IDEX CORP /DE/
Form DEF 14A
March 02, 2015

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 x 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))**

x 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)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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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, 2015

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of IDEX Corporation (the Company) which will be held on Wednesday, April 8, 2015, at 9:00 a.m. Central Time, at the Lincolnshire Marriott Resort, 10 Marriott Drive, Lincolnshire, Illinois 60069.

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 2014 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, 2015

To the Stockholders:

The Annual Meeting of Stockholders of IDEX Corporation (the Company) will be held on Wednesday, April 8, 2015, at 9:00 a.m. Central Time, at the Lincolnshire Marriott Resort, 10 Marriott Drive, Lincolnshire, Illinois 60069, for the following purposes:

1. To elect two 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 approve the Second Amended and Restated IDEX Corporation Incentive Award Plan.
4. To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for 2015.
5. To transact such other business as may properly come before the Annual Meeting.

The Board of Directors fixed the close of business on February 10, 2015, 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.

By Order of the Board of Directors

Frank J. Notaro

Senior Vice President, General Counsel

and Secretary

March 5, 2015

Lake Forest, Illinois

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 8, 2015

The Proxy Statement and 2014 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 Wednesday, April 8, 2015, at 9:00 a.m. Central Time, at the Lincolnshire Marriott Resort, 10 Marriott Drive, Lincolnshire, Illinois 60069 (the Annual Meeting). The Company commenced distribution of this Proxy Statement and the accompanying materials on March 5, 2015.

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 $6,500, 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 10, 2015, and each stockholder will be entitled to vote at the Annual Meeting any shares of Common Stock held of record on that date. 78,298,528 shares of Common Stock were outstanding at the close of business on February 10, 2015. 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 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 Approval of the Second Amended and Restated IDEX Corporation Incentive Award Plan. Approval of the Second Amended and Restated IDEX Corporation Incentive Award Plan will require the affirmative vote of a majority of shares cast 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 4 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 Annual 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 Second Amended and Restated IDEX Corporation Incentive Award Plan, FOR approval of the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for 2015, and in the discretion of the proxy holders as to any other business which may properly come before the Annual 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 Annual 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, Senior 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 II directors whose terms will expire at this year s Annual Meeting, three of whom are Class III directors whose terms will expire at the Annual Meeting to be held in 2016, and three of whom are Class I directors whose terms will expire at the Annual Meeting to be held in 2017. Mr. Bell, a Class I director, will retire and resign from the Board on the date of the Annual Meeting. Mr. Tokarz, a Class II director, will not stand for election this year.

The Board of Directors has nominated two individuals for election as Class II directors to serve for a three-year term expiring at the Annual Meeting to be held in 2018, or upon the election and qualification of their successors. The nominees of the Board of Directors are William M. Cook and Cynthia J. Warner, each of whom is currently serving as a director of the Company. The nominees and the directors serving in Class III and Class I 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.

The Company s Board of Directors Recommends a Vote FOR

the Nominees in Class II Identified Below.

Nominees for Election

Class II: Nominees for Three-Year Term

WILLIAM M. COOK	Director since April 2008
Chairman, President and Chief Executive Officer	Age 61

Donaldson Company, Inc.
Mr. Cook has served as Chairman, President and Chief Executive Officer of Donaldson Company, Inc. since prior to 2009. Effective as of April 1, 2015, Mr. Cook will retire as the President and Chief Executive Officer of Donaldson Company, Inc., but will continue to serve as its Chairman of the Board. 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 34-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. Effective immediately following the Annual Meeting, Mr. Cook will become Lead Director of the Board of Directors.

CYNTHIA J. WARNER	Director since February 2013
Executive Vice President, Strategy and Business Development	Age 56

Tesoro Companies, Inc.
Ms. Warner has been Executive Vice President, Strategy and Business Development for Tesoro Companies, Inc. since October 2014. From 2012 to 2014, Ms. Warner was Chairman and Chief Executive Officer of Sapphire Energy, Inc. From 2009 to 2011, Ms. Warner was Chairman and President of Sapphire Energy. Prior to 2009, 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 role as Chief Executive Officer of Sapphire Energy, an alternative energy venture, Ms. Warner had oversight responsibility for 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 Compensation Committee and Nominating and Corporate Governance Committee of the Board of Directors.

Other Incumbent Directors

Class III: Three-Year Term Expires in 2016

ERNEST J. MROZEK Director since July 2010
Retired Vice Chairman and Chief Financial Officer Age 61
The ServiceMaster Company
Mr. Mrozek served as Vice Chairman and Chief Financial Officer of The ServiceMaster Company 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 Director since December 2012
Vice Chairman Age 61
Illinois Tool Works Inc.
Mr. Parry has served as Vice Chairman of Illinois Tool Works Inc. (ITW) since 2010. From prior to 2009 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. Effective immediately following the Annual Meeting, Mr. Parry will become Chairman of the Nominating and Corporate Governance Committee and a member of the Compensation Committee, and will cease to be a member of the Audit Committee, of the Board of Directors.

LIVINGSTON L. SATTERTHWAITE Director since April 2011
President Age 54
Cummins Power Generation Division
Mr. Satterthwaite has served as President of Cummins Power Generation, a unit of Cummins, Inc., since June 2008.

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, and effective immediately following the Annual Meeting will become Chairman, of the Compensation Committee of the Board of Directors.

Class I: Three-Year Term Expires in 2017

GREGORY F. MILZCIK Director since April 2008
Retired President and Chief Executive Officer Age 55
Barnes Group Inc.
Mr. Milzcik served as President and Chief Executive Officer of Barnes Group Inc. from prior to 2009 until his retirement in 2013. Mr. Milzcik is a director of Kulicke & Soffa Industries Inc.

Mr. Milzcik 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. Milzcik obtained a unique understanding of the industrial manufacturing business environment and gained exposure to and familiarity with IDEX s customer base. In addition, Mr. Milzcik 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. Milzcik 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. Milzcik 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 Audit Committee of the Board of Directors.

ANDREW K. SILVERNAIL Director since August 2011
Chairman, President and Chief Executive Officer Age 44
IDEX Corporation

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.

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. The Corporate Governance Guidelines, 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.

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. Mr. Tokarz, a Class II director, is not standing for election this year. Effective immediately following the Annual Meeting, William M. Cook will serve 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 2014, 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 also reviewed commercial relationships between the Company and organizations with which directors were affiliated by service as an executive officer. The relationships with these organizations involved the Company s sale or purchase of products or services in the ordinary course of business that were made on arm s-length terms and other circumstances that did not affect the relevant directors independence under applicable law and NYSE listing standards. The Board has affirmatively determined, based on these standards and after considering the relationship described immediately above, that the following directors, two of whom are standing for election to the Board, are independent: Messrs. Cook, Milzcik, Mrozek, Parry and Satterthwaite, and Ms. Warner. The Board has also determined that Mr. Silvernail 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 NYSE 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. Mr. Bell, a Class I director, will retire and resign from the Board effective immediately following the Annual Meeting. Mr. Tokarz, a Class II director, is not standing for election this year. Effective immediately following the Annual Meeting, Messrs. Parry and Satterthwaite will become members of the Nominating and Corporate Governance Committee. During 2014, 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 audit committee report that Securities and Exchange Commission (SEC) rules 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, Milzcik, Mrozek and Parry. Effective immediately following the Annual Meeting, Mr. Parry will cease to be a member of the Audit Committee. The Board has determined that each of Messrs. Cook, Milzcik and Mrozek is an audit committee financial expert, as defined by SEC rules. During 2014, 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, Satterthwaite and Tokarz, and Ms. Warner. Mr. Bell, Class I director, will retire and resign from the Board effective immediately following the Annual Meeting. Mr. Tokarz, a Class II director, is not standing for election this year. Effective immediately following the Annual Meeting, Mr. Parry will become a member of the Compensation Committee. During 2014, the Compensation Committee held four 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;
- Assessing the relationship between named executive officer compensation and Company financial performance;
- 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 2014, 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 2014 Annual Meeting of Stockholders.

Compensation Committee Interlocks and Insider Participation

During 2014, Messrs. Bell, Milzcik, Satterthwaite and Tokarz, and Ms. Warner served as the members of the Compensation Committee. Neither Mr. Bell, Mr. Milzcik, Mr. Satterthwaite, Mr. Tokarz, nor Ms. Warner (i) was an officer or employee of the Company or any of its subsidiaries during 2014, (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 2014 was based on the following:

Annual Retainer and Meeting Fees	$	75,000
Committee Chair Retainer		
Audit Committee	$	15,000
Compensation Committee	$	10,000
Nominating and Corporate Governance Committee	$	8,000
Lead Director Fees		
Annual Retainer	$	15,000
Annual Equity Grant	$	15,000
Restricted Stock		100% of Value
Value of Equity Grants Upon Initial Election to the Board		Pro-rated annual grant
Restricted Stock		100% of Value
Value of Annual Equity Grants	$	110,000
Restricted Stock		100% 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 100% 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 restricted stock vests in full on the earliest of the third anniversary of the grant, retirement, 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, retirement, or failure to be re-elected to the Board. Prior to 2014, director equity grants were 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. The Board transitioned the form of award to 100% restricted stock in 2014. Beginning in 2015, directors will have the ability to defer payment of all or a portion of their annual equity grant.

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 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 2014. 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 five times the annual retainer in effect upon their election to the Board. As of December 31, 2014, all directors were either in compliance 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 2014 for the Company s directors. Mr. Silvernail receives no additional compensation for his service as a director.

2014 Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards(1)(2)	All Other Compensation(3)	Total
Bradley J. Bell	$ 83,000	$ 110,000	$ 10,000	$ 203,000
William M. Cook	75,000	110,000	10,000	195,000
Gregory F. Milzcik	75,000	110.000	10,000	195,000
Ernest J. Mrozek	90.000	110,000	10,000	210,000
David C. Parry	75,000	110,000		185,000
Livingston L. Satterthwaite	75,000	110,000	8,101	193,101
Michael T. Tokarz	100,000	125.000	10,000	235,000
Cynthia J. Warner	75,000	110,000		185,000

(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, 2014, 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, 2014. All outstanding awards are in or exercisable for shares of the Company s Common Stock.

Name	Option Awards: Number of Securities Underlying Unexercised Options: Exercisable(a)	Unexercisable(a)	Option Exercise Price	Option Expiration Date	Stock Awards: 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)
Bradley J. Bell	6,750	0	$ 25.70	02/02/2015	3,360	$ 261,542
	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		
	3,075	0	50.45	02/15/2023		
William M. Cook	3,375	0	32.95	04/08/2018	3,360	261,542
	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		
	3,075	0	50.45	02/15/2023		
Gregory F. Milzcik	3,375	0	32.95	04/08/2018	3,360	261,542
	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		
	3,075	0	50.45	02/15/2023		
Ernest J. Mrozek	6,650	0	28.20	07/01/2020	3,360	261,542
	3,190	0	40.89	02/22/2021		
	3,530	0	42.86	02/21/2022		
	3,075	0	50.45	02/15/2023		
David C. Parry	4,930	0	45.08	12/06/2022	3,775	293,846
	3,075	0	50.45	02/15/2023		
Livingston L. Satterthwaite	4,800	0	45.16	04/05/2021	3,360	261,542
	3,530	0	42.86	02/21/2022		
	3,075	0	50.45	02/15/2023		
Michael T. Tokarz	6,750	0	25.70	02/02/2015	3,885	302,408
	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		
	3,620	0	50.45	02/15/2023		
Cynthia J. Warner	4,610	0	50.45	02/15/2023	2,780	216,395

(a) All options expire on the 10th anniversary of the grant date. Options granted prior to 2006 (with expiration dates prior to 2016) vested 100% on the second anniversary of the grant date. Options granted during and after 2006 (with expiration dates during and after 2016) vested 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, 2014.

(3)

Reflects matching gifts of up to $10,000 per year directed to Internal Revenue Code 501(c)(3) tax-exempt, non-profit organizations under the IDEX Corporation Matching Gift Program.

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, Senior 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 10, 2015, 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 10, 2015. Shares of Common Stock subject to options that are exercisable within 60 days of February 10, 2015, 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 address 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
Directors and Nominees (other than Named Executive Officers):		
Bradley J. Bell(1)	68,876	*
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)	361,051	*
Cynthia J. Warner(1)	7,390	*
Named Executive Officers:		
Andrew K. Silvernail(2)(3)	212,738	*
Heath A. Mitts(2)(3)	127,752	*
Eric D. Ashleman(2)(3)	54,422	*
Brett E. Finley(2)(3)	40,398	*
Frank J. Notaro(2)(3)	55,033	*
Directors, Nominees and All Executive Officers as a Group: (16 persons)(4)	1,199,426	1.5
Other Beneficial Owners:		
T. Rowe Price Associates, Inc.(5)	9,913,639	12.4
100 East Pratt Street Baltimore, Maryland 21202		
BlackRock Inc.(6)	5,048,883	6.4
40 East 52nd Street New York, New York 10022		
The Vanguard Group(7)	4,906,114	6.2
100 Vanguard Blvd. Malvern, Pennsylvania 19355		

(1) Includes 25,125, 19,500, 19,500, 16,445, 8,005, 11,405, 26,300 and 4,610 shares under exercisable options for Messrs. Bell, Cook, Milzcik, Mrozek, Parry, Satterthwaite and Tokarz, and Ms. Warner, respectively. Includes 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. Cook,

Milzcik, Mrozek, Parry and Satterthwaite 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; and 1,515 shares of restricted stock issued to each of Messrs. Cook, Milzcik, Mrozek, Parry and Satterthwaite and Ms. Warner on February 13, 2014, which vest on February 13, 2017. Also includes 845 shares and 995 shares of restricted stock issued to Messrs. Bell and Tokarz, respectively, on February 15, 2013, and 1,515 shares and 1,720 shares of restricted stock issued to Messrs. Bell and Tokarz, respectively, on February 13, 2014, which vest on April 8, 2015. The restricted shares held by Messrs. Cook, Milzcik, Mrozek, Parry, and Satterthwaite, and Ms. Warner may vest earlier than the dates indicated above upon a change in control of the Company, retirement, or failure to be re-elected to the Board. All shares of restricted stock are eligible for dividends.

(2) Includes 125,942, 89,987, 27,734, 12,886 and 45,663 shares under exercisable options for Messrs. Silvernail, Mitts, Ashleman, Finley and Notaro, respectively.

(3) Includes shares of restricted stock awarded by the Company as follows:
Mr. Silvernail was awarded 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 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. Ashleman was awarded 4,090 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 1,725 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; 9,915 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest 50% on February 15, 2016 and 50% on February 15, 2017; and 1,895 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. Finley was awarded 2,950 shares of restricted stock under the Incentive Award Plan on February 21, 2012, which vest on February 21, 2015; 1,725 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest on February 15, 2016; 9,915 shares of restricted stock under the Incentive Award Plan on February 15, 2013, which vest 50% on February 15, 2016 and 50% on February 15, 2017; and 1,345 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 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.

The restricted shares held by Messrs. Silvernail, Mitts, Ashleman, Finley and Notaro 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 2014 Fiscal Year End under EXECUTIVE COMPENSATION.

All shares of restricted stock are eligible for dividends.

(4) Includes 551,045 shares under options that are exercisable currently or will be exercisable within 60 days of February 10, 2015, and 147,195 unvested shares of restricted stock.

(5) Based solely on information in Schedule 13G, as of December 31, 2014, 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, 2014, 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, 2014, 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.

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 2014 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 this 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

Livingston L. Satterthwaite

Cynthia J. Warner

Compensation Discussion and Analysis

Executive Summary

2014 saw a continuation of the positive momentum that we experienced in 2013. We focused on increasing shareholder value by focusing on improving organic growth, driven through core product and business line strategies, and productivity gains, while maintaining a disciplined approach to acquisitions, dividends and share repurchases. The following are 2014 financial highlights:

- Sales of $2.1 billion increased 6 percent compared to the prior year, 5 percent organically.
- Earnings per share (EPS) of $3.45 was 36 cents, or 12 percent, higher than the prior year EPS of $3.09.
- Free cash flow of $326 million was 117 percent of net income.
- Net income of $279 million increased 9 percent compared to the prior year.
- We repurchased 3 million shares of common stock for an aggregate purchase price of $223 million.
- We increased the quarterly dividend by 22 percent in April 2014.
- We acquired Aegis Flow Technologies, a leader in the design, manufacture and sale of specialty chemical processing valves for use in the chemical, petro-chemical, chlor-alkali, pharmaceutical, semiconductor and pulp/paper industries.

These financial highlights and significant recent accomplishments are closely related to performance metrics under our executive compensation plans. For 2014, 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, as further refined in 2014, provide a clear link of pay to performance. In 2014, the Compensation Committee:

- Increased the weighting on organic growth in our short-term incentive program thereby highlighting the importance of this metric to the success of our business, and
- Increased the weighting of performance stock units to 50% of the long-term incentive mix, thereby putting more focus on three-year relative total shareholder return.

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 2014:

Approximately 82% of our CEO s 2014 total targeted pay consisted of incentives tied to Company performance, and an average of approximately 68% of our other named executives officers total targeted pay in 2014 consisted of incentives tied to Company performance. The charts below show the allocation of 2014 targeted pay across base salary, the annual cash incentive award, and the long-term incentive award for our CEO and other named executive officers in the 2014 Summary Compensation Table.

In 2014, our long-term incentives continued to represent the single largest component of our CEO s and other named executive officers targeted pay, representing approximately 64% and 44% of total targeted pay, respectively.

Our 2014 incentive awards are directly tied to the performance metrics that we believe are the best measures of our financial success and that will represent 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 our financial performance compared to a group of industrial companies.

The value of all three components of our 2014 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 the median of the 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 to one another and contribute to the long-term creation of shareholder value.

We utilize performance metrics in our annual bonus plan 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 a relative performance goal in our long-term incentive program.

The Committee s independent consultant conducts an analysis of NEO realizable pay and Company financial performance. This analysis provides data on whether the potential outcomes of past pay decisions and programs provided to our executives will deliver realizable pay in-line with Company performance; and it helps to inform the Committee on future pay decisions and program design.

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 times to five times base salary based on position.

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

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.

No executives are eligible to receive an excise tax gross-up in the event of a change in control.

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.

We are adopting double-trigger vesting upon a change in control in our equity award agreements and our incentive plan in 2015.

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.

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 2014 Annual Meeting of Stockholders. The say-on-pay advisory vote received support from over 98% of the shares voted at the 2014 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

As more fully discussed below, 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 with a focus on pay-for-performance, and (3) result in executives holding meaningful amounts of the Company s Common Stock.

Our 2014 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.

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.

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 reviews and 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 considers 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 2014, compensation levels for the NEOs were within the Targeted Range.

The Compensation Committee undertook a review and analysis to ensure that the 2014 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 2014 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), investment in research and development, global presence, and have executive officer positions that are comparable to the Company s in terms of breadth, complexity and scope of responsibilities. The companies listed below are the same group of companies used to benchmark pay in 2013.

A.O. Smith Corporation	Dover Corporation	Pentair Ltd.
Actuant Corporation	Flowserve Corporation	PerkinElmer, Inc.
AMETEK, Inc.	Gardner Denver, Inc.	Robbins & Myers, Inc.
Barnes Group Inc.	JDS Uniphase Corporation	Roper Industries, Inc.
Bruker Corporation	KLA-Tencor Corporation	SPX Corporation
CIRCOR International Inc.	Nordson Corporation	Waters Corporation
Colfax Corporation	Pall Corporation	Watts Water
Donaldson Company, Inc.		

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 Compensation 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
Chief Executive Officer and Senior Vice President, Chief Financial Officer	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.
Senior Vice President Group Executives	40%	60%	Significant number of position matches in the proxy group as CEO-successors managing large portions of overall business; pool for talent would include the broader industry representation in the survey data.
Senior Vice President, General Counsel and Secretary	70%	30%	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 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 independent 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 2014 Executive Compensation Program

The following discussion describes our 2014 compensation elements and 2014 compensation decisions related to our NEOs. Our NEOs consist of our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers. For 2014, our named executive officers are Andrew K. Silvernail, our Chairman of the Board, President and Chief Executive Officer; Heath A. Mitts, our Senior Vice President, Chief Financial Officer; Eric D. Ashleman, our Senior Vice President, Group Executive; Brett E. Finley, our Senior Vice President, Group Executive, and Frank J. Notaro, our Senior Vice President, General Counsel and Secretary.

2014 Key Compensation Elements. The material elements of 2014 compensation for the NEOs are outlined below:

Element	Purpose	Characteristics
Base Salary	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.
Short-Term Incentives Annual Bonus	Provide annual performance-based cash compensation in excess of base salary.	Reflects Company performance.
Long-Term Incentives Stock Options	Provide long-term compensation tied to increases in the price of the Company s common stock, and retention.	Priced on grant date, and vest ratably over four years.
Long-Term Incentives Restricted Stock Awards	Provide long-term compensation tied to the value of the Company s common stock, and retention.	Cliff vest in three years.
Long-Term Incentives Performance Stock Units	Provide performance-based long-term compensation tied to shareholder return and value of the Company s common stock, and retention.	Vest based on relative total shareholder return compared to companies in the S&P Midcap 400 Industrials index over a cumulative three-year period.
Retirement Benefits	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. Base salary is targeted to within a range of +/-20% of the 50th percentile of the market. For 2014, base salaries were within the targeted range for each NEO. The table below highlights the change in 2014 base salary for each NEO. For Messrs. Ashleman and Finley, the 10% increases were due to an increase in responsibilities for each executive and to better align them with the 50^{th} percentile of the market.

NEO	**2014 Base Salary Rate**	**2013 Base Salary Rate**	**Percentage Increase**
Andrew K. Silvernail	$ 900,000	$ 870,000	3%
Heath A. Mitts	$ 473,700	$ 460,000	3%
Frank J. Notaro	$ 426,500	$ 414,000	3%
Eric D. Ashleman	$ 410,000	$ 371,900	10%
Brett E. Finley	$ 410,000	$ 371,900	10%

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 2013 MICP, we increased the weighting on organic sales growth from 25% to 30% and decreased the weighting of adjusted cash flow conversion from 25% to 20%, thereby emphasizing the importance of organic growth to our executives.

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

Annual Bonus = Base Salary x Individual Target Bonus Percentage x 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. Ashleman 70%; and Mr. Finley 70%.

The Business Performance Factor (discussed in more detail below) is calculated based on measurable corporate quantitative objectives, which are given a combined 70% weighting, and one strategic measure with a 30% weighting.

For 2014, 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 2014, no bonus was payable unless a minimum threshold for adjusted EPS was met. The adjusted EPS threshold for 2014 was $2.90.

For 2014, the 30% 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 2014, the relative weightings and the performance against the quantitative and strategic measure resulted in a recommended Business Performance Factor of 150%, as shown in the table below.

MICP Objective	Goal	Actual	Payout	MICP Weighting	Business Performance Factor
Adjusted EPS	$ 3.33	$ 3.60	166.7%	50%	83%
Adjusted Cash Flow Conversion	119%	119%	100.0%	20%	20%
Organic Sales Growth	3.0%	5.25%	156.3%	30%	47%
Total				100%	150%

As indicated above, adjusted EPS, adjusted cash flow conversion and organic sales growth all met or exceeded goals. Payments under the MICP are included in the 2014 Summary Compensation Table under the Non-Equity Incentive Plan Compensation column and summarized in the table below.

NEO	Base Salary Rate	Target Incentive	Business Performance Factor	2014 Short-Term Incentive Award
Heath A. Mitts	$ 473,700	75%	150%	$ 533,000
Eric D. Ashleman	$ 410,000	70%	150%	$ 430,500
Brett E. Finley	$ 410,000	70%	150%	$ 430,500

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 2014, 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 $2.90 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 $2.90. The Compensation Committee set Messrs. Silvernail s and Notaro s actual performance awards for 2014 at $1,350,000 and $479,900, 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.

2014 Long-Term Incentive Awards. In 2014, NEOs received long-term incentive awards consisting of three components: performance stock units (PSUs), stock options and restricted stock. For 2014, the approximate weighting of the PSUs, stock options and the restricted stock was 50%, 35% and 15%, respectively. The 2013 total long-term target opportunities were approximately equally weighted among each of the three long-term incentive award components. The Committee increased the weighting on the performance stock units in 2014 to reflect the pay for performance nature of the equity vehicle and the importance of total shareholder return as a financial metric. Prior to 2013, long-term incentive awards consisted of only stock options and restricted stock, as 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^{th} 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^{th} 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 sales 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, which represents a group of 60-70 industrial manufacturing 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 incent 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.

Working with its independent compensation consultant the Committee granted long-term incentive awards to the NEOs in early 2014 that were targeted at between the 50^{th} and 75^{th} percentile of the peer group to recognize individual impact on the Company s strong 2013 performance and to provide long-term incentive awards at commensurate levels. The Company registered top quartile one-year cumulative TSR in 2013 as compared to the peer group of companies used to benchmark executive pay listed above. The Company s three-year cumulative TSR was ranked at the 72^{nd} percentile as compared to the same group of peer companies.

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 2014 Summary

Compensation Table, the Pension Benefits at 2014 Fiscal Year End table, the Nonqualified Deferred Compensation at 2014 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	2.5x

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 and performance stock units at target. As of December 31, 2014, 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. No executives are eligible for an excise tax gross-up.

2014 Summary Compensation Table

The table below summarizes the total compensation earned in 2014, 2013 and 2012 for the Company s CEO, CFO, and each of the three most highly compensated executive officers other than the CEO and CFO.

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,	2014	$ 895,385	$ 3,614,094	$ 1,584,274	$ 1,350,000		$ 340,046	$ 7,783,799
Chairman, President and Chief	2013	856,808	2,036,105	931,221	1,235,400		298,296	5,357,830
Executive Officer	2012	790,769	800,196	818,174	732,500		261,083	3,402,723
Heath A. Mitts,	2014	471,592	862,913	378,198	533,000		118,256	2,363,959
Senior Vice President and Chief	2013	455,289	501,737	229,515	489,900		98,514	1,774,954
Financial Officer	2012	431,308	250,302	255,680	298,700		109,508	1,345,497
Eric D. Ashleman, Senior Vice President, Group Executive	2014	404,138	735,379	322,245	430,500		90,191	1,982,454
Brett E. Finley, Senior Vice President, Group Executive	2014	404,138	520,460	228,013	430,500		89,068	1,672,179
Frank J. Notaro,	2014	424,577	360,271	157,900	479,900	$ 67,897	110,278	1,600,823
Senior Vice President, General	2013	411,362	286,078	130,840	441,000	77,377	92,519	1,361,799
Counsel and Secretary	2012	391,692	250,302	255,680	269,700		103,196	1,347,947

(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, 2014, for awards granted during the relevant year assuming no forfeitures. All shares of restricted stock and performance stock units 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, 2014, 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 2014 Fiscal Year End table for descriptions of the Pension Plan and SERP). For 2013, Mr. Notaro s aggregate actuarial value decreased by $69,565.

(5) Consists of the following for 2014:

Name	Year	Contribution to 401 (k) Plan, Defined Contribution Plan and Accrued SERP Benefits	Automobile; Supplemental Disability(a)	Aircraft(b)	Other Payments	Total
Andrew K. Silvernail	2014	$ 211,316	$ 25,004	$ 103,726	$ 0	$ 340,046
Heath A. Mitts	2014	96,399	21,857	0	0	118,256
Eric D. Ashleman	2014	66,739	23,452	0	0	90,191
Brett E. Finley	2014	67,104	21,964	0	0	89,068
Frank J. Notaro	2014	91,136	19,142	0	0	110,278

(a) Consists of auto allowance and gas and supplemental disability premiums.

(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 the 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). One NEO has accrued benefits under the Pension Plan. None of the NEOs actively accrued any benefits under the Pension Plan in 2014.

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. Account balances are 100% vested after three years of service under the Defined Contribution Plan.

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. The matching contribution vests 20% for each year of service and is 100% vested after 5 years of service.

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.

Mr. Notaro chose to begin participation in the Defined Contribution Plan. He has a frozen benefit under the Pension Plan as of December 31, 2005. The monthly accrued benefit for Mr. Notaro 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, Ashleman and Finley never participated in the Pension Plan.

2014 Grants of Plan-Based Awards

The following table provides information on plan-based awards for all NEOs for 2014.

		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
Name	**Grant Date**	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**				
Andrew K. Silvernail	02/13/2014	$ 0	$ 900,000	N/A	10,352	31,055	77,638	9,320	81,120	$ 72.73	$ 5,198,367
Heath A. Mitts	02/13/2014	0	355,275	$ 710,550	2,472	7,415	18,538	2,225	19,365	72.73	1,241,111
Eric D. Ashleman	02/13/2014	0	287,000	574,000	2,107	6,320	15,800	1,895	16,500	72.73	1,057,624
Brett E. Finley	02/13/2014	0	287,000	574,000	1,490	4,470	11,175	1,345	11,675	72.73	748,473
Frank J. Notaro	02/13/2014	0	319,875	N/A	1,032	3,095	7,738	930	8,085	72.73	518,171

(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 2014 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 2014 Summary Compensation Table.

(2)

Reflects the range of the number of shares of Common Stock that could be issued pertaining to the performance stock units awarded in 2014 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 shares of restricted stock awarded in 2014 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.

34

Narrative to 2014 Grants of Plan-Based Awards Table

Stock options awarded to the NEOs in 2014 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 2014 had the following characteristics:

- All annual awards cliff-vest three years after the grant date;
- All shares vest upon retirement if NEO is 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 2014 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 NEO is 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 2014 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, 2014. All outstanding equity awards are in or exercisable for shares of the Company s Common Stock.

	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options							
Name	Exercisable(1)	Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares of Stock that Have Not Vested(2)	Market Value of Shares 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	11,820	3,940	40.89	02/22/2021	46,495	$ 3,619,171	81,180	$ 6,319,086
	35,760	35,760	42.86	02/21/2022				
	18,131	54,394	50.45	02/15/2023				
	0	81,120	72.73	02/13/2024				
Heath A. Mitts	21,850	0	31.77	03/02/2020	12,625	982,730	19,655	1,529,965
	33,973	25,477	40.89	02/22/2021				
	11,175	11,175	42.86	02/21/2022				
	4,468	13,407	50.45	02/15/2023				
	0	19,365	72.73	02/13/2024				
Eric D. Ashleman	6,375	2,125	40.89	02/22/2021	17,625	1,371,930	12,602	980,971
	7,825	7,825	42.86	02/21/2022				
	1,686	5,059	50.45	02/15/2023				
	0	16,500	72.73	02/13/2024				
Brett E. Finley	1,975	0	31.77	03/02/2020	15,935	1,240,380	9,883	769,285
	0	1,795	40.89	02/22/2021				
	0	5,650	42.86	02/21/2022				
	1,686	5,059	50.45	02/15/2023				
	0	11,675	72.73	02/13/2024				
Frank J. Notaro	8,378	13,407	40.89	02/22/2021	9,370	729,361	9,542	742,722
	11,175	11,175	42.86	02/21/2022				
	2,547	7,643	50.45	02/15/2023				
	0	8,085	72.73	02/13/2024				

(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. 42,460 and 21,230 shares of Messrs. Mitts and Notaro s February 22, 2011 option awards, respectively, vested 50% on February 22, 2014 and will vest 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	# 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	02/21/2012	18,670	$ 42.86	18,670	$ 1,453,273	100% vest on 02/21/2015
	02/15/2013	18,505	50.45	18,505	1,440,429	100% vest on 02/15/2016
	02/13/2014	9,320	72.73	9,320	725,469	100% vest on 02/13/2017
Heath A. Mitts	02/21/2012	5,840	42.86	5,840	454,586	100% vest on 02/21/2015
	02/15/2013	4,560	50.45	4,560	354,950	100% vest on 02/15/2016
	02/13/2014	2,225	72.73	2,225	173,194	100% vest on 02/13/2017
Eric D. Ashleman	02/21/2012	4,090	42.86	4,090	318,366	100% vest on 02/21/2015
	02/15/2013	1,725	50.45	1,725	134,274	100% vest on 02/15/2016
	02/15/2013	9,915	50.45	9,915	771,784	50% vest on 02/15/2016
						50% vest on 02/15/2017
Brett E. Finley	02/13/2014	1,895	72.73	1,895	147,507	100% vest on 02/13/2017
	02/21/2012	2,950	42.86	2,950	229,628	100% vest on 02/21/2015
	02/15/2013	1,725	50.45	1,725	134,274	100% vest on 02/15/2016
	02/15/2013	9,915	50.45	9,915	771,784	50% vest on 02/15/2016
						50% vest on 02/15/2017
Frank J. Notaro	02/13/2014	1,345	72.73	1,345	104,695	100% vest on 02/13/2017
	02/21/2012	5,840	42.86	5,840	454,586	100% vest on 02/21/2015
	02/15/2013	2,600	50.45	2,600	202,384	100% vest on 02/15/2016
	02/13/2014	930	72.73			