

ROPER INDUSTRIES INC /DE/

Form 424B5

December 24, 2003

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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-110491  
Registration No. 333-111472**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated December 1, 2003)**

**4,200,000 Shares**

**Common Stock**

Our common stock is listed on the New York Stock Exchange under the symbol ROP. On December 22, 2003, the last reported sale price for our common stock as reported on the New York Stock Exchange was \$48.56 per share.

We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for our acquisition of Neptune Technology Group Holdings Inc., or NTGH, repay our existing credit facility and pay related fees and expenses.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, senior subordinated convertible notes of \$200 million initial accreted value, assuming the underwriters' overallotment option is not exercised. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes. The closing of this offering is conditioned upon the completion of our new senior secured credit facility and the NTGH acquisition. We refer you to Prospectus Supplement Summary Acquisition Financing and Related Transactions in this prospectus supplement. We expect this offering to close concurrently with the notes offering, our new senior secured credit facility and the NTGH acquisition.

Holders of shares purchased in this offering will initially be entitled to one vote per share. Holders of our common stock who have held their shares for at least four years without a change in beneficial ownership are entitled to five votes per share. If there is no change in beneficial ownership of the shares you purchase in this offering for at least four years, the shares will become entitled to five votes per share until a change in beneficial ownership occurs, at which time the shares will revert to one vote per share for a period of at least four years. See Description of Common Stock in the accompanying prospectus.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-18 of this prospectus supplement.**

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$48.00	\$201,600,000
Underwriting discount	\$2.16	\$9,072,000
Proceeds, before expenses, to us	\$45.84	\$192,528,000

The underwriters may also purchase up to an additional 630,000 shares from us at the public offering price less the underwriting discount, within 30 days from the date of this prospectus supplement to cover any overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about December 29, 2003.

*Sole Book-Running Manager*  
**Merrill Lynch & Co.**

**JPMorgan**

**Wachovia Securities**

**Robert W. Baird & Co.**

**JMP Securities**

**McDonald Investments Inc.**

**SunTrust Robinson Humphrey**

The date of this prospectus supplement is December 22, 2003.

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**We have not authorized anyone to provide you with any information other than the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This document may only be used where it is legal to offer and sell the common stock.**

This prospectus supplement is part of, and you should read it in conjunction with, the accompanying prospectus. Unless the context otherwise requires, references in this prospectus supplement to Roper, we, us and our and similar references refer to Roper Industries, Inc., a Delaware corporation, and its consolidated subsidiaries, including, after giving effect to the NTGH acquisition, NTGH. NTGH refers to Neptune Technology Group Holdings Inc., a Delaware corporation, and its consolidated subsidiaries.

This prospectus supplement and the accompanying prospectus contain some of our and NTGH's trademarks and service marks.

## Edgar Filing: ROPER INDUSTRIES INC /DE/ - Form 424B5

Market and industry data used throughout this prospectus supplement and the accompanying prospectus, including information relating to market share and trends, is based on our good faith estimates. These estimates were based on our review of internal surveys, independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified this information.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. Such transactions may include stabilization and the purchase of common stock to cover short positions. For a description of these activities, see Underwriting.

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**Special Note Regarding Forward-Looking Statements**

This prospectus supplement includes and incorporates by reference forward-looking statements within the meaning of the federal securities laws. All statements that are not historical facts are forward-looking statements. The words estimate, project, intend, expect, anticipate and similar expressions identify forward-looking statements. In particular, this prospectus supplement contains forward-looking statements regarding the NTGH acquisition and its benefits to our business, and as described in the risk factor We may not be able to realize the anticipated benefits from the NTGH acquisition and we may experience unforeseen liabilities in connection with the acquisition, we may not be able to realize these benefits to our business. Other forward-looking statements include statements regarding our expected financial position, business, financing plans, business strategy, business prospectus, revenues, working capital, liquidity, capital needs, interest costs and income and potential acquisitions.

Forward-looking statements are estimates and projections reflecting our best judgment and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the cost, timing and success of product upgrades and new product introductions, raw materials costs, expected pricing levels, the timing and cost of expected capital expenditures, expected outcomes of pending litigation, competitive conditions, general economic conditions and expected synergies relating to acquisitions, joint ventures and alliances. These assumptions could prove inaccurate. Although we believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. In particular, the forward-looking statements regarding the NTGH acquisition are subject to the risks described in Risk Factors. Important factors that could cause actual results to differ materially from our other estimates or projections contained in the forward-looking statements include:

- our ability to realize the anticipated benefits from the NTGH acquisition;
- any unforeseen liabilities associated with the NTGH acquisition;
- limitations on our business imposed by our indebtedness;
- reductions in our business with Gazprom;
- unfavorable changes in foreign exchange rates;
- difficulties associated with exports;
- risks and costs associated with our international sales and operations;
- difficulty making acquisitions and successfully integrating acquired businesses;
- product liability and insurance risks and costs;
- our ability to achieve anticipated benefits from the realignment of our operating structure;
- the cyclical nature of our industry;
- future competition;
- changes in the supply of, or price for, parts and components;
- environmental compliance costs and liabilities;
- potential write-offs of our substantial intangible assets;

our ability to develop new products;

failure to protect our technology;

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terrorist attacks;

future health crises; and

those factors listed in this prospectus supplement under "Risk Factors" as well as those included in our SEC filings incorporated by reference in this prospectus supplement and the accompanying prospectus.

We believe our forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary highlights selected information in this prospectus supplement. The summary does not contain all of the information that may be important to you, and you should carefully read the entire prospectus supplement and accompanying prospectus before deciding whether to invest in our common stock. In August 2003, we changed our fiscal year-end from October 31 to December 31 to more closely align our reporting periods with those of our customers. In this prospectus supplement and the accompanying prospectus, references to one of our fiscal years mean a year ended October 31 and references to one of NTGH's years means a year ended December 31. In this prospectus supplement, we use the terms adjusted EBITDA and free cash flow, which are financial measures not calculated in accordance with generally accepted accounting principles, or GAAP. We include reconciliations of these measures to the most directly comparable GAAP measures in Summary Consolidated Financial Data Roper, Summary Consolidated Financial Data NTGH and Summary Pro Forma Consolidated Financial Data. Unless otherwise noted herein, the information in this prospectus supplement assumes no exercise of the underwriters' overallotment options in this offering and the notes offering.*

**Roper Industries**

We design, manufacture and distribute engineered products and solutions for selected segments of a broad range of global markets. Our principal markets include oil and gas, scientific and industrial research, medical, semiconductor, refrigeration, automotive, water and wastewater, power generation and general industrial.

We pursue consistent and sustainable growth in sales and earnings by emphasizing continuous improvement in the operating performance of our existing businesses and by acquiring other carefully selected businesses that offer high value-added, engineered products and solutions and are capable of achieving and maintaining high margins. We compete in many niche markets and are the market leader or the competitive alternative to the market leader in the majority of these markets.

We believe that our financial results reflect the high value we provide to our customers, our continuous improvement initiatives, our end market and geographic diversification and our ability to acquire and integrate businesses successfully. From fiscal 1992, the year of our initial public offering, through our fiscal year ended October 31, 2002, our net sales have grown at a compound annual growth rate of 24% and earnings from continuing operations before change in accounting principle per share have grown at a compound annual growth rate of 27%. In fiscal 2002, we generated net sales of \$617 million, adjusted EBITDA of \$130 million, or 21% of net sales, cash flows from operating activities of \$87 million, earnings from continuing operations before change in accounting principle of \$66 million and net earnings of \$40 million. During the nine months ended September 30, 2003, we generated net sales of \$488 million, adjusted EBITDA of \$96 million, or 20% of net sales, cash flows from operating activities of \$58 million, earnings from continuing operations of \$46 million and net earnings of \$43 million and during the nine months ended September 30, 2002, we generated net sales of \$455 million, adjusted EBITDA of \$90 million, or 20% of net sales, cash flows from operating activities of \$66 million and earnings from continuing operations and net earnings of \$45 million.

**Our Business Segments**

In early 2003, we realigned our operations into four market-based segments: Instrumentation, Industrial Technology, Energy Systems and Controls and Scientific and Industrial Imaging.

*Instrumentation.* Our Instrumentation segment provides sophisticated products and solutions that prepare material samples for analysis, test fluid products for physical and elemental properties, detect leaks in consumer and industrial products, perform spectrographic analyses and dispense fluids with extremely high precision. This segment focuses primarily on the test, inspection and measurement applications in oil and gas, research and industrial markets. Our primary business units in this segment are Acton Research, Antek Instruments, Integrated Designs, Logitech, PAC, Struers and Uson.

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*Industrial Technology.* Our Industrial Technology segment provides products and solutions for improving our customers' productivity. Industrial Technology offerings include centrifugal, gear, progressing cavity and diaphragm pumps; refrigeration controls and systems; rotating machinery and process controls; and precision metering, measurement and valves for specialty applications. Our primary business units in this segment are Abel Pump, AMOT Controls, Cornell Pump, Flow Technology, Fluid Metering, Hansen Technologies and Roper Pump, which provide products and solutions largely for diverse industrial, energy, commercial refrigeration and water and wastewater markets.

*Energy Systems and Controls.* Our Energy Systems and Controls segment provides control, monitoring and inspection systems and services, which improve the quality, safety and efficiency of customer equipment and processes, primarily in the energy markets. We offer our customers technologies for vibration measurement and monitoring of rotating and reciprocating machinery, control systems for turbomachinery and non-destructive testing solutions used primarily in power plant maintenance. Our primary business units in this segment are Compressor Controls, Metrix and Zetec.

*Scientific and Industrial Imaging.* Our Scientific and Industrial Imaging segment provides solutions that enable research in life and physical sciences and are used in various industrial applications. Our products include digital imaging cameras, spectrographic systems, electron microscope accessories, high-speed digital video equipment and image processing software. Our primary business units in this segment are Gatan, Media Cybernetics, QImaging, Redlake and Roper Scientific.

## **Our Strengths**

### ***Strategic***

*Leadership in Niche Markets.* We have developed and maintained a leading position in many of our markets. We believe our market positions are attributable to the technical sophistication of our products, the applications expertise used to create our advanced products and systems and our service capabilities.

*Diversified End Markets and Geographic Reach.* Over the past decade, we have strategically expanded the number of end markets we serve to increase revenue and business stability and expand our opportunities for growth. During that same period, we grew our global presence to the degree that sales to customers outside the U.S. accounted for \$361 million for fiscal 2002, up from \$23 million in fiscal 1992.

*Disciplined Acquisition Process.* Acquisitions are an important part of our growth strategy. Over the past decade, we have followed a disciplined acquisition process to complement our existing businesses and to migrate into higher growth areas. From fiscal 1992 through fiscal 2002, we completed 33 acquisitions for an aggregate investment of over \$700 million.

*Experienced Management Team.* Our company combines disciplined corporate leadership with entrepreneurial business unit management to create stockholder value. We support the growth of our business units by providing strategic direction, assisting in the development of strategic initiatives, encouraging best practices among our business unit management teams, developing our managers' skills through focused forums, setting appropriate compensation policies and incentives and providing financial support. We believe that our recent organizational change to four market-based segments, led by a strengthened executive team, will allow us to better capture synergistic benefits among our business units and accelerate organic growth.

### ***Financial***

*Significant and Consistent Growth.* A decade of disciplined execution of our operating and acquisition strategies has led to sustained growth in our net sales, net earnings and cash flow. From fiscal 1992 through fiscal 2002, our net sales and earnings from continuing operations before change in accounting principle per share have grown at compound annual growth rates of 24% and 27%, respectively. As a result of our strong operations management and emphasis on working capital improvement, our free cash flow (cash flows from operating activities minus capital expenditures) has exceeded net earnings.

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every year since 1998. We consistently reinvest in research and development to maintain technological leadership in our markets.

*Strong and Sustainable Margins.* We have been able to obtain favorable pricing and attractive gross margins throughout the business cycle due to the high level of engineered content of our customer offerings and our market leadership positions. In each fiscal year since 1993, we have achieved gross margins in excess of 50% and our margins are well above those of most comparable industrial companies.

*Attractive Cash Flow Characteristics.* Our favorable margins and selective use of capital have allowed us to produce strong cash flows. All of our business units are actively focused on reducing capital intensity and improving contributions to working capital. From fiscal 1992 through fiscal 2002, we grew adjusted EBITDA by a compound annual growth rate of 25%. For fiscal 2002, we achieved adjusted EBITDA margins of 21% and generated \$87 million of cash flows from operating activities and free cash flow of \$79 million.

## **Our Business Strategy**

We create stockholder value through the disciplined execution of our strategy:

*Engineered Content for Diverse Niche Markets.* Our operating units grow their businesses through new product development and development of new applications for existing products to satisfy customer needs. In addition, our operating units continue to grow our customer base by expanding our distribution.

*Strong Operations Management.* We continuously seek to improve our operations to increase our margins and cash flow. Our business units employ initiatives such as process reengineering, lean manufacturing techniques and global sourcing to increase productivity and reduce costs. In fiscal 2002, we generated approximately \$18 million of cash from working capital reductions and achieved gross margins of 54%.

*Strategic Reinvestment of Cash Flow.* We invest our strong cash flow in the development of new technologies and products, distribution channel management and operational improvements to drive organic growth and market expansion. We have increased our research and development spending by a compound annual growth rate of 39% since 1992, to \$30 million in fiscal 2002, which represented 5% of our fiscal 2002 net sales. We also strategically invest our cash flow in a disciplined manner in acquisitions meeting our stated criteria:

engineered, high value-added products and solutions;

high gross margins;

rapid cash return;

opportunity for enhanced growth; and

new strategic solutions and products.

### **The Neptune Technology Group Holdings Inc. Acquisition**

On October 21, 2003, we entered into a stock purchase agreement to acquire NTGH, a leader in the water management market, for a cash purchase price of approximately \$475 million, which is net of cash acquired and includes debt to be repaid. The closing of this offering is conditioned on the closing of the NTGH acquisition. In connection with our acquisition of NTGH, we intend to complete the purchase of the remaining one-third interest in DAP Technologies, a Canadian company that manufactures fully-rugged handheld computers, that NTGH does not own for total consideration of approximately \$9.1 million.

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### **NTGH**

NTGH operates in four lines of business:

meter products serving the water management market under the Neptune brand name;

automatic meter reading products and systems serving the water management market under the Neptune brand name;

fully-rugged handheld computers serving both utility and non-utility customers under the DAP Technologies brand name; and

software for route optimization, mapping and work order management under the DB Microware brand name.

Collectively, these technologies are brought together to provide a complete solution for measuring, metering and reading water consumption, primarily for North American residential markets. For over 110 years, many of the over 50,000 utilities and water systems throughout North America have used NTGH's water management systems and products to more efficiently and accurately measure water usage by consumers.

*Meter Products.* NTGH's meters currently account for approximately 35% of the installed base of approximately 70 million residential water meters in the U.S. In the commercial and industrial segments, NTGH offers fully integrated meters and metering systems for both potable and fire service use in high volume and high performance applications. Approximately 97% of NTGH's unit sales are for residential applications, while the remaining 3% are for commercial and industrial applications.

*Automatic Meter Reading Products and Systems.* NTGH's automatic meter reading, or AMR, systems allow for remote monitoring, measurement and reading of water usage. This feature reduces the labor costs required under manual methods, improves customer service through increased accuracy and faster identification of leaks, lowers environmental risks for meter-reading workers and enables utilities to bill customers more frequently and accurately. Since entering the radio frequency, or RF, segment of the AMR market in 1999, NTGH had increased its share of the AMR market to 16% and more than doubled its total AMR sales through 2002.

*Fully-Rugged Handheld Computers.* NTGH's DAP Technologies business unit is a growing business that manufactures fully-rugged handheld computers that serve utility and non-utility markets.

*Software.* NTGH's DB Microware business unit provides automation software for meter reading and service order management.

NTGH had net sales of \$190 million for 2002 and \$147 million for the nine months ended September 30, 2003, and employs approximately 800 people. NTGH's sales from AMR and water meters were roughly equivalent and represented the substantial majority of its net sales during 2002 and the nine months ended September 30, 2003, with the remainder of sales coming from fully-rugged handheld computers and automation software.

### **Strategic Benefits of the NTGH Acquisition**

We expect to realize a number of strategic benefits as a result of the NTGH acquisition, including the following:

*Furthering our Market Leadership in Niche Markets.* NTGH is a market leader in North American residential water meters and AMR technologies, and also serves the global fully-rugged handheld computer market, which among other applications, includes applications for water utilities. NTGH offers a complete range of products from meters to the most innovative solutions available using RF capabilities, handheld computers and meter reading software.

*Establishing a Strong Platform in the Attractive Water Management Market.* The North American water management market is growing as utilities demand more accurate and reliable water management

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solutions to meet water conservation and operational efficiency goals. We believe that the North American residential water meter and AMR markets currently represent a combined \$550 million annual market, with meters experiencing steady growth and AMR growing at an approximate 28% compound annual growth rate since 1999. The growth of the AMR market is an example of technological innovation being embraced by water utilities seeking to achieve improved operational efficiencies, service levels, billing cycles and conservation. We believe the migration of utilities from standard water meters to water management systems increases the market opportunity for NTGH. In addition, we believe NTGH's large installed base, strong relationships with many of the over 50,000 utilities and water systems in its current markets and its broad product offerings, including fully-rugged handheld computers and software, provide it with a strong growth platform.

*Positioning our Portfolio in Attractive Markets.* The NTGH acquisition positions our portfolio in attractive end markets with a stable and diversified customer base. In addition, we believe that the NTGH acquisition will provide us with a more stable mix of geographic end markets. Giving effect to the NTGH acquisition, on a combined basis in fiscal 2002, our largest net sales and market concentration would have been 25% in the water and wastewater markets, and net sales into North America would have represented 58% of total net sales. We believe that our combined end markets and geographic territories provide stability and attractive growth opportunities.

*Enhancing Cash Flow Characteristics and Growth Profile.* NTGH's strong adjusted EBITDA margins combined with its low working capital and capital expenditure requirements have provided significant cash flow. In 2002, NTGH generated \$190 million in net sales, 20% higher than in 2001, and \$54 million of adjusted EBITDA, representing a 28% margin. For the nine months ended September 30, 2003, NTGH generated \$147 million in net sales, 6% higher than the nine months ended September 30, 2002, and \$39 million of adjusted EBITDA, representing a 27% margin. Through internal product development and strategic investments, NTGH has become a leading provider of complete water management solutions. A key element of NTGH's growth strategy has been to migrate its customers to more efficient, higher value products. We believe this movement of customers to higher technology water management solutions combined with our market-focused philosophy, should improve our margins, cash flow and growth.

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Roper was incorporated in Delaware in 1981. Our principal executive offices are located at 2160 Satellite Boulevard, Suite 200, Duluth, Georgia 30097, and our telephone number is (770) 495-5100.

**Table of Contents****Acquisition Financing and Related Transactions**

We are offering the common stock in connection with our acquisition of NTGH. We are acquiring NTGH for a cash purchase price of approximately \$475 million, which is net of cash acquired and includes debt to be repaid, as more fully described under The Acquisition. Concurrently with this offering, we are offering, by means of a separate prospectus supplement, senior subordinated convertible notes of \$200 million initial accreted value. In addition, in connection with the NTGH acquisition, we will enter into a new \$625 million senior secured credit facility consisting of a five-year term loan and a three-year revolving credit facility. See Description of Certain Indebtedness. We expect this offering to close concurrently with the notes offering, our new senior secured credit facility and the NTGH acquisition on December 29, 2003.

The closing of this offering of our common stock is conditioned upon:

the completion of our new senior secured credit facility; and

the completion of the NTGH acquisition.

We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes and to repay amounts outstanding under our existing credit facility. In addition to paying \$7.5 million to complete the DAP Technologies acquisition, we expect to issue 34,000 shares of our common stock. In this prospectus supplement, we refer to all of the foregoing transactions as the Transactions.

The following table sets forth the estimated sources and uses of funds relating to the Transactions, assuming that the Transactions had occurred on September 30, 2003 (in thousands):

<b>Sources of Funds</b>		<b>Uses of Funds</b>	
Common stock offered hereby(1)	\$201,600	NTGH acquisition(4)	\$475,000
Senior subordinated convertible notes offering(1)	200,000	Cash portion of DAP Technologies acquisition(5)	7,500
Borrowings under our new senior secured credit facility(2)(3)	426,953	Repayment of indebtedness under our existing credit facility(3)	162,266
		Redemption of our outstanding senior notes(6)	148,590
		Fees and expenses(7)	35,197
<b>Total sources of funds</b>	<b>\$828,553</b>	<b>Total uses of funds</b>	<b>\$828,553</b>

- (1) Does not reflect the underwriting discounts and expenses payable by us in connection with the offerings.
- (2) In connection with the Transactions, we will borrow \$27.0 million under our new revolving credit facility to repay indebtedness under our existing credit facility. After giving pro forma effect to these borrowings, we would have approximately \$198 million available for borrowing under our new revolving credit facility.
- (3) Upon the closing of the NTGH acquisition, the new senior secured credit facility will replace our existing credit facility. As of September 30, 2003, \$162.3 million was outstanding under our existing credit facility. The weighted average interest rate on our existing credit facility as of September 30, 2003 was 2.65%.
- (4) Includes NTGH's existing debt to be repaid in connection with the NTGH acquisition.

- (5) NTGH currently owns two-thirds of DAP Technologies. In connection with our acquisition of NTGH, we intend to complete the purchase of the remaining one-third interest in DAP Technologies

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for approximately \$9.1 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock.

- (6) We currently have \$125 million of senior notes outstanding. In connection with the redemption of these notes on December 29, 2003, we will be required to pay a make-whole payment of \$23.6 million. We intend to take a charge for this amount in the fourth quarter of 2003, less a tax benefit of \$8.3 million.
- (7) Includes the underwriting discounts and other expenses incurred or to be incurred in connection with the Transactions.

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**The Offering**

Common stock offered by us in this offering	4,200,000 shares
Common stock outstanding after the offering(1)	36,015,905 shares
Voting rights	<p>Holders of all outstanding shares of our common stock vote together as one class on all matters submitted to a vote of our stockholders. Holders of shares purchased in this offering will initially be entitled to one vote per share. Holders of our common stock who have held their shares for at least four years without a change in beneficial ownership are entitled to five votes per share. If there is no change in beneficial ownership of the shares you purchase in this offering for at least four years, the shares will become entitled to five votes per share until a change in beneficial ownership occurs, at which time the shares will revert to one vote per share for a period of at least four years. See <u>Description of Common Stock</u> in the accompanying prospectus.</p>
Use of proceeds	<p>We intend to use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We intend to use all of the proceeds from the concurrent notes offering to redeem our outstanding senior notes.</p>
Risk factors	<p>See <u>Risk Factors</u> beginning on page S-18 of this prospectus supplement for a discussion of factors you should consider carefully before deciding to invest in shares of our common stock.</p>
New York Stock Exchange Symbol	ROP

(1) The number of shares of our common stock outstanding after the offering is based on the number of shares outstanding as of September 30, 2003 and excludes:

630,000 shares issuable upon any exercise of the underwriters' overallotment option;

2,524,616 shares issuable upon the exercise of stock options outstanding as of September 30, 2003, which had a weighted average exercise price of \$32.56 per share;

1,664,758 shares issuable upon the exercise of options reserved for grant under our stock option plans as of September 30, 2003;

34,000 shares to be issued in connection with the DAP Technologies acquisition; and

3,616,349 shares reserved for issuance upon conversion of our senior subordinated convertible notes being offered in the notes offering.

**Table of Contents****Summary Consolidated Financial Data Roper**

The following summary consolidated financial data for and as of the end of each of the three fiscal years ended October 31, 2002 are derived from our audited consolidated financial statements. Our consolidated financial statements for and as of the end of each of the three years ended October 31, 2002 were audited by PricewaterhouseCoopers LLP, independent accountants. In August 2003, we changed our fiscal year-end from October 31 to December 31 effective as of January 1, 2003, with the two months ended December 31, 2002 being the transition period. The summary consolidated financial data as of and for the two months ended December 31, 2001 and December 31, 2002 and for the nine months ended September 30, 2002 and September 30, 2003 were derived from our unaudited consolidated financial statements and, in our opinion, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data for those periods. Our results of operations for the nine months ended September 30, 2003 may not be indicative of results that may be expected for the full fiscal year.

We filed an amendment to our annual report on Form 10-K for the fiscal year ended October 31, 2002 on November 3, 2003 to restate our consolidated financial statements as of October 31, 2001 and 2002 and for the three years ended October 31, 2002 to reflect the discontinued operations of our Petrotech operation and the realignment of our operations into four new segments.

You should read the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations Roper and our consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(unaudited)				(unaudited)		
	(in thousands, except per share amounts and percentages)						
<b>Statement of operations data:</b>							
Net sales	\$ 469,999	\$ 562,955	\$ 617,462	\$ 86,904	\$ 83,885	\$ 455,375	\$ 487,562
Gross profit	252,522	304,750	333,755	45,334	41,565	244,927	257,058
Income from operations	88,662	100,866	115,545	10,517	4,568	81,142	78,796
Earnings from continuing operations before change in accounting principle(1)	49,575	57,415	66,438	5,052	853	44,945	46,164
Net earnings (loss)	49,278	55,839	40,053	(20,918)	853	44,615	43,342(2)
Earnings per common share from continuing operations before change in accounting principle:							
Basic	\$ 1.63	\$ 1.87	\$ 2.13	\$ 0.17	\$ 0.04	\$ 1.44	\$ 1.47
Diluted	1.59	1.82	2.09	0.17	0.04	1.41	1.45
Net earnings (loss) per common share:							
Basic	\$ 1.62	\$ 1.82	\$ 1.28	\$ (0.68)	\$ 0.03	\$ 1.43	\$ 1.38
Diluted	1.58	1.77	1.26	(0.66)	0.03	1.40	1.36
Dividends per common share	\$ 0.28	\$ 0.30	\$ 0.33	\$ 0.0825	\$ 0.0875	\$ 0.2475	\$ 0.2625
<b>Other financial data:</b>							
Cash flows from operating activities	\$ 67,799	\$ 102,439	\$ 86,758	\$ 1,012	\$ 7,381	\$ 65,510	\$ 57,770
Adjusted EBITDA(3)	111,213	132,000	130,164	14,658	7,367	89,710	95,892
Adjusted EBITDA margin(4)	23.7%	23.4%	21.1%	16.9%	8.8%	19.7%	19.7%
Capital expenditures	(14,935)	(7,432)	(7,738)	(2,016)	(658)	(4,502)	(8,084)
Free cash flow(5)	52,864	95,007	79,020	(1,004)	6,723	61,008	49,686

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	At October 31,			At December 31,	At September 30,
	2000	2001	2002	2002	2003
				(unaudited)	(unaudited)
	(in thousands)				
<b>Balance sheet data:</b>					
Working capital	\$ 136,909	\$ 135,972	\$ 118,590	\$ 115,238	\$ 142,692
Total assets	596,902	762,122	828,973	821,805	835,677
Long-term debt, less current portion	234,603	323,830	311,590	308,684	287,470
Stockholders equity	270,191	323,506	376,012	380,981	441,728

	Year Ended October 31, 2002	Nine Months Ended September 30, 2003
	(in thousands, except percentages)	
<b>Combined Financial Data:</b>		
Combined adjusted EBITDA(3)(6)	\$ 186,071	\$ 136,013
Combined adjusted EBITDA margin(4)	23.1%	21.4%

- (1) There was no impact for change in accounting principle for the nine months ended September 30, 2002 and 2003.
- (2) Net earnings for the nine months ended September 30, 2003 reflect costs of \$5.2 million from restructuring activities following the realignment of our operations into new segments. These costs are included in costs of goods sold and selling, general and administrative expenses.
- (3) Adjusted EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net earnings plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. Our definition of adjusted EBITDA is different from EBITDA because we also add the following items to net earnings: (a) loss from discontinued operations during each period, (b) restructuring costs included in cost of goods sold and selling, general and administrative expenses (as described in note 2 above), (c) change in accounting principle and (d) loss on extinguishment of debt. However, adjusted EBITDA for Roper for the periods presented does not add any loss on extinguishment of debt back to net earnings since none is applicable for the periods presented. We use adjusted EBITDA, in addition to net earnings, operating income, cash flows from operating activities and free cash flow, to assess our performance and believe it is important for investors to be able to evaluate us using the same measures used by management. We believe this measure is an important indicator of our operational strength and performance of our business because it provides a link between profitability and operating cash flow. In addition, we use adjusted EBITDA, as opposed to EBITDA, because adjusted EBITDA adds back items to net earnings which we believe are generally not operational in nature and not indicative of core operating performance of our continuing operations. We also believe that adjusted EBITDA is a supplemental measurement tool used by analysts and investors to help evaluate a company's overall operating performance by including only transactions related to core cash operating business activities.

Adjusted EBITDA as calculated by us is not necessarily comparable to similarly titled measures reported by other companies. In addition, adjusted EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net earnings, operating income, cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on our consolidated statement of operations entitled net earnings is the most directly comparable GAAP measure to adjusted EBITDA. The following table reconciles adjusted

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EBITDA on a consolidated basis to the line on our consolidated statement of operations entitled net earnings for the periods presented in the table above:

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(in thousands)						
Net earnings	\$ 49,278	\$ 55,839	\$ 40,053	\$(20,918)	\$ 853	\$44,615	\$43,342
Interest expense	13,483	15,917	18,506	2,970	2,978	13,703	12,653
Income taxes	26,811	31,450	29,889	2,895	529	20,196	19,784
Depreciation and amortization	21,344	26,709	15,331	3,424	2,620	10,866	12,106
EBITDA	110,916	129,915	103,779	(11,629)	6,980	89,380	87,885
Loss from discontinued operations, net of taxes	297	1,576	415	317	387	330	2,822
Restructuring costs		509					5,185
Change in accounting principle			25,970	25,970			
Adjusted EBITDA	\$ 111,213	\$ 132,000	\$ 130,164	\$ 14,658	\$ 7,367	\$ 89,710	\$ 95,892

- (4) Adjusted EBITDA margin represents adjusted EBITDA as a percentage of net sales.
- (5) Free cash flow is a supplemental non-GAAP financial measure. We define free cash flow as cash flows from operating activities minus capital expenditures. Free cash flow is one of the measures we use to evaluate our operating performance.

We use free cash flow internally to measure the amount of cash available for the repayment of indebtedness, for strategic acquisitions, to pay dividends and for potential stock repurchases. As a result, we believe free cash flow is a significant measure of our ability to generate long-term value and that it is useful for investors to know whether this ability is being enhanced or diminished as a result of our operating performance. We believe the presentation of free cash flow is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by management. In addition, free cash flow is also a primary measure used externally by our analysts and investors for purposes of valuation and comparing our operating performance to other industrial companies.

Free cash flow as calculated by us is not necessarily comparable to similarly titled measures reported by other companies.

In addition, free cash flow: (a) does not represent net earnings or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on our consolidated statement of operations entitled cash flows from operating activities is the most directly comparable GAAP measure to free cash flow. The following table reconciles free cash flow to the line on our consolidated statement of cash flows entitled cash flows from operating activities for the periods presented in the table above:

	Year Ended October 31,			Two Months Ended December 31,		Nine Months Ended September 30,	
	2000	2001	2002	2001	2002	2002	2003
	(in thousands)						
Cash flows from operating activities	\$ 67,799	\$ 102,439	\$ 86,758	\$ 1,012	\$ 7,381	\$ 65,510	\$ 57,770
Capital expenditures	(14,935)	(7,432)	(7,738)	(2,016)	(658)	(4,502)	(8,084)

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Free cash flow	\$ 52,864	\$ 95,007	\$ 79,020	\$ (1,004)	\$ 6,723	\$ 61,008	\$ 49,686
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- (6) Represents adjusted EBITDA for Roper, after giving pro forma effect to the Transactions as if they had occurred at the beginning of the periods presented. We believe the line on our pro forma consolidated statement of operations entitled earnings from continuing operations before change in accounting principle is the most directly comparable GAAP measure to adjusted EBITDA. The following tables reconcile adjusted EBITDA to the line on our consolidated statement of operations entitled earnings from continuing operations before change in accounting principle for the periods presented in the tables above. Supplementally, we have also provided a reconciliation of our pro forma consolidated net earnings to net earnings from continuing operations before change in accounting principle. Our pro forma consolidated net earnings represent our pro forma consolidated earnings from continuing operations before change in accounting principle less (a) loss from discontinued operations, net of taxes, (b) change in accounting principle and (c) minority interest in consolidated subsidiaries. See note 3 above for a further discussion of adjusted EBITDA. For the purpose of presenting combined adjusted EBITDA information for the year ended October 31, 2002, the audited income statements of NTGH for the year ended December 31, 2002 have been utilized. The adjustment for minority interest in consolidated subsidiaries represents an adjustment to remove the impact of the DAP Technologies minority interest (which we intend to acquire as part of the Transactions) as this amount is not required to be presented in our pro forma results under Article 11 of Regulation S-X. See our Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus supplement for a description of the other adjustments for the Transactions.

	<b>Year Ended October 31, 2002</b>			
	<b>Roper</b>	<b>NTGH</b>	<b>Adjustments for the Transactions</b>	<b>As Adjusted</b>
	(in thousands)			
Earnings from continuing operations before change in accounting principle	\$ 66,438	\$ 13,402	\$ 2,406	\$ 82,246
Loss from discontinued operations, net of taxes	(415)			(415)
Change in accounting principle	(25,970)			(25,970)
Minority interest in consolidated subsidiaries		(1,575)	1,575	
Net earnings	40,053	11,827	3,981	55,861
Interest expense	18,506	12,880	(5,601)	25,785
Income taxes	29,889	7,833	1,295	39,017
Depreciation and amortization	15,331	20,439	1,900	37,670
EBITDA	103,779	52,979	1,575	158,333
Loss from discontinued operations, net of taxes	415			415
Restructuring costs				
Change in accounting principle	25,970			25,970
Loss on extinguishment of debt		1,353		1,353
Adjusted EBITDA	\$ 130,164	\$ 54,332	\$ 1,575	\$ 186,071

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Nine Months Ended September 30, 2003				
	Roper	NTGH	Adjustments for the Transactions	As Adjusted
(in thousands)				
Earnings from continuing operations before change in accounting principle	\$46,164	\$ (975)	\$ 5,123	\$ 50,312
Loss from discontinued operations, net of taxes	(2,822)			(2,822)
Change in accounting principle				
Minority interest in consolidated subsidiaries		(817)	817	
Net earnings (loss)	43,342	(1,792)	5,940	47,490
Interest expense	12,653	14,867	(8,482)	19,038
Income taxes	19,784	451	2,759	22,994
Depreciation and amortization	12,106	16,449	600	29,155
EBITDA	87,885	29,975	817	118,677
Loss from discontinued operations, net of taxes	2,822			2,822
Restructuring costs	5,185			5,185
Change in accounting principle				
Loss on extinguishment of debt		9,329		9,329
Adjusted EBITDA	\$95,892	\$39,304	\$ 817	\$136,013



**Table of Contents****Summary Consolidated Financial Data NTGH**

NTGH did not conduct business until November 1, 2001, when it acquired a division of Schlumberger that was engaged in the production and sale of AMR equipment and software and water meters principally sold into North American water utility markets. For financial reporting purposes the results of operations for the Schlumberger division are reported separately as set forth below from the results of operations of NTGH subsequent to the November 1, 2001 acquisition. The following summary consolidated financial data for the ten months ended October 31, 2001, for and as of the two months ended December 31, 2001 and for and as of the end of the year ended December 31, 2002 are derived from NTGH's audited consolidated financial statements which were audited by PricewaterhouseCoopers LLP, independent accountants. The summary consolidated financial data as of and for the nine months ended September 30, 2002 and September 30, 2003 were derived from NTGH's unaudited consolidated financial statements and, in NTGH's opinion, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data for those periods. NTGH's results of operations for the nine months ended September 30, 2003 may not be indicative of results that may be expected for the full fiscal year. You should read the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations NTGH and NTGH's consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	Ten Months Ended October 31, 2001	Two Months Ended December 31, 2001	Year Ended December 31, 2002	Nine Months Ended September 30,	
				2002	2003
(unaudited)					
(in thousands, except percentages)					
<b>Statement of operations data:</b>					
Revenues	\$ 130,951	\$ 27,498	\$ 189,544	\$ 138,681	\$ 147,473
Gross profit	52,755	7,474	80,333	58,690	63,700
Operating income	25,290	1,273	34,540	26,138	26,228
Net income (loss)(1)	13,197	(606)	11,827	8,847	(1,792)
<b>Other financial data:</b>					
Cash flows from operating activities(1)	\$ 19,226	\$ 9,137	\$ 47,755	\$ 35,554	\$ 30,589
Adjusted EBITDA(2)	31,666	4,548	54,332	40,775	39,304
Adjusted EBITDA margin(3)	24.2%	16.5%	28.7%	29.4%	26.7%
Depreciation and amortization	6,718	3,141	20,439	14,977	16,449
Capital expenditures	3,325	555	5,852	4,450	4,254
(in thousands)					
<b>Balance sheet data:</b>					
Working capital		\$ 26,514	\$ 38,896	\$ 36,876	
Total assets		346,742	368,690	368,242	
Long-term debt, less current portion		206,433	200,529	277,304	
Stockholders' equity		118,325	130,457	10,040	

- (1) During April 2003, NTGH completed a recapitalization transaction. As part of the recapitalization, NTGH, among other transactions, entered into a new term loan and issued new senior subordinated notes, in part to refinance existing indebtedness, resulting in greater leverage and a higher weighted average interest rate. For the nine months ended September 30, 2002 and 2003, interest expense was \$9.8 million and \$14.9 million, respectively, and loss on extinguishment of debt was \$1.4 million and \$9.3 million, respectively.

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- (2) Adjusted EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. The definition of adjusted EBITDA is different from EBITDA because we also add the following items to net income (loss): (a) loss from discontinued operations, (b) restructuring costs included in cost of goods sold and selling, general and administrative expenses, (c) change in accounting principle and (d) loss on extinguishment of debt. However, NTGH's adjusted EBITDA does not add back loss from discontinued operations, restructuring costs or change in accounting principle to net income as NTGH did not experience such losses, costs or charges during the periods presented. Adjusted EBITDA is used, in addition to net income (loss), operating income, cash flows from operating activities, and free cash flow to assess NTGH's business performance and we believe it is important for investors to be able to evaluate NTGH and the NTGH acquisition using the same measures used by us. We believe this measure is an important indicator of NTGH's operational strength and performance of its business because it provides a link between profitability and operating cash flow. In addition, we use adjusted EBITDA, as opposed to EBITDA, because adjusted EBITDA adds back items to net income which we believe are generally not operational in nature and therefore not indicative of core operating performance. We believe that adjusted EBITDA is a supplemental measurement tool used by analysts and investors to help evaluate a company's overall operating performance, its ability to incur and service debt and its capacity for making capital expenditures by including only transactions related to core cash operating business activities.

Adjusted EBITDA as calculated by us is not necessarily comparable to similarly titled measures reported by other companies. In addition, adjusted EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information determined under GAAP.

We believe the line on NTGH's consolidated statement of operations entitled net income is the most directly comparable GAAP measure to adjusted EBITDA. The following table reconciles adjusted EBITDA on a consolidated basis to the line on NTGH's consolidated statement of operations entitled net income for the periods presented in the table above:

	Ten Months Ended October 31, 2001	Two Months Ended December 31, 2001	Year Ended December 31, 2002	Nine Months Ended September 30,	
				2002	2003
	(in thousands)				
Net income (loss)	\$ 13,197	\$ (606)	\$ 11,827	\$ 8,847	\$ (1,792)
Interest expense	1,154	2,394	12,880	9,784	14,867
Provision (benefit) for income taxes	10,597	(381)	7,833	5,814	451
Depreciation and amortization	6,718	3,141	20,439	14,977	16,449
EBITDA	31,666	4,548	52,979	39,422	29,975
Loss on extinguishment of debt			1,353	1,353	9,329
Adjusted EBITDA	\$ 31,666	\$ 4,548	\$ 54,332	\$ 40,775	\$ 39,304

- (3) Adjusted EBITDA margin represents adjusted EBITDA as a percentage of net sales.

**Table of Contents****Summary Pro Forma Consolidated Financial Data**

The summary pro forma consolidated statement of operations data for the year ended October 31, 2002 and the nine months ended September 30, 2003 and summary pro forma consolidated balance sheet data as of September 30, 2003 have been derived from the pro forma consolidated statement of operations for the year ended October 31, 2002 and the nine months ended September 30, 2003 and the pro forma consolidated balance sheet as of September 30, 2003 appearing elsewhere in this prospectus supplement. The pro forma consolidated statement of operations data gives effect to the Transactions as if they had occurred at the beginning of the periods presented, and the pro forma consolidated balance sheet data gives effect to these Transactions as if they had occurred on September 30, 2003. See Unaudited Pro Forma Consolidated Financial Information.

<b>Year Ended October 31, 2002</b>			
<b>Roper</b>	<b>NTGH(1)</b>	<b>Adjustments for the Transactions</b>	<b>As Adjusted</b>
(in thousands, except per share data)			
<b>Statement of operations data:</b>			
Net sales	\$ 617,462	\$ 189,544	\$ 807,006
Gross profit	333,755	80,333	414,088
Operating profit	115,545	34,540	(1,900)(2)
Loss on extinguishment of debt		1,353(3)	1,353
Earnings from continuing operations before income taxes and change in accounting principle	96,327	21,235	3,701
Earnings from continuing operations before change in accounting principle	66,438	13,402	2,406
Earnings per share from continuing operations before change in accounting principle:			
Basic	\$ 2.13		\$ 2.32
Diluted	2.09		2.28
<b>Nine Months Ended September 30, 2003</b>			
<b>Roper</b>	<b>NTGH</b>	<b>Adjustments for the Transactions</b>	<b>As Adjusted</b>
(in thousands, except per share data)			
<b>Statement of operations data:</b>			
Net sales	\$ 487,562	\$ 147,473	\$ 635,035
Gross profit	257,058	63,700	320,758
Operating profit	78,796	26,228	(600)(2)
Loss on extinguishment of debt		9,329(3)	9,329
Earnings (loss) from continuing operations before income taxes	65,948	(524)	7,882
Earnings (loss) from continuing operations	46,164	(975)	5,123
Earnings per share from continuing operations:			
Basic	\$ 1.47		\$ 1.41
Diluted	1.45		1.39

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At September 30, 2003				
Roper	NTGH	Adjustments for the Transactions	As Adjusted	
(in thousands)				
<b>Balance sheet data:</b>				
Cash and cash equivalents	\$ 14,510	\$ 24,159	\$ (24,159)	\$ 14,510
Total assets	835,677	368,242	214,130	1,418,049
Long-term debt, less current portion	287,470	277,304	42,383	607,157
Stockholders equity	441,728	10,040	168,787(4)	620,555

- (1) For the purpose of presenting pro forma consolidated statement of operations data for the year ended October 31, 2002, the audited income statements of NTGH for the year ended December 31, 2002 have been utilized.
- (2) Reflects the net adjustment to the historical amortization expense of NTGH from the elimination of certain non-recurring management fees and financing expenses, partially offset by additional intangibles amortization of identifiable finite-lived intangible assets.
- (3) During the year ended October 31, 2002, and the nine months ended September 30, 2003, NTGH recorded losses on early extinguishment of debt. These losses were associated with financing arrangements typical of private equity group ownership. These losses are required to be presented in the unaudited pro forma consolidated financial statements under Article 11 of Regulation S-X. These amounts will not recur for Roper as NTGH will not have separate debt following the NTGH acquisition. The table below reflects the pro forma earnings from continuing operations before income taxes adjusted to exclude these losses (dollars in thousands):

	Year Ended October 31, 2002	Nine Months Ended September 30, 2003
Pro forma earnings from continuing operations before income taxes	\$ 121,263	\$ 73,306
Loss on extinguishment of debt	1,353	9,329
Adjusted earnings from continuing operations before income taxes	\$ 122,616	\$ 82,635

- (4) Includes: (a) \$194,160 as a result of the acquisition and the related financing transactions, (b) \$15,333 which represents the estimated costs associated with extinguishing our outstanding senior notes and the write-off of deferred financing costs associated with those notes and our existing revolving credit facility which will also be extinguished in conjunction with this transaction and (c) \$10,040 which reflects the elimination of NTGH's historical share capital, retained earnings, minority interest and other equity accounts pursuant to the application of purchase accounting in accordance with SFAS No. 141, Business Combinations. The non-recurring expense associated with early extinguishment of our outstanding senior notes is tax deductible and a tax benefit of \$8,257 has been recognized at the federal statutory rate.

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**RISK FACTORS**

*You should carefully consider the risks described below, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making any investment in shares of our common stock.*

**Risks Relating to Our Business**

***We may not be able to realize the anticipated benefits from the NTGH acquisition and we may experience unforeseen liabilities in connection with the acquisition.***

We may not be able to realize the anticipated benefits from the businesses we are acquiring in the NTGH acquisition, either in the amount or the time frame that we currently expect. These anticipated benefits include furthering our market leadership in niche markets, establishing a strong platform in the water management market, balancing our portfolio in attractive markets and enhancing our cash flow characteristics and growth profile. Factors that could affect our ability to achieve these benefits include:

significant competition in the water management market;

buying patterns of municipalities, utilities and other customers, many of which are currently facing fiscal constraints; and

the introduction of new technologies into the marketplace.

If NTGH's businesses do not operate as we anticipate, we may not be able to benefit from these opportunities, which could materially harm our business, financial condition and results of operations.

In addition, under the agreement governing the NTGH acquisition, we have agreed to assume NTGH's liabilities. If NTGH's known liabilities are greater than projected, or if there are obligations of NTGH of which we are not aware at the time of completion of the acquisition, we will not receive indemnification from any party to cover costs associated with those liabilities. As a result, we could incur liabilities that could have a material adverse effect on our business, financial condition and results of operations.

***Our indebtedness may affect our business and may restrict our operating flexibility.***

As of September 30, 2003, we had \$288.5 million in total consolidated indebtedness. We will incur additional indebtedness to finance the NTGH acquisition. After giving pro forma effect to the Transactions, as of September 30, 2003, we would have had total consolidated debt of approximately \$628 million and approximately \$198 million of availability under our new senior secured credit facility. Our total consolidated debt could increase due to this additional borrowing capacity. Subject to certain restrictions contained in our new senior secured credit facility and other debt agreements, we may incur additional indebtedness in the future, including indebtedness incurred to finance, or which is assumed in connection with, acquisitions.

Our level of indebtedness and the debt servicing costs associated with that indebtedness could have important effects on our operations and business strategy. For example, our indebtedness could:

limit our flexibility in planning for, or reacting to, changes in the industries in which we compete;

place us at a competitive disadvantage relative to our competitors, some of which have lower debt service obligations and greater financial resources than us;

limit our ability to borrow additional funds;

limit our ability to complete future acquisitions;

limit our ability to pay dividends;



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limit our ability to make capital expenditures; and

increase our vulnerability to general adverse economic and industry conditions.

Our ability to make scheduled payments of principal of, to pay interest on, or to refinance our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which may be affected by factors beyond our control. In addition, there can be no assurance that future borrowings or equity financing will be available to us on favorable terms for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, our business, financial condition and results of operations would be materially adversely affected.

In addition, our new senior secured credit facility will contain financial covenants requiring us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to meet the financial covenants or requirements in our senior secured credit facility may be affected by events beyond our control, and we may not be able to satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the financial ratios, tests or other restrictions contained in our senior secured credit facility could result in an event of default under this facility, which in turn could result in an event of default under the terms of our other indebtedness. Upon the occurrence of an event of default under our senior secured credit facility, and the expiration of any grace periods, the lenders could elect to declare all amounts outstanding under the facility, together with accrued interest, to be immediately due and payable. If this were to occur, our assets may not be sufficient to fully repay in full the payments due under this facility or our other indebtedness. See Description of Certain Indebtedness New Senior Secured Credit Facility.

***Our operating results could be adversely affected by a reduction of business with Gazprom.***

Our largest customer is OAO Gazprom, a large Russian gas exploration and distribution company, with whom we have dealt over the past ten years through a number of its procurement affiliates. In late 2002, Gazprom assigned a new procurement affiliate to negotiate with us and during the second calendar quarter of 2003 we secured a new supply agreement. Orders received under this agreement have been received on a delayed basis and at lower levels than initially indicated by the procurement affiliate and consequently have resulted in lower order bookings volume than in comparable prior year periods. New orders received under this agreement during the three months and nine months ended September 30, 2003 totaled \$10.3 million and \$20.8 million, or 6.3% and 4.4% of total new orders, respectively. Total net sales to Gazprom during the nine months ended September 30, 2003 were \$17.5 million as compared to \$43.7 million during the nine months ended September 30, 2002, or 3.6% of total sales compared to 9.6% of total sales, respectively. We have no agreement providing for a minimum commitment of purchases by Gazprom. The level and timing of future business with Gazprom will depend on our relationship with Gazprom as well as its ability to obtain financing, increased competition for obtaining Gazprom business and customer delays in commissioning and start-up of installations and on general economic conditions in Russia. If Gazprom continues to reduce the amount of products it purchases from us for any reason, we likely could not replace these sales and our operating results would be negatively affected.

***Unfavorable changes in foreign exchange rates may significantly harm our business.***

Several of our operating companies have transactions and balances denominated in currencies other than the U.S. dollar. Most of these transactions and balances are denominated in euros, British pounds, Danish krone and Japanese yen. Sales by our operating companies whose functional currency is not the U.S. dollar represented approximately 28% of our total net sales for fiscal 2002 compared to 24% for fiscal 2001. Unfavorable changes in exchange rates between the U.S. dollar and those currencies could significantly reduce our reported sales and earnings. At present, we do not hedge against foreign currency risks.

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***We export a significant portion of our products. Difficulties associated with the export of our products could harm our business.***

Sales to customers outside the U.S. by our businesses located in the U.S. account for a significant portion of our net sales. These sales accounted for approximately 36% and 42% of our net sales for the years ended October 31, 2002 and 2001, respectively. We are subject to risks that could limit our ability to export our products or otherwise reduce the demand for these products in our foreign markets. Such risks include, without limitation, the following:

unfavorable changes in or noncompliance with U.S. and other jurisdictions' export requirements;

restrictions on the export of technology and related products;

unfavorable changes in U.S. and other jurisdictions' export policies to certain countries;

unfavorable changes in the import policies of our foreign markets; and

a general economic downturn in our foreign markets.

The occurrence of any of these events and our ability to comply with applicable law could limit our ability to export our products generally or to certain countries, or could reduce the foreign demand for our products and therefore, could materially negatively affect our future sales and earnings.

***Economic, political and other risks associated with our international operations could adversely affect our business.***

As of October 31, 2002, approximately 31% of our total assets and 11% of NTGH's total assets were attributable to operations outside the U.S. We expect our international operations to continue to contribute materially to our business for the foreseeable future. Our international operations are subject to varying degrees of risk inherent in doing business outside the U.S. including, without limitation, the following:

adverse changes in a specific country's or region's political or economic conditions, particularly in emerging markets;

trade protection measures and import or export requirements;

trade liberalization measures which could expose our international operations to increased competition;

subsidies or increased access to capital for firms who are currently or may emerge as competitors in countries in which we have operations;

partial or total expropriation;

potentially negative consequences from changes in tax laws;

difficulty in staffing and managing widespread operations;

differing labor regulations;

differing protection of intellectual property;

unexpected changes in regulatory requirements; and

longer payment cycles of foreign customers and difficulty in collecting receivables in foreign jurisdictions.

The impact of any of these events could materially harm our business.





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***Our growth strategy includes acquisitions. We may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully.***

Our ability to achieve significant growth has depended and is likely to continue to depend, to a significant degree on our ability to make acquisitions, such as our proposed acquisition of NTGH, and to successfully integrate acquired businesses. We intend to continue to seek additional acquisition opportunities both to expand into new markets and to enhance our position in existing markets globally. We cannot assure you, however, that we will be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, obtain necessary financing on acceptable terms, complete proposed acquisitions, successfully integrate acquired businesses into our existing operations or expand into new markets. Once integrated, acquired operations may not achieve levels of revenues, profitability or productivity comparable with those achieved by our existing operations, or otherwise perform as expected.

As an example of the impact of acquisitions on our growth, our net sales and earnings from continuing operations for the nine months ended September 30, 2003 grew 7% and 3%, respectively, as compared to the nine months ended September 30, 2002, with our lower relative growth during the nine months ended September 30, 2003 being partially attributable to the fact that we did not complete any acquisitions during the period.

Acquisitions involve numerous risks, including difficulties in the integrations of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although our management will endeavor to evaluate the risks inherent in any particular transaction, we cannot assure you that we will properly ascertain all such risks. In addition, prior acquisitions have resulted, and future acquisitions could result, in the incurrence of substantial additional indebtedness and other expenses. Future acquisitions may also result in potentially dilutive issuances of equity securities. We cannot assure you that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

***Product liability, insurance risks and increased insurance costs could harm our operating results.***

Our business exposes us to potential product liability risks that are inherent in the design, manufacturing and distribution of our and NTGH's products. In addition, certain of our products are used in potentially hazardous environments. We currently have product liability insurance; however, we may not be able to maintain our insurance at a reasonable cost or in sufficient amounts to protect us against potential losses. We also maintain other insurance policies, including directors and officers liability insurance. Our insurance costs increased in recent periods and may continue to increase in the future. We believe that we have adequately accrued estimated losses, principally related to deductible amounts under our insurance policies, with respect to all product liability and other claims, based upon our past experience and available facts. However, a successful product liability and other claim or series of claims brought against us could have a material adverse effect on our business, financial condition and results of operations. In addition, a significant increase in our insurance costs could have an adverse impact on our operating results.

***We and NTGH both face intense competition. If we do not compete effectively, our business may suffer.***

We and NTGH both face intense competition from numerous competitors. Each of our and NTGH's product lines face different competitors with different financial resources. We may not be able to compete effectively with all of these competitors. Our products compete primarily on the basis of product quality, performance, innovation, price, applications expertise and established customer service capabilities with existing customers. To remain competitive, we must develop new products, respond to new technologies and periodically enhance our existing products in a timely manner. We anticipate that we may have to adjust prices of many of our products to stay competitive. In addition, new competitors may emerge, and product lines may be threatened by new technologies or market trends that reduce the value of these product lines. See Business Competition.

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***Changes in the supply of, or price for, parts and components used in our products could affect our business.***

We and NTGH purchase many parts and components from suppliers. The availability and prices of parts and components are subject to curtailment or change due to, among other things, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. Some high-performance components for digital imaging products may be in short supply and/or suppliers may have occasional difficulty manufacturing these components to meet our specifications. In addition, some of our products are provided by sole source suppliers. Any change in the supply of, or price for, these parts and components could affect our business, financial condition and results of operations.

***Realignment of our operations under four key market-focused segments is subject to risk and may not achieve the anticipated benefits.***

We recently announced a realignment of our operating structure into four market-focused segments: instrumentation, industrial technology, energy systems and controls, and scientific and industrial imaging. The realignment structures our operations based on similar customers and end users, whereas our segments were formerly organized based on technological and more purely operational considerations. As a result of this realignment, we may experience a loss of productivity, sales and key personnel. This loss could prevent us from realizing any potential benefits from the realignment and could adversely affect our operating results and financial performance.

***Environmental compliance costs and liabilities could increase our expenses and adversely affect our financial condition.***

Our operations and properties and those of NTGH are subject to increasingly stringent laws and regulations relating to environmental protection, including laws and regulations governing air emissions, water discharges, waste management and workplace safety. These laws and regulations can result in the imposition of substantial fines and sanctions for violations and could require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or decrease the likelihood of accidental hazardous substance releases. We and NTGH must conform our operations and properties to these laws, and adapt to regulatory requirements in the countries in which we operate as these requirements change.

We and NTGH use and generate hazardous substances and wastes in our operations and, as a result, could be subject to potentially material liabilities relating to the investigation and clean-up of contaminated properties and to claims alleging personal injury. We and NTGH have experienced, and expect to continue to experience, costs relating to compliance with environmental laws and regulations. In connection with our acquisitions, we may assume significant environmental liabilities, some of which we may not be aware of at the time of acquisition. In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations.

***Many of the industries in which we operate are cyclical, and, accordingly, our business is subject to changes in the economy.***

Many of the business areas in which we operate are subject to specific industry and general economic cycles. Certain businesses are subject to industry cycles, including but not limited to, the energy and semiconductor industries. Accordingly, any downturn in these or other markets in which we participate could materially adversely affect us. If demand changes and we fail to respond accordingly, our results of operations could be materially adversely affected in any given quarter. The business cycles of our different operations may occur contemporaneously. Consequently, the effect of an economic downturn may have a

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magnified negative effect on our business. The businesses we are acquiring in the NTGH acquisition could also experience cyclical downturns which may occur contemporaneously with downturns in our cycles.

***Our intangible assets are valued at an amount that is high relative to our total assets and a write-off of our intangible assets would negatively affect our results of operations and total capitalization.***

Our total assets reflect substantial intangible assets, primarily goodwill. At September 30, 2003, goodwill totaled \$483 million compared to \$442 million of stockholders' equity, which was over half of our total assets of \$836 million. After giving pro forma effect to the Transactions, at September 30, 2003, goodwill would have been approximately \$729 million compared to \$621 million of stockholders' equity. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the net assets we have acquired. We assess at least annually whether there has been an impairment in the value of our intangible assets. If future operating performance at one or more of our business units were to fall significantly below current levels, if competing or alternative technologies emerge or if business valuations become more conservative, we could incur, under current applicable accounting rules, a non-cash charge to operating earnings for goodwill impairment. Any determination requiring the write-off of a significant portion of unamortized intangible assets would negatively affect our results of operations and total capitalization, which effect could be material.

***We and NTGH depend on our abilities to develop new products.***

The future success of our and NTGH's business will depend, in part, on our ability to design and manufacture new competitive products and to enhance existing products so that our products can be sold with high margins. This product development may require substantial investment by us. There can be no assurance that unforeseen problems will not occur with respect to the development, performance or market acceptance of new technologies or products or that we will otherwise be able to successfully develop and market new products. Failure of our products to gain market acceptance or our failure to successfully develop and market new products could reduce our margins, which would have an adverse effect on our business, financial condition and results of operations.

***Our technology is important to our success and our failure to protect this technology could put us at a competitive disadvantage.***

Because many of our and NTGH's products rely on proprietary technology, we believe that the development and protection of these intellectual property rights is important to the future success of our business. In addition to relying on patent, trademark, and copyright rights, we and NTGH rely on unpatented proprietary know-how and trade secrets, and employ various methods, including confidentiality agreements with employees, to protect our know-how and trade secrets. Despite our and NTGH's efforts to protect proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use these products or technology. The steps we and NTGH have taken may not prevent unauthorized use of this technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S., and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better technology than us or that current and former employees, contractors and other parties will not breach confidentiality agreements, misappropriate proprietary information and copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights.

***The recent conflict in Iraq and any future armed conflict or terrorist activities may cause the economic conditions in the U.S. or abroad to deteriorate, which could harm our business.***

The U.S. and other countries recently engaged in a war in Iraq and military personnel are still engaged in that country. The duration and outcome of these activities are unknown. Continued occupation of Iraq, future terrorist attacks against U.S. targets, rumor or threats of war, additional conflicts involving the U.S. or its allies or trade disruptions may impact our operations or cause general economic conditions in the U.S. and abroad to deteriorate. A prolonged economic slowdown or recession in the U.S. or in other

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areas of the world could reduce the demand for our products and, therefore, negatively affect our future sales and profits. Any of these events could have a significant impact on our business, financial condition or results of operations and may result in the volatility of the market price for our common stock and other securities.

### ***Our business may be adversely impacted by a new outbreak of Severe Acute Respiratory Syndrome or a similar health crisis.***

In early 2003, there was an outbreak of Severe Acute Respiratory Syndrome, or SARS, primarily in Asia. The occurrence of this medical crisis severely disrupted business activity in Asia, particularly in Hong Kong and elsewhere in China. During fiscal 2002, approximately 15% of our net sales were attributable to Asia and we have operations in Asia. The U.S. or other countries could impose import restrictions on products, or private parties may cease purchasing products, from areas impacted by a new outbreak of SARS or a similar health crisis. We are unable to predict the ultimate impact that a renewed outbreak of SARS or a similar health crisis would have on us or our operations, but it could become material to our business, financial condition or results of operations.

## **Risks Relating to Our Common Stock**

### ***Our stock price may fluctuate significantly.***

The market price of our common stock could fluctuate significantly in response to variations in quarterly operating results and other factors, such as:

- changes in our business, operations or prospects;
- developments in our relationships with our customers;
- announcements of technological innovations or new products by us or by our competitors;
- announcement or completion of acquisitions by us or by our competitors;
- changes in existing or adoption of additional government regulations;
- unfavorable or reduced analyst coverage; and
- prevailing domestic and international market and economic conditions.

In addition, the stock market has experienced significant price fluctuations in recent years. Many companies experienced material fluctuations in their stock price that were unrelated to their operating performance. Broad market fluctuations, general economic conditions and specific conditions in the industries in which we operate may adversely affect the market price of our common stock.

### ***Limited trading volume of our common stock may contribute to its price volatility.***

Our common stock is traded on the New York Stock Exchange, or NYSE. During the nine months ended September 30, 2003, the average daily trading volume for our common stock as reported by the NYSE was approximately 183,000 shares. We are uncertain whether a more active trading market in our common stock will develop. Also, many investment banks no longer find it profitable to provide securities research on small-cap and mid-cap companies. If analysts were to discontinue coverage of our stock, our trading volume may be further reduced. As a result, relatively small trades may have a significant impact on the market price of our common stock, which could increase the volatility and depress the price of our stock.

### ***Future sales of our common stock may cause our stock price to decline.***

We may, in the future, sell additional shares of our common stock in subsequent public offerings and may also issue additional shares of our common stock to finance future acquisitions. Shares of our common stock are also available for future sale pursuant to stock options that we have granted to our



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employees. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for shares of our common stock and could impair our ability to raise capital through future offerings.

Additionally, approximately 3,616,349 shares of our common stock will become issuable upon conversion of the notes being offered concurrently with this offering (at the initial conversion rate, which is subject to adjustment). Any such sales by the purchasers of the notes could adversely affect the market price of our common stock as could any hedging activities relating to our common stock engaged in by purchasers of the notes.

We and our directors and executive officers have agreed, with certain exceptions including, with respect to our directors and executive officers, the ability to do cashless exercises of options and to fund taxes payable upon such exercises, and with respect to us, subject to restrictions, allowing us to issue common stock in connection with business combinations and strategic or other significant investments, including 34,000 shares we intend to issue as part of the consideration for the acquisition of the remaining one-third interest of DAP Technologies, not to sell or otherwise transfer any shares of our common stock for 90 days after the date of this prospectus supplement, without first obtaining the written consent of Merrill Lynch, on behalf of the underwriters. With the consent of Merrill Lynch, we, our directors and executive officers may sell shares before the expiration of such 90-day period without prior notice to our other stockholders or to any public market in which our common stock trades.

### ***We may not be able to pay cash dividends in the foreseeable future.***

We have paid a cash dividend in each fiscal quarter since our February 1992 initial public offering and we have also increased our dividend rate each year. During fiscal 2001, 2002 and the first three quarters of fiscal 2003, we paid quarterly dividends of \$0.0750, \$0.0825 and \$0.0875 per share, respectively. In November 2003, our board of directors increased the dividend to be paid in the quarter ending March 31, 2004 to \$0.09625 per share, an increase of 10% from the prior rate. Any future cash dividends will depend upon our results of operations, financial conditions, cash requirements, the availability of a surplus and other factors, including restrictions imposed by our new senior secured credit facility or other future debt instruments and the ability of our subsidiaries to make distributions to us, which ability is restricted in the manner described above. See Description of Certain Indebtedness New Senior Secured Credit Facility.

### ***Provisions in our certificate of incorporation and bylaws and Delaware state law could make a merger, tender offer or proxy contest difficult, including provisions relating to some of our holders having five votes per share.***

Our certificate of incorporation provides that each share of common stock that is held by the same person for at least four years entitles the holder to five votes, and that each share held for less than four years entitles the holder to one vote. In addition, under our certificate of incorporation, our board of directors has the authority to issue common stock carrying five votes per share in private placement transactions. The existence of shares carrying five votes may result in the holders of those shares, who may own a relatively small number of shares of common stock, being able to control the outcome of a matter submitted to the stockholders for approval.

Our certificate of incorporation and bylaws contain certain other provisions that may discourage, delay or prevent a change in control of our company that stockholders may consider favorable. Our certificate of incorporation and bylaws:

authorize the board of directors to fix the terms of and issue preferred stock without stockholder approval, which could be used to oppose a takeover attempt;

provide for a board of directors comprised of three classes with staggered terms;

limit who may call special meetings of stockholders;

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prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders;

establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings;

provide that directors may be removed by stockholders only for cause; and

require that vacancies on our board of directors, including newly-created directorships, be filled only by a majority vote of directors then in office.

Our board of directors has also adopted a stockholder rights plan intended to encourage anyone seeking to acquire us to negotiate with the board prior to attempting a takeover.

In addition, Section 203 of the Delaware General Corporation Law also imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock, which may discourage, delay or prevent a change in control favored by stockholders generally.

Any or all of these provisions may discourage or prevent a change of control that might offer our stockholders a premium over prevailing market prices, or otherwise benefit our stockholders, even if such a change of control is favored by a majority of stockholders.



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**THE ACQUISITION**

**General**

On October 21, 2003, we entered into a stock purchase agreement pursuant to which we have agreed to acquire all of the outstanding capital stock of NTGH for cash. Under the stock purchase agreement, we will pay total consideration of approximately \$475 million, net of cash acquired and including debt to be repaid.

**Representations and Warranties and Indemnification**

The agreement contains customary representations and warranties. The representations relating to the capitalization and debt of NTGH and title to shares will survive for a period of one year following the closing and the sellers are required to indemnify us for any losses we incur as a result of a breach of those representations and warranties.

**Covenants**

The agreement contains customary covenants, including (but not limited to), those relating to the conduct of the business of NTGH between signing and closing.

**Conditions to the Closing**

The agreement contains customary conditions to each of our and the sellers' obligation to close, including (but not limited to) the following:

the representations and warranties made by the other party in the agreement are true and correct in all material respects as of the closing;

the other party has performed in all material respects all agreements required to be performed by them at or prior to the closing;

there is no governmental order prohibiting the transaction and all applicable governmental approvals have been obtained, including approvals required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

in the case of our obligation to close, no material adverse effect related to NTGH shall have occurred between signing and closing.

**Closing and Termination**

Pursuant to the stock purchase agreement, the closing of the transaction will take place on the latest of the following dates:

the fifth business day after the date on which the conditions to closing have been satisfied;

the date which is the earlier of (1) February 27, 2004 or (2) the first business day after the 90th day after the effective date of the registration statement pursuant to which this offering is being completed; and

such other date as we and the sellers mutually agree.

The parties have mutually agreed to close the NTGH acquisition concurrently with this offering on December 29, 2003.

**Noncompete and Nondisclosure/Nonsolicitation Agreements**

Simultaneously with the signing of the stock purchase agreement, certain of the sellers entered into noncompete agreements pursuant to which they agreed not to engage in certain activities of the type conducted by NTGH and certain sellers entered into nondisclosure and nonsolicitation agreements



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pursuant to which they agreed not to disclose certain information related to NTGH or solicit customers or employees of NTGH.

**Employment Agreements**

Simultaneously with the signing of the stock purchase agreement, certain employees of NTGH entered into employment agreements pursuant to which they agreed to be employed by NTGH following the closing of the acquisition.

**DAP Technologies**

NTGH currently owns two-thirds of the outstanding capital stock of DAP Technologies. We intend to complete the purchase of the remaining one-third interest in DAP Technologies for approximately \$9.1 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock on December 29, 2003.

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**Table of Contents****USE OF PROCEEDS**

We expect to receive \$202 million of gross proceeds from the sale of the shares of common stock in the offering. We also expect to receive approximately \$200 million of gross proceeds from our concurrent notes offering. We will use the proceeds from this offering, together with borrowings under our new senior secured credit facility, to pay for the NTGH acquisition and the cash portion of the DAP Technologies acquisition, repay our existing credit facility and pay related fees and expenses. We will use all of the proceeds from the notes offering to redeem our outstanding senior notes and to repay amounts outstanding under our existing credit facility. In addition to paying \$7.5 million in cash to complete the DAP Technologies acquisition, we expect to issue 34,000 shares of our common stock out of treasury. We expect that any proceeds from the exercise of the underwriters' overallotment option in connection with this offering would permit us to borrow less, or to repay amounts, under our new senior secured credit facility or would be used for general corporate purposes and any proceeds from the exercise of the underwriters' overallotment option in connection with the notes offering would permit us to repay amounts under our new revolving credit facility or, if the overallotment option is exercised on the closing date, to pay down our existing credit facility. The closing of this offering is conditioned upon the completion of our new senior secured credit facility and the NTGH acquisition.

The following table sets forth the estimated sources and uses of funds for the offering and the related Transactions, assuming that the Transactions had occurred on September 30, 2003 (in thousands):

<b>Sources of Funds</b>		<b>Uses of Funds</b>	
Common stock offered hereby(1)	\$201,600	NTGH acquisition(4)	\$475,000
Senior subordinated convertible notes offering(1)	200,000	Cash portion of DAP Technologies acquisition(5)	7,500
Borrowings under our new senior secured credit facility(2)(3)	426,953	Repayment of indebtedness under our existing credit facility(3)	162,266
		Redemption of our outstanding senior notes(6)	148,590
		Fees and expenses(7)	35,197
<b>Total sources of funds</b>	<b>\$828,553</b>	<b>Total uses of funds</b>	<b>\$828,553</b>

- (1) Does not reflect the underwriting discounts and expenses payable by us in connection with the offerings.
- (2) In connection with the Transactions, we will borrow \$27.0 million under our new revolving credit facility to repay indebtedness under our existing credit facility. After giving pro forma effect to these borrowings, we would have approximately \$198 million available for borrowing under our new revolving credit facility.
- (3) Upon the closing of the NTGH acquisition, the new senior secured credit facility will replace our existing credit facility. As of September 30, 2003, \$162.3 million was outstanding under our existing credit facility. The weighted average interest rate on our existing credit facility as of September 30, 2003 was 2.65%.
- (4) Includes NTGH's existing debt to be repaid in connection with the NTGH acquisition.
- (5) NTGH currently owns two-thirds of DAP Technologies. In connection with our acquisition of NTGH, we intend to complete the purchase of the remaining one-third interest in DAP Technologies for approximately \$9.1 million, consisting of cash consideration of \$7.5 million and 34,000 shares of our common stock.
- (6) We currently have \$125 million of senior notes outstanding. In connection with the redemption of these notes on December 29, 2003, we will be required to pay a make-whole payment of \$23.6 million. We intend to take a charge for this amount in the fourth quarter of 2003, less a tax benefit of \$8.3 million.
- (7) Includes the underwriting discounts and other expenses incurred or to be incurred in connection with the Transactions.



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The following table sets forth our capitalization as of September 30, 2003:

on an actual basis; and

on an as adjusted basis, after giving effect to the Transactions.

You should read the following table in conjunction with Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations, our and NTGH's audited and unaudited consolidated financial statements and related notes and Unaudited Pro Forma Consolidated Financial Information included elsewhere in this prospectus supplement.

	<b>As of September 30, 2003</b>	
	<b>Actual</b>	<b>As Adjusted for the Transactions</b>
	(in thousands)	
Cash and cash equivalents	\$ 14,510	\$ 14,510
Current portion of long-term debt	\$ 1,017	\$21,017(1)