesses:		
Accounts receivable	(19,521)	4,277
Unbilled receivables	2,990	(17,395)
Inventories	(28,422)	(7,277)
Accounts payable and accrued liabilities	16,716	33,110
Income taxes payable	5,888	10,943
Other, net	(4,111)	(4,366)
Cash provided by operating activities	409,074	344,418
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(227,197)	(536,413)
Capital expenditures	(29,143)	(20,391)
Proceeds from sale of assets	1,553	4,773
Other, net	(1,685)	(2,958)
Cash used in investing activities	(256,472)	(554,989)
Cash flows from financing activities:		
Borrowings/(payments) under revolving line of credit, net	(145,000)	318,000
Principal payments on convertible notes	(25,057)	(20,123)
Cash dividends to stockholders	(31,529)	(26,722)
Proceeds from stock option exercises	14,479	16,955
Stock award tax excess windfall benefit	4,101	4,287
Treasury stock sales	1,589	1,236
Other	(537)	(314)
Cash provided by/(used in) financing activities	(181,954)	293,319
Effect of foreign currency exchange rate changes on cash	5,412	357
Net increase/(decrease) in cash and cash equivalents	(23,940)	83,105
Cash and cash equivalents, beginning of period	270,394	167,708

Cash and cash equivalents, end of period	$	246,454	$	250,813

See accompanying notes to condensed consolidated financial statements.

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

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings	Treasury stock	Total
Balances at December 31, 2010	$ 971	$ 1,045,286	$ 1,680,849	$ 43,978	$ (20,177)	$ 2,750,907
Net earnings	-	-	305,571	-	-	305,571
Stock option exercises	4	14,475	-	-	-	14,479
Treasury stock sold	-	1,385	-	-	204	1,589
Currency translation adjustments, net of $809 tax	-	-	-	1,703	-	1,703
Stock based compensation	-	22,940	-	-	-	22,940
Restricted stock activity	3	(4,987)	-	-	-	(4,984)
Stock option tax benefit, net of shortfalls	-	3,999	-	-	-	3,999
Conversion of senior subordinated convertible notes	4	4,147	-	-	-	4,151
Dividends declared	-	-	(31,692)	-	-	(31,692)
Balances at September 30, 2011	$ 982	$ 1,087,245	$ 1,954,728	$ 45,681	$ (19,973)	$ 3,068,663

See accompanying notes to condensed consolidated financial statements.

Roper Industries, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)
September 30, 2011

1. Basis of Presentation

The accompanying condensed consolidated financial statements for the three and nine month periods ended September 30, 2011 and 2010 are unaudited. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the financial position, results of operations and cash flows of Roper Industries, Inc. and its subsidiaries (“Roper” or the “Company”) for all periods presented.

Roper’s management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Actual results could differ from those estimates.

The results of operations for the three and nine month periods ended September 30, 2011 are not necessarily indicative of the results to be expected for the full year. You should read these unaudited condensed consolidated financial statements in conjunction with Roper’s consolidated financial statements and the notes thereto included in its 2010 Annual Report on Form 10-K (“Annual Report”) filed on February 25, 2011 with the Securities and Exchange Commission (“SEC”).

2. Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued amendments to the accounting and disclosure for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010, modify the criteria for recognizing revenue in multiple element arrangements and the scope of what constitutes a non-software deliverable. The Company implemented the amendments on January 1, 2011, and the impact on its results of operations, financial position and cash flows was immaterial.

In May 2011, the FASB issued an amendment to accounting and disclosures related to fair value measurement. This amendment, effective for interim and annual periods beginning after December 15, 2011, results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards. The adoption of this guidance is not expected to have a material impact on the Company’s results of operations, financial position or cash flows.

In June 2011, the FASB issued an amendment to the disclosure of Comprehensive Income. This amendment, effective for interim and annual periods beginning after December 15, 2011, requires the presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The adoption of this guidance will not have an impact on the Company’s results of operations, financial position or cash flows as it is disclosure only in nature.

In September 2011, the FASB issued new accounting rules related to testing goodwill for impairment. The new accounting rules permit an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the two-step goodwill impairment test prescribed under current accounting rules. Otherwise, the two-step goodwill impairment test is not required. The new accounting rules will be effective for interim and annual periods beginning after December 15, 2011; however, early adoption is permitted. The Company is currently assessing the new accounting rules but does not expect these rules to have a material effect on the Company's results of operations, financial position or cash flows.

3. Earnings Per Share

Basic earnings per share were calculated using net earnings and the weighted average number of shares of common stock outstanding during the respective period. Diluted earnings per share were calculated using net earnings and the weighted average number of shares of common stock and potential common stock outstanding during the respective period. Potentially dilutive common stock consisted of stock options and the premium over the conversion price on Roper's senior subordinated convertible notes based upon the trading price of Roper's common stock. The effects of potential common stock were determined using the treasury stock method. Weighted average shares outstanding are as shown below (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Basic shares outstanding	96,083	94,312	95,792	94,046
Effect of potential common stock:				
Common stock awards	1,157	975	1,242	945
Senior subordinated convertible notes	1,068	1,384	1,251	1,383
Diluted shares outstanding	98,308	96,671	98,285	96,374

For the three and nine month periods ended September 30, 2011 there were 773,500 and 763,500 outstanding stock options, respectively, that were not included in the determination of diluted earnings per share because doing so would have been antidilutive; this compares to 1,139,683 and 1,575,933 outstanding stock options, respectively, that would have been antidilutive for the three and nine month periods ended September 30, 2010.

4. Business Acquisitions

On June 3, 2011, Roper acquired 100% of the shares of Northern Digital, Inc. (“NDI”), a leading provider of 3-D measurement technology for medical applications in computer-assisted surgery and computer-assisted therapy. Roper acquired NDI as an addition to its medical platform, and it is reported in the Medical and Scientific Imaging segment. The purchase price was $200 million Canadian dollars, which translated to $205 million U.S. dollars. Roper recorded $135 million in goodwill and $74 million in other identifiable intangible assets in connection with the acquisition.

On September 26, 2011, Roper acquired 100% of the shares of United Controls Group, Inc. (“UCG”), a provider of control systems in the oil and gas industry, for $23 million in cash. UCG was acquired as an addition to Roper’s existing control systems businesses, and is reported in the Energy Systems and Controls segment. Roper recorded a preliminary value of $23 million in total goodwill and other intangible assets in connection with the acquisition.

The Company recorded $1.3 million in transaction costs related to 2011 acquisitions, which were expensed as incurred.

Supplemental pro forma data has not been supplied as the acquisitions, both individually and in aggregate, did not have a material impact on Roper's consolidated results of operations.

5. Stock Based Compensation

The Roper Industries, Inc. Amended and Restated 2006 Incentive Plan is a stock based compensation plan used to grant incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights or equivalent instruments to Roper’s employees, officers and directors.

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

The following table provides information regarding the Company’s stock based compensation expense (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Stock based compensation	$7,660	$6,280	$23,466	$19,384
Tax effect recognized in net income	2,681	2,198	8,216	6,789
Windfall tax benefit, net	372	1,369	3,999	4,241

Stock Options - In the nine month period ended September 30, 2011, 753,500 options were granted with a weighted average fair value of $24.45 per option. During the same period in 2010, 595,850 options were granted with a weighted average fair value per share of $16.93. All options were issued at grant date fair value, which is defined by the Plan as the closing price of Roper stock on the date of grant.

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

	Nine months ended September 30,	
	2011	2010
Fair value per share ($)	24.45	16.93
Risk-free interest rate (%)	1.91	2.34
Expected option life (years)	5.34	5.38
Expected volatility (%)	35.26	34.54
Expected dividend yield (%)	0.60	0.72

Cash received from option exercises for the nine months ended September 30, 2011 and 2010 was $14.5 million and $17.0 million, respectively.

Restricted Stock Awards - During the nine months ended September 30, 2011, 339,330 restricted stock awards were granted with a weighted average fair value per share of $74.27. During the same period in 2010, 252,893 awards were granted with a weighted average fair value per share of $52.65. All grants were issued at grant date fair value.

During the nine months ended September 30, 2011, 213,101 restricted awards vested with a weighted average grant date fair value per share of $51.79, at a weighted average vest date fair value per share of $76.50.

Employee Stock Purchase Plan - During the nine month periods ended September 30, 2011 and 2010, participants of the employee stock purchase plan purchased 20,628 and 22,598 shares, respectively, of Roper’s common stock for total consideration of $1.6 million and $1.2 million, respectively. All shares were purchased from Roper’s treasury shares.

6. Comprehensive Earnings

Comprehensive earnings include net earnings and all other non-owner sources of changes in net assets and are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Net earnings	$110,281	$84,263	$305,571	$215,269
Currency translation adjustments	(27,746)	36,837	1,703	(11,431)
Comprehensive earnings	$82,535	$121,100	$307,274	$203,838

7. Inventories

	September 30, 2011	December 31, 2010
	(in thousands)	
Raw materials and supplies	$ 126,762	$ 113,415
Work in process	34,743	26,358
Finished products	86,558	71,302
Inventory reserves	(36,481)	(32,516)
	$ 211,582	$ 178,559

8. Goodwill

	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology	Total
			(in thousands)		
Balances at December 31, 2010	$ 420,002	$ 380,595	$ 637,991	$ 1,289,192	$ 2,727,780
Additions	-	16,294	135,379	-	151,673
Other	-	-	-	(5,272)	(5,272)
Currency translation adjustments	3,382	902	(4,745)	1,012	551
Balances at September 30, 2011	$ 423,384	$ 397,791	$ 768,625	$ 1,284,932	$ 2,874,732

Other relates to final working capital and tax adjustments related to 2010 acquisitions.

9. Other Intangible Assets, net

	Cost	Accumulated amortization	Net book value
		(in thousands)	
Assets subject to amortization:			

Customer related intangibles	$	960,013	$	(235,885)	$	724,128
Unpatented technology		175,819		(54,376)		121,443
Software		49,095		(30,182)		18,913
Patents and other protective rights		25,505		(15,292)		10,213
Trade secrets		1,604		(1,174)		430
Assets not subject to amortization:						
Trade names		229,386		-		229,386
Balances at December 31, 2010	$	1,441,422	$	(336,909)	$	1,104,513
Assets subject to amortization:						
Customer related intangibles	$	1,015,186	$	(285,714)	$	729,472
Unpatented technology		195,920		(70,267)		125,653
Software		49,095		(34,718)		14,377
Patents and other protective rights		26,249		(17,880)		8,369
Trade secrets		1,604		(1,424)		180
Assets not subject to amortization:						
Trade names		231,355		-		231,355
Balances at September 30, 2011	$	1,519,409	$	(410,003)	$	1,109,406

Amortization expense of other intangible assets was $73,466 and $59,546 during the nine months ended September 30, 2011 and 2010, respectively.

10. Debt

Roper's 3.75% senior subordinated convertible notes due 2034 became convertible on January 15, 2009. During the nine month period ended September 30, 2011, 58,430 notes were converted for $25.1 million in cash and 433,567 shares of common stock at a weighted average share price of $83.71. No gain or loss was recorded upon these conversions. In addition, a related $4.1 million deferred tax liability associated with excess deductions recorded for tax purposes was relieved to additional paid-in capital upon the conversions.

At September 30, 2011, the conversion of 1,200 notes was pending with a settlement date of October 6, 2011. The conversion resulted in the payment of $0.5 million in cash and the issuance of 7,586 shares of common stock at a weighted average share price of $70.12.

At September 30, 2011, the conversion price on the outstanding notes was $436.81. If converted at September 30, 2011, the value would exceed the $68 million principal amount of the notes by $70 million and would result in the issuance of 987,143 shares of Roper's common stock.

11. Fair Value of Financial Instruments

Roper's long-term debt at September 30, 2011 included $500 million of fixed-rate senior notes due 2019, with a fair value of $605 million, and $500 million of fixed-rate senior notes due 2013, with a fair value of $549 million, based on the trading prices of the notes. Short-term debt included $68 million of fixed-rate convertible notes that were reported at fair value due to the ability of note holders to exercise the conversion option of the notes.

The Company manages interest rate risk by maintaining a combination of fixed- and variable-rate debt, which may include interest rate swaps to convert fixed-rate debt to variable-rate debt, or to convert variable-rate debt to fixed-rate debt. At September 30, 2011 an aggregate notional amount of $500 million in interest rate swaps designated as fair value hedges effectively changed the Company's $500 million senior notes due 2013 with a fixed interest rate of 6.625% to a variable rate obligation at a weighted average spread of 4.377% plus the 3 month London Interbank

Offered Rate ("LIBOR").

The swaps are recorded at fair value in the balance sheet as an asset or liability, and the changes in fair value of both the interest rate swap and the hedged senior notes due 2013 are recorded as interest expense. At September 30, 2011, the fair value of the swap was an asset balance of $14.84 million and was reported in other assets, with a corresponding increase of $14.81 million in the notes being hedged, which was reported as long-term debt. The impact on earnings for the three and nine month periods ended September 30, 2011 was immaterial. The Company has determined the swaps to be Level 2 in the FASB fair value hierarchy, and uses inputs other than quoted prices that are observable for the asset or liability, including interest rates, yield curves and credit risks in order to value the instruments.

In the third quarter of 2011, the Company entered into foreign currency forward contracts expiring in the fourth quarter of 2011 to offset the foreign currency remeasurement gains and losses related to intercompany notes structured as non-permanent advances. At September 30, 2011, the fair value of the forward contracts was an asset balance of $3.4 million and was reported in other receivables. The Company has determined the swaps to be Level 2 in the FASB fair value hierarchy, and uses foreign currency exchange rates that are observable for the asset in order to value the instruments.

12. Contingencies

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

Over recent years there has been an increase in certain U.S. states in asbestos-related litigation claims against numerous industrial companies. Roper or its subsidiaries have been named defendants in some such cases. No significant resources have been required by Roper to respond to these cases and the Company believes it has valid defenses to such claims and, if required, intends to defend them vigorously. Given the state of these claims it is not possible to determine the potential liability, if any.

Roper's financial statements include accruals for potential product liability and warranty claims based on its claims experience. Such costs are accrued at the time revenue is recognized. A summary of the warranty accrual activity for the nine months ended September 30, 2011 is presented below (in thousands):

Balance at December 31, 2010	$ 7,038
Additions charged to costs and expenses	6,914
Deductions	(5,884)
Other	14
Balance at September 30, 2011	$ 8,082

13. Business Segments

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	Change	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Change
Net sales:						
Industrial Technology	$ 185,258	$ 161,205	14.9%	$ 538,695	$ 442,007	21.9%
Energy Systems & Controls	150,385	123,458	21.8	425,768	348,523	22.2
Medical & Scientific Imaging	156,470	134,434	16.4	452,835	393,192	15.2
RF Technology	220,592	185,991	18.6	640,587	522,911	22.5
Total	$ 712,705	$ 605,088	17.8%	$ 2,057,885	$ 1,706,633	20.6%
Gross profit:						
Industrial Technology	$ 91,238	$ 82,383	10.7%	$ 269,020	$ 223,825	20.2%
Energy Systems & Controls	81,832	65,590	24.8	232,390	183,884	26.4
Medical & Scientific Imaging	99,035	82,610	19.9	285,295	238,427	19.7
RF Technology	110,451	91,166	21.2	323,010	257,125	25.6
Total	$ 382,556	$ 321,749	18.9%	$ 1,109,715	$ 903,261	22.9%
Operating profit*:						
Industrial Technology	$ 52,238	$ 44,954	16.2%	$ 150,156	$ 115,462	30.0%
Energy Systems & Controls	38,675	28,611	35.2	105,423	76,606	37.6
Medical & Scientific Imaging	38,610	31,193	23.8	108,999	88,323	23.4
RF Technology	52,552	37,155	41.4	150,413	104,060	44.5
Total	$ 182,075	$ 141,913	28.3%	$ 514,991	$ 384,451	34.0%
Long-lived assets:						
Industrial Technology	$ 41,070	$ 40,754	0.8%			
Energy Systems & Controls	17,784	18,731	(5.1)			
Medical & Scientific Imaging	46,940	35,458	32.4			
RF Technology	29,879	34,319	(12.9)			
Total	$ 135,673	$ 129,262	5.0%			

*Segment operating profit is before unallocated corporate general and administrative expenses. These expenses were $14,860 and $13,680 for the three months ended September 30, 2011 and 2010, respectively, and $41,806 and $36,315 for the nine months ended September 30, 2011 and 2010, respectively.

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

You should read the following discussion in conjunction with Management’s Discussion and Analysis of Financial Conditions and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010 as filed on February 25, 2011 with the SEC and the notes to our Condensed Consolidated Financial Statements included elsewhere in this report.

Information About Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of the federal securities laws. In addition, we, or our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file with the SEC or in connection with oral statements made to the press, potential investors or others. All statements that are not historical facts are “forward-looking statements.” The words “estimate,” “plan,” “project,” “inten “expect,” “believe,” “anticipate,” and similar expressions identify forward-looking statements. These forward-looking statements include statements regarding our expected financial position, business, financing plans, business strategy, business prospects, revenues, working capital, liquidity, capital needs, interest costs and income, in each case relating to our company as a whole, as well as statements regarding acquisitions, potential acquisitions and the benefits of acquisitions.

Forward-looking statements are estimates and projections reflecting our best judgment and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Examples of forward-looking statements in this report include but are not limited to our expectations regarding our ability to generate operating cash flows and reduce debt and associated interest expense and our expectations regarding growth through acquisitions. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the cost, timing and success of product upgrades and new product introductions, raw materials costs, expected pricing levels, the timing and cost of expected capital expenditures, expected outcomes of pending litigation, competitive conditions, general economic conditions and expected synergies relating to acquisitions, joint ventures and alliances. These assumptions could prove inaccurate. Although we believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include:

- general economic conditions;
- difficulty making acquisitions and successfully integrating acquired businesses;
- any unforeseen liabilities associated with future acquisitions;
- limitations on our business imposed by our indebtedness;
- unfavorable changes in foreign exchange rates;
- difficulties associated with exports;
- risks and costs associated with our international sales and operations;
- increased directors’ and officers’ liability and other insurance costs;
- risk of rising interest rates;
- product liability and insurance risks;
- increased warranty exposure;
- future competition;
- the cyclical nature of some of our markets;
- reduction of business with large customers;
- risks associated with government contracts;

- changes in the supply of, or price for, raw materials, parts and components;
- environmental compliance costs and liabilities;
- risks and costs associated with asbestos-related litigation;
- potential write-offs of our substantial intangible assets;
- our ability to successfully develop new products;
- failure to protect our intellectual property;