AMETEK

2017 ANNUAL REPORT

Solving Our Customers' Greatest Challenges

Operational Excellence

Strategic Acquisitions

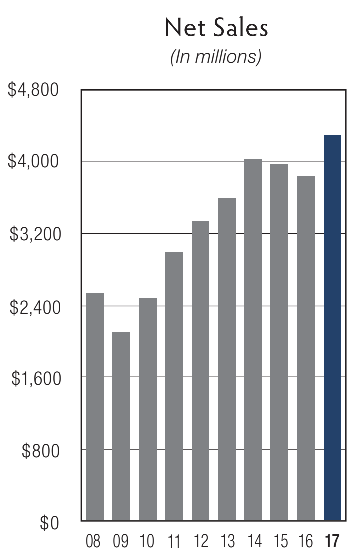
Global & Market Expansion

New Products

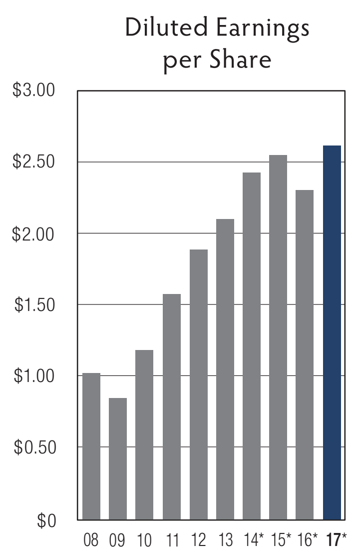
Financial Highlights

(In millions, except per share amounts and number of employees)

Year Ended December 31	2017	2016	2015	2014	2013
Net sales	**$ 4,300.2**	$ 3,840.1	$ 3,974.3	$ 4,022.0	$ 3,594.1
Operating income*	**$ 936.9**	$ 841.4	$ 944.3	$ 917.5	$ 815.1
Net income*	**$ 606.0**	$ 537.7	$ 615.5	$ 598.4	$ 517.0
Diluted earnings per share*	**$ 2.61**	$ 2.30	$ 2.55	$ 2.42	$ 2.10
Dividends declared and paid per share	**$ 0.36**	$ 0.36	$ 0.36	$ 0.33	$ 0.24
Operating income margin*	**21.8%**	21.9%	23.8%	22.8%	22.7%
EBITDA**	**$ 1,076.0**	$ 966.0	$ 1,046.9	$ 1,022.6	$ 916.3
Free cash flow**	**$ 758.2**	$ 693.5	$ 603.4	$ 654.7	$ 597.4
Capital expenditures	**$ 75.1**	$ 63.3	$ 69.1	$ 71.3	$ 63.3
At December 31					
Total debt	**$ 2,174.3**	$ 2,341.6	$ 1,938.0	$ 1,709.0	$ 1,411.5
Net debt**	**$ 1,528.0**	$ 1,624.3	$ 1,557.0	$ 1,331.4	$ 1,116.3
Stockholders' equity	**$ 4,027.6**	$ 3,256.5	$ 3,254.6	$ 3,239.6	$ 3,136.1
Shares outstanding	**231.2**	229.4	235.5	241.3	245.0
Number of employees	**16,900**	15,700	15,450	15,400	14,500



10-year CAGR is 7%



10-year CAGR is 11%

CAGR - Compound Annual Growth Rate

* *See page 26 for reconciliations of operating income, net income, diluted earnings per share and operating income margin reported in accordance with U.S. generally accepted accounting principles ("GAAP") to non-GAAP.*

** *See page 25 for reconciliations of EBITDA, free cash flow and net debt reported in accordance with GAAP to non-GAAP.*

Letter to Shareholders

"Our businesses performed exceptionally well in 2017, and our outlook for the year ahead is positive. We have high confidence in our business model and are committed to achieving our strategic vision and goals."

We Had a Record Year

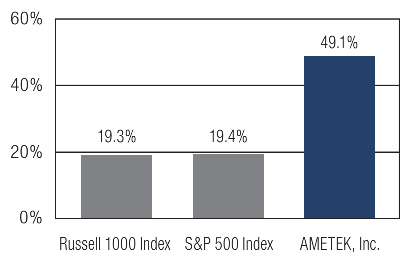
AMETEK had a great year in 2017. We delivered excellent growth across all key financial metrics, while continuing to invest strategically in our businesses.

We generated record sales, with broad-based organic growth across our businesses. We produced record orders, providing us with a solid outlook entering 2018. We had record-level cash flow and diluted earnings per share, reflecting the underlying strength of our business model.

Our sales in 2017 were $4.3 billion, up 12% from 2016. We had operating income of $937 million, up 11% over 2016, and an operating margin of 21.8%. Fully diluted earnings per share were $2.61, up 13% from $2.30 per diluted share in 2016. Operating cash flow, excluding a discretionary pension contribution during the year, was $883 million, up 17% from 2016.

Simply put, the AMETEK operating model is working.

2017 Stock Price Performance



2018 Outlook

As we look ahead, we are confident we can deliver strong performance in 2018. Our businesses are well positioned in highly attractive market segments, each with compelling growth characteristics.

We expect our businesses to continue to successfully execute each of our growth strategies and deliver excellent results in the short term by providing our customers with differentiated technology solutions. And, we will continue to invest strategically to capitalize on growth opportunities.

Recent US tax reform legislation is a positive for AMETEK. We will see a lower effective tax rate and have more efficient access to our cash outside the United States, which will provide us with even greater financial flexibility. The benefits of tax reform, however, do not change our fundamental approach to investment and capital allocation.

We will continue to invest appropriately in our businesses to support their growth initiatives. Given our asset-light business model, those investments will focus on our sales, research and development activities. The top priority for our strong free cash flow remains strategic acquisitions.

We will continue to make opportunistic share repurchases and pay a modest dividend, as we have done in the past. Reflecting our confidence in the underlying strength of the cash flow from our businesses, we announced a 56% increase in our quarterly dividend for 2018.

Strategic Vision and Goal

Our goal is to deliver double-digit growth in sales and earnings over the business cycle. With our strong and proven business model, we are confident we can achieve that goal. Guiding our efforts is a commitment to our Four Growth Strategies: Operational Excellence, Strategic Acquisitions, New Products, and Global & Market Expansion. Those strategies work in concert to leverage the strength of our businesses and are scalable to create additional value for our shareholders.

Operational Excellence

Operational Excellence is AMETEK's cornerstone strategy. It is well engrained within our culture. Operational Excellence encompasses a broad set of systems, processes and tools used to support each of our other growth strategies. We use it to improve production efficiencies, leverage our global sales and service capabilities, drive sourcing efficiencies, improve our new product development, and identify new growth opportunities.

We are pleased with the success of our Operational Excellence activities. In 2017, we realized more than $100 million in savings from those initiatives. Most of those savings came from our global sourcing, strategic procurement and highly successful Value Analysis/Value Engineering activities.

We have seen very positive results from the expansion of Operational Excellence tools focused on organic sales growth. Those expanded tools are targeted at improving our sales and marketing processes. Among them are growth kaizens – specific, continuous-improvement projects targeted at expanding our market share in attractive growth markets or geographic regions. We are very pleased with our initial success and expect to expand them further across more businesses to drive continued profitable growth.

Operational Excellence is an important tool in achieving outstanding working capital and asset management results. In each of those areas, we rank among the best of our peers and see further opportunities to reduce working capital and increase our strong cash flow.

Strategic Acquisitions

Acquisitions remain key to our growth. We are an active, experienced and disciplined acquirer. We are confident in our ability to identify strong acquisition candidates and to successfully integrate them into AMETEK. And, we have sufficient financial capacity and flexibility to pursue additional acquisitions.

Since the beginning of 2017, we have acquired four businesses, deployed nearly $800 million in capital, and acquired approximately $290 million in revenue.

In 2017, we acquired:

Rauland-Borg, a leader in the design and delivery of critical communications solutions for hospitals, health systems and educational facilities. Rauland greatly expands our presence in health care markets and provides us with an important new growth platform. Rauland looks to build on its premier product and brand position within the United States by expanding internationally.

MOCON, a leader in moisture and gas analysis instruments used in research and quality control applications. MOCON nicely complements our existing gas analysis business and provides us with opportunities to further expand in the food and pharmaceutical packaging test market.

Tribute to Frank S. Hermance

Chief Executive Officer (1999-2016)
Chairman (2001-2016)
Executive Chairman (2016-2017)

Frank Hermance retired on July 7, 2017, as Executive Chairman after a 27-year career at AMETEK that included 17 years as Chief Executive Officer. During his tenure, he led a highly successful transformation of AMETEK into a leading global, diversified manufacturing company.

Under his leadership, AMETEK saw improvements in all key financial metrics. He used acquisitions and internal development to shift AMETEK into highly differentiated businesses and establish new growth platforms. He focused on Operational Excellence to achieve operating improvements and added to AMETEK's reputation as a technology leader and product innovator.

Equally important, Frank built a diverse and talented management team, while encouraging an empowered, team-oriented workforce. He did all of that while remaining conscious of AMETEK's role as a corporate citizen, both locally and internationally.

William J. Burke
Executive Vice President and Chief Financial Officer

Tony J. Ciampitti
President, Electronic Instruments

John Wesley Hardin
President, Electronic Instruments

Arizona Instrument, a leader in high-quality precision instruments used in advanced moisture and toxic gas analysis for such industries as food, pharmaceutical, chemical, and environmental. Its products are considered the gold standard in terms of precision and reliability.

Already in 2018, we have acquired:

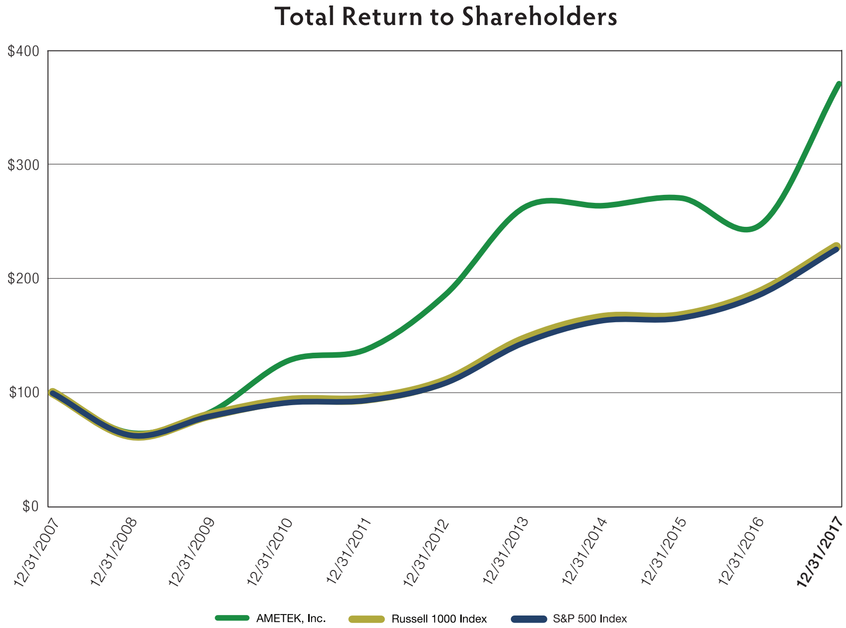
FMH Aerospace, a leader in highly engineered and differentiated components used in the aerospace, defense and space markets. Its products facilitate the transfer of fluids and gases at extreme temperatures and pressures in highly demanding applications. FMH currently supports more than 100 aerospace and defense programs and is an excellent addition to our Thermal Management Systems business. It brings us strong positions across a wide range of attractive aerospace and defense platforms.

Global & Market Expansion

AMETEK is well established outside the United States, with international sales accounting for more than half of our total sales. We are committed to further expanding our global presence with additional investment in our sales and service infrastructure, based on our international growth potential and the increasingly global customer base for our products.

We experienced robust international growth in 2017, with strength across both Europe and Asia. Our Electronic Instruments businesses in particular saw excellent growth internationally, reflecting their global customer base and continued investment in sales and service infrastructure in key international markets.

We also added to our global manufacturing footprint, expanding our presence in Subotica, Serbia, where we envision a multiproduct, multibusiness manufacturing and technology campus. That campus, our third worldwide, will be similar to the operations we have in Reynosa, Mexico, and Shanghai, China.



The chart depicts the performance of $100 invested in AMETEK, Inc., versus the S&P 500 and Russell 1000 Indexes on December 31, 2007, including reinvestment of dividends. AMETEK's total return to shareholders 10-year CAGR is 14%.

New Products

New products are integral to our long-term success. Our businesses do a great job developing new products and finding innovative ways to expand our technology into adjacent markets and applications. Our businesses work closely with their customers to help them solve their most complex challenges with differentiated technology solutions.

As a result, we are committed to maintaining a sizeable investment in research, development and engineering. In 2017, we invested $221 million in those activities. That is a 10% increase over 2016, and more than 5% of our total sales. In 2018, we expect to invest upwards of $235 million in research, development and engineering.

Timothy N. Jones
President, Electromechanical Group

Thomas C. Marecic
President, Electronic Instruments

Ronald J. Oscher
Chief Administrative Officer

We consistently apply proven tools and techniques to improve results from our new product development efforts. Those include Value Analysis/Value Engineering, Design for Six Sigma, and Voice of Customer programs. We are leveraging our India Engineering Center to provide our businesses with high-quality research and development capabilities.

Among the ways we gauge our new product success is through our vitality index, which measures the amount of sales we generate from new products. By that measure, sales from products introduced in the past three years accounted for a very strong 24% of our 2017 sales.

Our recent product launches include award-winning imaging technology and inspection tools; advanced workflow solutions for hospitals and health care facilities; high-reliability and programmable power supplies and test equipment; and cutting-edge process and materials analysis instruments.

Strong Foundation

AMETEK's businesses are built on the strong foundation of our growth strategies. Supporting those strategies is a dedicated global workforce and highly experienced management team. We are committed to providing our customers with world-class products and services and achieving consistent and superior returns for our shareholders.

We also are dedicated to the highest standards of business ethics and behavior.

All colleagues must adhere to a written Code of Ethics. I and my senior financial managers must adhere to an additional Financial Code of Ethics. Our senior managers are required to actively monitor a well-established system of financial controls, and there are additional safeguards in place to ensure the integrity and regulatory compliance of our businesses.

We are committed as a company to a corporate culture that values diversity and fosters a work environment that enables our colleagues to develop meaningful and rewarding careers. We challenge our senior managers to recruit, train and develop colleagues with diverse backgrounds and experiences.

We are responsible corporate citizens committed to operating our facilities in an environmentally responsible manner. Many of our products support sustainability initiatives, such as the production of renewable fuels and solar energy; reduction of potentially harmful emissions and greenhouse gases; improvement in material, process and energy efficiencies; and delivery of value-based health care around the globe.

We are sensitive to the needs of our communities and, as a company, support programs that help them meet their health, education and social needs. As part of that commitment, we made a significant contribution to our corporate charitable foundation in 2017.

Seamless Transition

As part of a planned management succession, Frank Hermance retired in July as Executive Chairman of the Board. I am personally grateful to Frank for his guidance and support. On behalf of my AMETEK colleagues, I thank him for his dedicated service. A tribute to Frank and his contributions to our company accompanies this letter.

We also thank James Malone, who retires from our Board this May after 24 years of service. We are extremely grateful for his many contributions to AMETEK.

Finally, I join with my AMETEK colleagues in expressing our appreciation to our shareholders for their support and confidence. We look forward to reporting the results of our efforts on your behalf.

David A Zapico

David A. Zapico
Chairman of the Board and
Chief Executive Officer

March 16, 2018

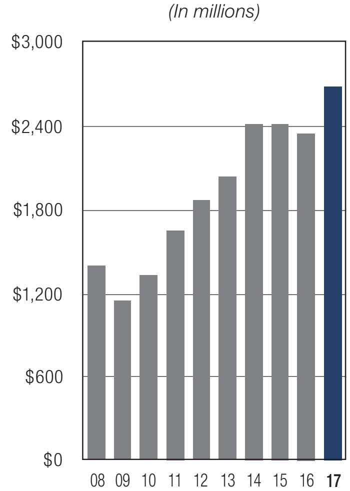
AMETEK Overview

AMETEK has 17,000 colleagues at 150 operating locations and a global network of sales, service and support locations in 30 countries around the world. Its Electronic Instruments Group is a leader in advanced instruments for the aerospace, power, process and industrial markets. Its Electromechanical Group is a differentiated supplier of electrical interconnects, precision motion control solutions, specialty metals, thermal management systems and specialty motors.

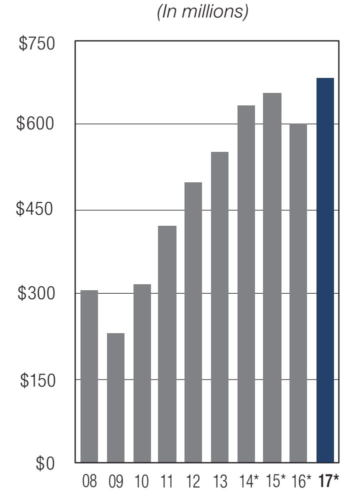
Electronic Instruments Group (EIG)

- EIG provides a growing range of analytical instruments for the research and laboratory equipment, ultraprecision manufacturing, medical, and test and measurement markets.
- EIG is a global leader in process and analytical instrumentation for the chemical/ petrochemical, oil, gas, pharmaceutical, semiconductor, and factory automation markets.
- EIG supplies the aerospace industry with engine sensors, aircraft sensors, monitoring systems, power supplies, data acquisition units, fuel and fluid measurement systems, and cable assemblies.
- EIG is a leader in power quality monitoring and metering, uninterruptible power supplies, industrial battery chargers, programmable power equipment, electromagnetic compatibility test equipment, and sensors for gas turbine generators.
- EIG is a leading global provider of mission-critical communications solutions for hospitals, health care systems and educational facilities.
- EIG is a leader in package testing and quality controls for food, beverages and pharmaceuticals.

EIG Sales
(In millions)



EIG Operating Income
(In millions)

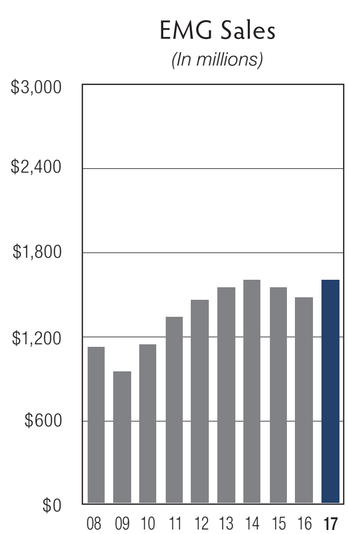


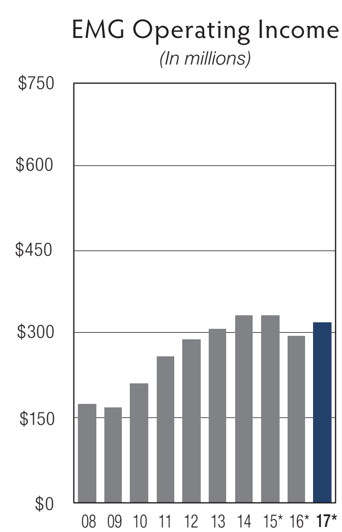
* *See page 26 for reconciliation of operating income reported in accordance with GAAP to non-GAAP.*

AMETEK at a Glance

Electromechanical Group (EMG)

- EMG is a leader in automation and precision motion control products used in data storage, medical devices, business equipment, factory automation, and other applications.
- EMG is a leader in highly engineered electrical connectors and packaging used to protect sensitive devices in aerospace, defense, medical, and industrial applications.
- EMG provides high-purity powdered metals, metal strip and foils, specialty clad metals, shaped wire, tubes and advanced metal matrix composites for industrial, aerospace and medical applications.
- EMG fans, blowers, and heat exchangers provide electronic cooling and environmental control for the aerospace and defense industries.
- EMG operates a global network of aviation maintenance, repair, and overhaul facilities.
- EMG manufactures specialized motors used in appliances and commercial equipment, hydraulic pumps, and industrial blowers.





* *See page 26 for reconciliation of operating income reported in accordance with GAAP to non-GAAP.*

Four Growth Strategies

AMETEK's Corporate Growth Plan is built on the foundation of its Four Growth Strategies. Those strategies have proven successful and are scalable to support AMETEK's growth objectives. Each strategy supports and enhances the others, while playing an important role in the achievement of AMETEK's vision and goals.

Aligned with Global Secular Trends

AMETEK solves its customers' greatest challenges with differentiated technology solutions. Its world-class businesses develop and manufacture innovative products that serve the needs of its customers around the globe. Those customers operate in a diverse set of markets, each with strong and attractive secular growth trends. The sections that follow highlight AMETEK's growth opportunities and the global trends that underpin those opportunities across a number of markets.

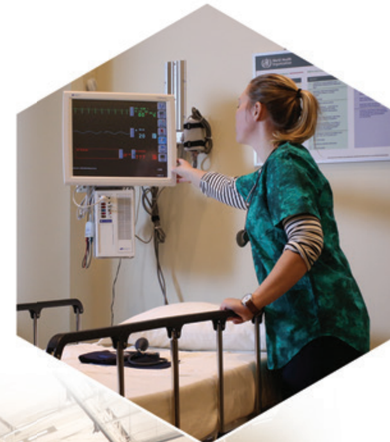
Providing Mission-Critical Solutions for the Medical and Health Care Fields

Powerful secular trends have driven significant medical and health care investment. Those trends include growing global demand for health care as populations age; evolving regulations pointed at improved patient satisfaction and care; and the need to better manage rising costs. Medical providers are adapting to those trends by implementing tools that better support the efficiency and effectiveness of their facilities.

AMETEK is well positioned to address those challenges. Its businesses offer customers a growing array of health-care-focused products, including communications solutions, customized electrical interconnects, precision-machined components, and diagnostic devices.

Reichert Technologies, for example, is a world leader in high-quality diagnostic instruments for ophthalmologists and optometrists. Its devices have wide application, from vision testing and correction to the diagnosis of glaucoma and macular degeneration.

AMETEK added to its health care portfolio in 2017 with the acquisition of Rauland, a leading industry provider of clinical communications solutions. Its systems connect patients with nurses and doctors through a streamlined workflow that creates higher levels of patient safety and satisfaction. Rauland provides AMETEK with new opportunities for global expansion and product development.



Rauland Responder® clinical communications and workflow solutions

Reichert Phoroptor® vision diagnosis instrument

Super Bowl Bound

The Philadelphia Eagles Eye Mobile, sponsored and equipped by the AMETEK Foundation, has given 80,000 free eye exams and delivered 55,000 pairs of glasses to underserved children. Above, it visits AMETEK's headquarters in Berwyn, PA, on its way to Super Bowl LII, making stops along the way to provide free eye exams.

Supporting Next-Generation Aerospace and Defense Platforms

GE Aviation/Safran LEAP jet engine

Military aircraft refueling systems

The aerospace and defense sector is poised for continued strong growth. Global economic expansion, strong airline passenger demand, the development of more fuel-efficient commercial aircraft, and increased global defense spending are among the key factors driving robust investment in aerospace and defense.

AMETEK holds a well-established position within the aerospace and defense sector, serving all segments of the industry with a broad range of highly technical products and solutions for next-generation platforms. Among its customers are the world's leading airframe and aircraft engine manufacturers, global airlines, and defense contractors.

The Boeing 787 Dreamliner is an example of the widening scope of AMETEK's aerospace business. The aircraft's hydraulic system includes AMETEK transducers, sensors and a specially designed lightweight heat exchanger.

AMETEK provides sensors for many of the world's most advanced jet engines, including the new LEAP engine.

LEAP engine production is expected to ramp up over the next several years as Boeing and Airbus rely on the quiet, more fuel-efficient engine to power their latest 737 and A320 aircraft.

AMETEK serves the global defense industry with mission-critical technology solutions that support a broad range of military programs. Its products include Rotron® high-performance blowers and fans, Reading Alloys titanium master alloys, and Sealton™ custom electrical interconnects for military aircraft.

AMETEK has used targeted acquisitions to expand its product offering in this market. Most recently, in early 2018, it acquired FMH Aerospace, a highly specialized developer of complex gas and fluid handling systems. FMH is an excellent fit with AMETEK's existing thermal management capabilities.

Boeing 787 Dreamliner

Ensuring Reliable Energy Production and Supply

Population growth and economic expansion, especially in the developing world, are driving increased energy demand. The energy that will power the future will be generated, distributed and utilized more efficiently. As a result, energy producers will seek to meet this growing demand and shift to more renewable energy sources with technology that enables a smarter, cleaner and more reliable energy supply.

AMETEK is well positioned to partner with energy producers and suppliers to meet this demand. Its businesses offer analytical, test and measurement instruments, sensors and process controls used to support the production of oil and gas; monitor and analyze electrical transmission and distribution; provide uninterruptible and reliable power supplies; and support the development of renewable energy sources and a reliable energy grid.

As an example, AMETEK Power Instruments is a recognized leader in technology and solutions used in virtually all aspects of power generation and distribution. Its products are vital to providing more efficient and reliable power. They include advanced sensors used to monitor gas turbine generators and power quality recorders used by electric power users and utilities to detect faults and anomalies.

For power users with highly critical needs, AMETEK helps ensure reliable power supplies with uninterruptible power and battery management systems. AMETEK also provides remote monitoring and intelligent diagnostic solutions for protecting mission-critical equipment from power-related issues.

JEMStar II electric power meter

TR-3000 multifunction power recorder

Helmut N. Friedlaender Leadership Award
AMETEK Power Systems & Instruments won the 2017 Friedlaender Award. Established to foster management excellence, the award annually recognizes an AMETEK business for meeting key leadership objectives.

Advancing Cutting-Edge Research and Development

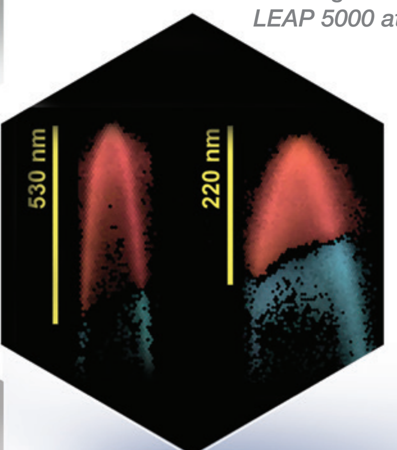
Leading academic, government and industrial research and development teams are pushing the envelope of discovery in their respective fields. Advanced technology and innovation are driving significant achievements in today's most forward-thinking laboratories and research centers around the globe. This has led to record-level investments in the technology and instrumentation required to support those cutting-edge research and development efforts.

AMETEK is well suited to benefit from this investment as a premier provider of the high-end, analytical instrumentation and ultraprecise materials analysis tools required to support those research initiatives. Through an array of highly specialized, custom solutions, AMETEK offers its customers the products and technology they need to succeed.

AMETEK businesses focus on supporting their customers' most advanced and challenging research applications. Through its CAMECA, EDAX, SPECTRO, Taylor Hobson, Vision Research and Zygo businesses, AMETEK offers nanoscale research and metrology systems, high-end trace element analyzers, advanced spectroscopic instruments and high-speed imaging systems.

CAMECA is a world leader in nanoscale metrology instrumentation, and a good example of how AMETEK provides its customers with technology that supports the future of innovation. CAMECA's advanced products measure elemental and isotopic composition, allowing users to analyze a specific material down to the atomic level. This leading-edge technology provides the only technique available that can produce both 3D images and a chemical composition analysis. It already has contributed to several major scientific advancements.

3D Image from CAMECA® LEAP 5000 atom probe



ZYGO® 3D optical profiler

SPECTROLAB metal analyzer

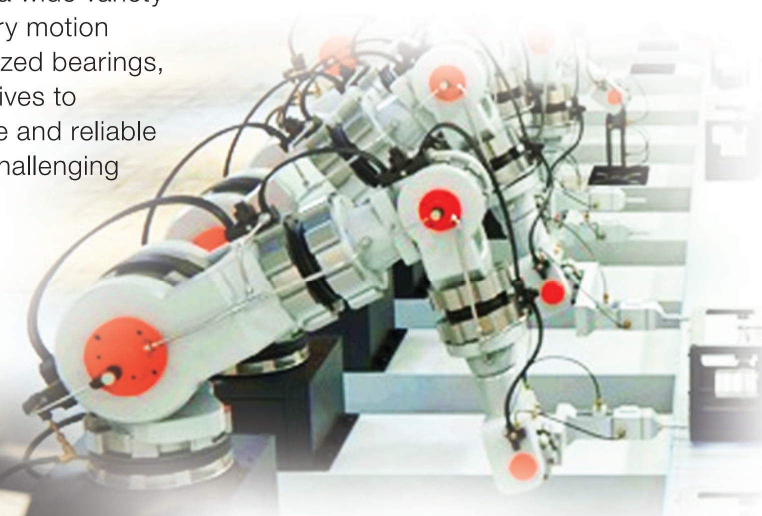
Developing Solutions for Automation and Manufacturing

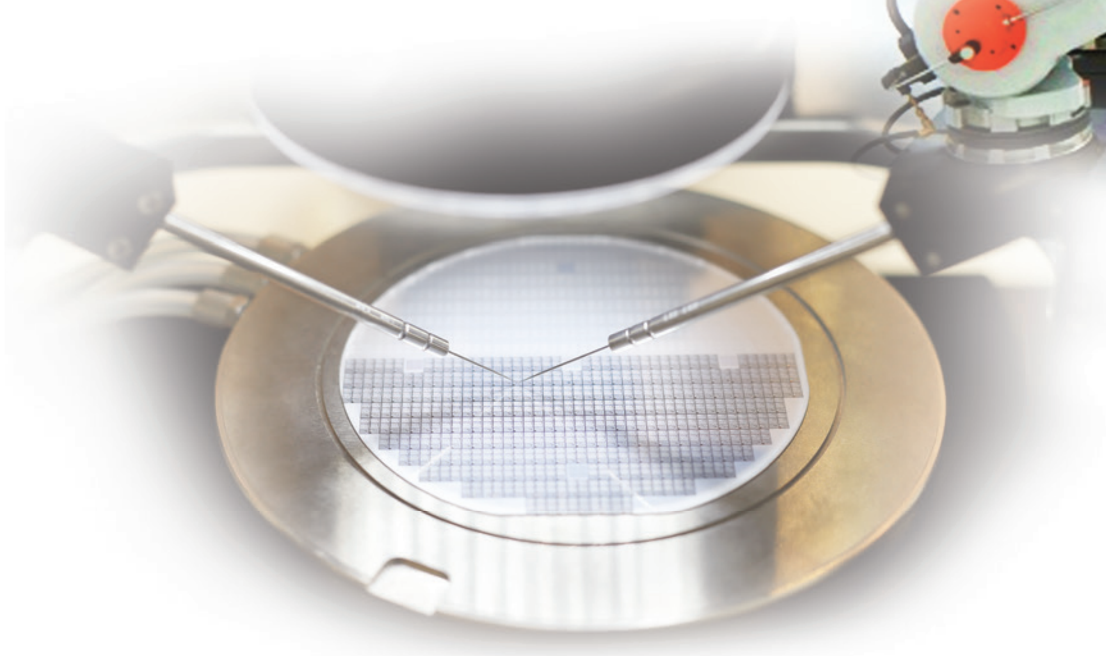
The global manufacturing sector is moving forward faster than ever before. Companies worldwide are staying ahead of the competition by adopting new, smarter technologies to automate processes, improve quality and enhance productivity. Record investment is going into automated manufacturing, supported by robotics, ultraprecise quality control solutions, and smart vision systems.

AMETEK is well positioned to benefit from this global trend, given its industry leadership in advanced machining and precision automation tools and systems. Its businesses also offer a wide range of advanced motion control solutions for diverse applications that have highly precise motion requirements. Those include medical devices, laboratory instruments, imaging equipment, and factory automation solutions.

AMETEK works closely with its customers to develop custom solutions that support their critical automation requirements. Its Haydon Kerk, Pittman and Dunkermotoren businesses offer a wide variety of linear and rotary motion systems, customized bearings, and integrated drives to ensure repeatable and reliable performance in challenging environments.

Dunkermotoren BG95 brushless DC motor





Extending Limits in Test, Measurement and Detection

MOCON AQUATRAN® water vapor measurement instrument for testing ultrahigh-barrier materials

FlarePro mass spectrometer for flare gas monitoring

Today's most critical process applications require the highest levels of quality, environmental and safety control, often within highly demanding operating environments. As a result, companies are investing in advanced test, measurement and detection technologies designed to enhance product quality, ensure regulatory compliance, improve process control, and increase production efficiencies.

AMETEK serves its customers' process control needs with differentiated, highly precise test, measurement and detection solutions. Its wide product offering includes sensors, material test equipment, process analyzers, and high-end imaging technologies designed to enhance product quality and improve process efficiency.

AMETEK's Process Instruments, for example, is a leader in analyzers and instrumentation used to monitor, detect and analyze process parameters across a wide range of energy, petrochemical and environmental applications. Its products help customers ensure proper, safe and efficient operation in a variety of challenging industrial environments.

AMETEK has expanded its gas and moisture analysis platform with several recent acquisitions: MOCON and Arizona Instrument in 2017 and Brookfield in 2016. Those businesses offer highly precise instruments used to measure viscosity and moisture and gas permeation, and to detect hazardous gases. They help ensure quality and safety in such attractive markets as food, beverages, pharmaceuticals and environmental safety.

Dr. John H. Lux Quality Accomplishment Award

AMETEK Sensors, Test & Calibration teams in Horsham, PA, and San Luis Obispo, CA, won the 2017 Lux Award for improving efficiency and quality, while consolidating operations. The award is presented annually for Operational Excellence accomplishment.

Financial Review

Management's Discussion and Analysis

This 2017 summary annual report contains abbreviated financial information. The complete text of Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and footnotes are presented in AMETEK's 2017 Form 10-K and in Appendix A to the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Business Overview

AMETEK's operations are affected by global, regional and industry economic factors. However, the Company's strategic geographic and industry diversification, and its mix of products and services, have helped to mitigate the potential adverse impact of any unfavorable developments in any one industry or the economy of any single country on its consolidated operating results. The strengthening global economic environment compared to 2016, contributions from recent acquisitions, and continued focus on and implementation of Operational Excellence initiatives, had a positive impact on 2017 results. In 2017, the Company established records for orders, sales, operating income, net income, diluted earnings per share and operating cash flow. The continued strengthening global economic environment, contributions from recent acquisitions and continued focus on and implementation of Operational Excellence initiatives, including the 2017 and 2016 realignment actions (described further throughout), are expected to have a positive impact on the Company's 2018 results.

The table on the opposite page sets forth net sales and operating income for the Company by business segment and on a consolidated basis for the years ended December 31, 2017, 2016 and 2015. The discussion that follows should be read in conjunction with the condensed consolidated financial statements appearing elsewhere in this summary annual report.

Review of Operations

Net sales for 2017 were $4,300.2 million, an increase of $460.1 million or 12.0%, compared with net sales of $3,840.1 million in 2016. The increase in net sales for 2017 was due to 6% organic sales growth and a 6% increase from acquisitions. EIG net sales were $2,690.6 million in 2017, an increase of 14.0%, compared with $2,360.3 million in 2016. The EIG net sales increase for 2017 was due to a 9% increase from the 2017 acquisitions of MOCON and Rauland and 2016 acquisitions of Nu Instruments, Brookfield and ESP/SurgeX, and 5% organic sales growth. EMG net sales were $1,609.6 million in 2017, an increase of 9%, compared with $1,479.8 million in 2016. The EMG net sales increase for 2017 was due to 8% organic sales growth and a 1% increase from the 2016 acquisition of Laserage.

Total international sales for 2017 were $2,214.0 million or 51.5% of net sales, an increase of $203.3 million or 10.1%, compared with international sales of $2,010.7 million or 52.4% of net sales in 2016. The $203.3 million increase in international sales was primarily driven by organic sales growth. Both reportable segments of the Company maintain strong international sales presences in Europe and Asia.

Orders for 2017 were $4,539.8 million, an increase of $691.0 million or 18.0%, compared with $3,848.8 million in 2016. The increase in orders for 2017 was due to 10% organic order growth, a 6% increase from acquisitions and favorable 2% effect of foreign currency translation. As a result, the Company's backlog of unfilled orders at December 31, 2017 was a record $1,396.1 million, an increase of $239.6 million or 20.7%, compared with $1,156.5 million at December 31, 2016.

The Company recorded 2017 realignment costs totaling $16.8 million in the fourth quarter of 2017 (the "2017 realignment costs"). The 2017 realignment costs were composed of $3.0 million in severance costs for a reduction in workforce, $7.8 million of asset write-downs and $6.0 million in costs to withdraw from a multiemployer defined benefit pension plan. The 2017 realignment costs better position the Company's long-term cost structure and included costs associated with the continued consolidation of the Company's floor care and specialty motors businesses into its precision motion control businesses. The Company recorded 2016 realignment costs totaling $25.6 million in the fourth quarter of 2016 (the "2016 realignment costs"). The 2016 realignment costs primarily related to $19.3 million in severance costs for a reduction in workforce and $6.2 million of asset write-downs in response to the impact of a weak global economy on certain of the Company's businesses, as well as the effects of a continued strong U.S. dollar. Also, in the fourth quarter of 2016, the Company recorded a $13.9 million noncash impairment charge related to certain of the Company's trade names.

The 2017 and 2016 realignment costs and 2016 impairment charge were reported in the consolidated statement of income as follows (in millions):

	Year Ended December 31, 2017	Year Ended December 31, 2016
Realignment costs	$ 16.8	$ 24.0
Impairment charge	—	13.9
Cost of sales	16.8	37.9
Realignment costs	—	1.6
Impairment charge	—	—
Selling, general and administrative expenses	—	1.6
Realignment costs	16.8	25.6
Impairment charge	—	13.9
Total reported in the consolidated statement of income	$ 16.8	$ 39.5

	(In thousands) Year Ended December 31,					
	2017		2016		2015	
Net sales[(1)]:						
Electronic Instruments	**$ 2,690,554**		$ 2,360,285		$ 2,417,192	
Electromechanical	**1,609,616**		1,479,802		1,557,103	
Consolidated net sales	**$ 4,300,170**		$ 3,840,087		$ 3,974,295	
		% of Sales		% of Sales		% of Sales
Operating income:						
Segment operating income[(2)]:						
Electronic Instruments	**$ 677,489**	**25.2**	$ 577,717	24.5	$ 639,399	26.5
Electromechanical	**310,875**	**19.3**	277,873	18.8	318,098	20.4
Total segment operating income	**988,364**	**23.0**	855,590	22.3	957,497	24.1
Corporate administrative and other expenses	**(73,270)**	**(1.7)**	(53,693)	(1.4)	(49,781)	(1.3)
Consolidated operating income	**$ 915, 094**	**21.3**	$ 801,897	20.9	$ 907,716	22.8

(1) After elimination of intra- and intersegment sales, which are not significant in amount.

(2) Segment operating income represents net sales less all direct costs and expenses (including certain administrative and other expenses) applicable to each segment, but does not include interest expense.

The 2017 and 2016 realignment costs and 2016 impairment charge were reported in segment operating income as follows (in millions):

	Year Ended December 31,	
	2017	2016
Realignment costs	**$ 4.5**	$ 12.4
Impairment charge	**—**	9.2
EIG	**4.5**	21.6
Realignment costs	**12.3**	11.6
Impairment charge	**—**	4.7
EMG	**12.3**	16.3
Realignment costs	**16.8**	24.0
Impairment charge	**—**	13.9
Total reported in segment operating income	**$ 16.8**	$ 37.9

The 2017 and 2016 realignment costs and 2016 impairment charge negatively impacted segment operating margins as follows (in basis points):

	Year Ended December 31,	
	2017	2016
Realignment costs	**(10)**	(50)
Impairment charge	**—**	(40)
EIG	**(10)**	(90)
Realignment costs	**(80)**	(80)
Impairment charge	**—**	(30)
EMG	**(80)**	(110)
Realignment costs	**(40)**	(60)
Impairment charge	**—**	(40)
Total impacting segment operating margins	**(40)**	(100)

The expected annualized cash savings from the 2017 realignment costs is expected to be approximately $5 million and is expected to be fully realized in 2019.

Segment operating income for 2017 was $988.4 million, an increase of $132.8 million or 15.5%, compared with segment operating income of $855.6 million in 2016. The increase in segment operating income for 2017 resulted primarily from the increase in net sales noted above. Segment operating income, as a percentage of net sales, increased to 23.0% in 2017, compared with 22.3% in 2016. The increase in segment operating margins for 2017 resulted primarily from the net impact of the 2017 versus the 2016 realignment costs and 2016 impairment charge noted above. Segment operating income and segment operating margins for 2017 and 2016 included the impact of the realignment costs and 2016 impairment charge detailed in the tables above.

Cost of sales for 2017 was $2,851.4 million or 66.3% of net sales, an increase of $276.2 million or 10.7%, compared with $2,575.2 million or 67.1% of net sales for 2016. The cost of sales increase for 2017 was affected by the net sales increase noted above. Cost of sales for 2017 and 2016 included the impact of the realignment costs and 2016 impairment charge detailed in the tables above.

Selling, general and administrative ("SG&A") expenses for 2017 were $533.6 million or 12.4% of net sales, an increase of $70.6 million or 15.2%, compared with $463.0 million or 12.1% of net sales in 2016. The increase in SG&A expenses for 2017 was primarily due to the increase in net sales noted above, a fourth quarter of 2017 $5.0 million charitable donation and a second quarter of 2017 $2.5 million equity-based compensation charge related to the accelerated vesting of restricted stock grants in association with the retirement of the Company's Executive Chairman of the Board of Directors. For 2016, SG&A expenses included $1.6 million of realignment costs noted above.

Consolidated operating income was $915.1 million or 21.3% of net sales for 2017, an increase of $113.2 million or 14.1%, compared with $801.9 million or 20.9% of net sales in 2016.

Interest expense was $98.0 million for 2017, an increase of $3.7 million or 3.9%, compared with $94.3 million in 2016. The interest expense increase for 2017 was primarily due to the impact of private placement senior notes funded in the fourth quarter of 2016, partially offset by lower average borrowings under the Company's revolving credit facility period over period.

Other expenses, net were $20.3 million for 2017, an increase of $5.8 million, compared with $14.5 million in 2016. The other expenses, net increase for 2017 was primarily due to higher environmental-related expenses.

The effective tax rate for 2017 was 14.5%, compared with 26.1% in 2016. On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"). The Act, which is also commonly referred to as "U.S. Tax Reform," significantly changes U.S. corporate income tax laws by, among other things, reducing the U.S. corporate income tax rate to 21% starting in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of U.S. subsidiaries. As a result, in the fourth quarter of 2017, the Company recorded a net benefit of $91.6 million in the consolidated statement of income as a component of Provision for income taxes. The $91.6 million net benefit consisted of a $185.8 million benefit resulting from the remeasurement of the Company's net deferred tax liabilities in the U.S. based on the new lower corporate income tax rate and a $94.2 million expense relating to the one-time mandatory tax on previously deferred earnings of certain non-U.S. subsidiaries that are owned either wholly or partially by a U.S. subsidiary of the Company. Also, included in the $94.2 million, the Company recorded additional deferred tax liabilities of $13.3 million related to state income and foreign withholding taxes expected to be incurred when the cash amounts related to the mandatory tax are ultimately repatriated to the U.S., offset by $1.0 million for a remeasurement of uncertain tax positions impacted by the mandatory tax inclusion.

Although the $91.6 million net benefit represents what the Company believes is a reasonable estimate of the impact of the income tax effects of the Act on the Company's consolidated financial statements as of December 31, 2017, it should be considered provisional. As additional guidance from the U.S. Department of Treasury is provided, the Company may need to adjust the provisional amounts after it finalizes the 2017 U.S. tax return and is able to conclude whether any further adjustments are required to its U.S. portion of net deferred tax liability of $390.4 million as of December 31, 2017, as well as to the liability associated with the one-time mandatory tax. The currently recorded amounts include a variety of estimates of taxable earnings and profits, estimated taxable foreign cash balances, differences between U.S. generally accepted accounting principles ("GAAP") and U.S. tax principles and interpretations of many aspects of the Act that may, if changed, impact the final amounts. Any adjustments to these provisional amounts will be reported as a component of Provision for income taxes in the reporting period in which any such adjustments are determined, which will be no later than the fourth quarter of 2018, and could result in significant impacts to the effective tax rate for the period. The Company is still evaluating the potential future impact of the global intangible low-taxed income ("GILTI") section of the Act and has not provided any provisional deferred tax liability for it. Under U.S. GAAP, the Company is permitted to make an accounting policy election to either treat taxes due on future inclusions in the U.S. taxable income related to GILTI as a current-period expense when incurred or to factor such amounts into the Company's measurement of its deferred taxes. Due to the ongoing evaluation, the Company has not yet made the accounting policy decision.

The 2017 effective tax rate reflects $12.3 million of tax benefits related to share-based payment transactions in accordance with the January 1, 2017 adoption of the Financial Accounting Standards Board Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*.

The effective tax rates for 2017 and 2016 reflect the impact of foreign earnings, which are taxed at lower rates, tax benefits related to international and state tax planning initiatives and the release of uncertain tax position liabilities relating to certain statute expirations.

Net income for 2017 was $681.5 million, an increase of $169.3 million or 33.1%, compared with $512.2 million in 2016. The 2017 realignment costs reduced 2017 net income by $13.0 million and the net benefit related to the Act increased 2017 net income by $91.6 million. The 2016 realignment costs and the 2016 impairment charge reduced 2016 net income by $17.0 million and $8.6 million, respectively.

Diluted earnings per share for 2017 were $2.94, an increase of $0.75 or 34.2%, compared with $2.19 per diluted share in 2016. The 2017 realignment costs had the effect of reducing 2017 diluted earnings per share by $0.05 and the net benefit related to the Act had the effect of increasing 2017 diluted earnings per share by $0.39. The 2016 realignment costs and the 2016 impairment charge had the effect of reducing 2016 diluted earnings per share by $0.07 and $0.04, respectively.

Review of Cash Flows and Financial Position

Cash provided by operating activities totaled $833.3 million in 2017, an increase of $76.5 million or 10.1%, compared with $756.8 million in 2016. The increase in cash provided by operating activities for 2017 was primarily due to higher net income and lower overall operating working capital levels driven by the Company's continued focus on working capital management. Offsetting the increase in cash provided by operating activities was a $48.0 million increase in defined benefit pension plan contributions driven by a discretionary $50.1 million contribution to the Company's defined benefit pension plans in the first quarter of 2017, with $40.0 million contributed to U.S. defined benefit pension plans and $10.1 million contributed to foreign defined benefit pension plans.

Free cash flow (cash flow provided by operating activities less capital expenditures) was $758.2 million in 2017, compared with $693.6 million in 2016. EBITDA (earnings before interest, income taxes, depreciation and amortization) was $1,076.0 million in 2017, compared with $966.0 million in 2016. Free cash flow and EBITDA are presented because the Company is aware that they are measures used by third parties in evaluating the Company.

(See tables on page 25 for a reconciliation of U.S. GAAP measures to comparable non-GAAP measures).

Cash used for investing activities totaled $625.8 million in 2017, compared with $452.4 million in 2016. In 2017, the Company paid $556.6 million, net of cash acquired, to acquire Arizona Instrument in December 2017, MOCON in June 2017 and Rauland in February 2017. In 2016, the Company paid $391.4 million, net of cash acquired, to acquire Laserage in October 2016, HS Foils and Nu Instruments in July 2016, and Brookfield and ESP/SurgeX in January 2016. Additions to property, plant and equipment totaled $75.1 million in 2017, compared with $63.3 million in 2016.

Cash used for financing activities totaled $329.2 million in 2017, compared with $57.1 million of cash provided by financing activities in 2016. At December 31, 2017, total debt, net was $2,174.3 million, compared with $2,341.6 million at December 31, 2016. In 2017, short-term borrowings decreased $9.6 million, compared with a decrease of $315.7 million in 2016. In 2017, long-term borrowings decreased $270.0 million, compared with an increase of $772.2 million in 2016. In the fourth quarter of 2017, the Company paid in full, at maturity, $270 million in aggregate principal amount of 6.20% private placement senior notes.

The Company along with certain of its foreign subsidiaries has an amended and restated credit agreement dated as of March 10, 2016 (the "Credit Agreement"). The Credit Agreement consists of a five-year revolving credit facility in an aggregate principal amount of $850 million with a final maturity date in March 2021. The revolving credit facility total borrowing capacity excludes an accordion feature that permits the Company to request up to an additional $300 million in revolving credit commitments at any time during the life of the Credit Agreement under certain conditions. Interest rates on outstanding borrowings under the revolving credit facility are at the applicable benchmark rate plus a negotiated spread or at the U.S. prime rate. The revolving credit facility provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy. At December 31, 2017, the Company had available borrowing capacity of $1,108.1 million under its revolving credit facility, including the $300 million accordion feature.

In the third quarter of 2018, $80 million of 6.35% senior notes and $160 million of 7.08% senior notes will mature and become payable. In the fourth quarter of 2018, $65 million of 7.18% senior notes will mature and become payable. The debt-to-capital ratio was 35.1% at December 31, 2017, compared with 41.8% at December 31, 2016. The net debt-to-capital ratio (total debt, net less cash and cash equivalents divided by the sum of net debt and stockholders' equity) was 27.5% at December 31, 2017, compared with 33.3% at December 31, 2016. The net debt-to-capital ratio is presented because the Company is aware that this measure is used by third parties in evaluating the Company. (See table on page 25 for a reconciliation of U.S. GAAP measures to comparable non-GAAP measures).

In 2017, the Company repurchased approximately 114,000 shares of its common stock for $6.9 million, compared with $336.1 million used for repurchases of approximately 7,099,000 shares in 2016.

At December 31, 2017, $368.7 million was available under the Company's Board of Directors authorization for future share repurchases.

Additional financing activities for 2017 included cash dividends paid of $82.7 million, compared with $83.3 million in 2016. Proceeds from the exercise of employee stock options were $40.0 million in 2017, compared with $17.6 million in 2016.

As a result of all of the Company's cash flow activities in 2017, cash and cash equivalents at December 31, 2017 totaled $646.3 million, compared with $717.3 million at December 31, 2016. At December 31, 2017, the Company had $569.4 million in cash outside the United States, compared with $481.6 million at December 31, 2016. The Company utilizes this cash to fund its international operations, as well as to acquire international businesses. The Company is in compliance with all covenants, including financial covenants, for all of its debt agreements. The Company believes it has sufficient cash-generating capabilities from domestic and unrestricted foreign sources, available credit facilities and access to long-term capital funds to enable it to meet its operating needs and contractual obligations in the foreseeable future.

Subsequent Events

In January 2018, the Company acquired FMH Aerospace for approximately $235 million in cash using available cash.

Effective February 1, 2018, the Company's Board of Directors approved a 56% increase in the quarterly cash dividend on the Company's common stock to $0.14 per common share from $0.09 per common share.

Forward-Looking Information and Risk Factors

Except for historical information contained in this summary annual report, certain statements made herein, which state the Company's prediction for the future, are forward-looking statements, which involve risks and uncertainties that exist in the Company's operations and business environment and are subject to change based on various important factors. Actual results may differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company. Additional information concerning risk and other factors that could have a material adverse effect on our business, or cause actual results to differ from projections, is contained in the Company's Form 10-K for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission.

Condensed Consolidated Statement of Income

(In thousands, except per share amounts)

Year Ended December 31,

	2017	2016	2015
Net sales	$ 4,300,170	$ 3,840,087	$ 3,974,295
Operating expenses:			
Cost of sales	2,851,431	2,575,220	2,617,987
Selling, general and administrative	533,645	462,970	448,592
Total operating expenses	3,385,076	3,038,190	3,066,579
Operating income	915,094	801,897	907,716
Other expenses:			
Interest expense	(98,029)	(94,304)	(91,795)
Other, net	(20,336)	(14,490)	(9,541)
Income before income taxes	796,729	693,103	806,380
Provision for income taxes	115,259	180,945	215,521
Net income	$ 681,470	$ 512,158	$ 590,859
Basic earnings per share	$ 2.96	$ 2.20	$ 2.46
Diluted earnings per share	$ 2.94	$ 2.19	$ 2.45
Weighted average common shares outstanding:			
Basic shares	230,229	232,593	239,906
Diluted shares	231,845	233,730	241,586

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in Appendix A to the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Condensed Consolidated Statement of Comprehensive Income

	(In thousands) Year Ended December 31,		
	2017	**2016**	**2015**
Net income	**$ 681,470**	$ 512,158	$ 590,859
Other comprehensive income (loss):			
Amounts arising during the period — gains (losses), net of tax (expense) benefit:			
Foreign currency translation:			
Translation adjustments	**159,507**	(68,774)	(67,245)
Change in long-term intercompany notes	**36,320**	(7,597)	(51,235)
Net investment hedges, net of tax of $41,178 $6,558 and $3,432 in 2017, 2016 and 2015, respectively	**(109,412)**	(12,179)	(6,374)
Defined benefit pension plans:			
Net actuarial gain (loss), net of tax of ($8,384), $17,450, and $12,870 in 2017, 2016, and 2015, respectively	**16,518**	(55,259)	(21,002)
Amortization of net actuarial loss, net of tax of ($4,680), ($2,090) and ($3,247) in 2017, 2016, and 2015, respectively	**9,910**	6,618	6,137
Amortization of prior service costs, net of tax of $4, $25 and ($564) in 2017, 2016, and 2015, respectively	**(41)**	(79)	1,809
Unrealized holding gain (loss) on available-for-sale securities:			
Unrealized gain (loss), net of tax of ($221), ($275) and $445 in 2017, 2016, and 2015, respectively	**411**	512	(827)
Other comprehensive income (loss)	**113,213**	(136,758)	(138,737)
Total comprehensive income	**$ 794,683**	$ 375,400	$ 452,122

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in Appendix A to the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Condensed Consolidated Balance Sheet

	(In thousands, except share amounts) **December 31,**	
	2017	**2016**
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 646,300**	$ 717,259
Receivables, net	**668,176**	592,326
Inventories, net	**540,504**	492,104
Deferred income taxes	**—**	50,004
Other current assets	**79,675**	76,497
Total current assets	**1,934,655**	1,928,190
Property, plant and equipment, net	**493,296**	473,230
Goodwill	**3,115,619**	2,818,950
Other intangibles, net	**2,013,365**	1,734,021
Investments and other assets	**239,129**	146,283
Total assets	**$ 7,796,064**	$ 7,100,674
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt, net	**$ 308,123**	$ 278,921
Accounts payable	**437,329**	369,537
Income taxes payable	**34,660**	29,913
Accrued liabilities	**358,551**	246,070
Total current liabilities	**1,138,663**	924,441
Long-term debt, net	**1,866,166**	2,062,644
Deferred income taxes	**512,526**	621,776
Other long-term liabilities	**251,076**	235,300
Total liabilities	**3,768,431**	3,844,161
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized: 5,000,000 shares; none issued	**—**	—
Common stock, $0.01 par value; authorized: 800,000,000 shares; issued: 2017 - 262,947,829 shares; 2016 - 261,432,134 shares	**2,631**	2,615
Capital in excess of par value	**660,894**	604,143
Retained earnings	**5,002,419**	4,403,683
Accumulated other comprehensive loss	**(429,176)**	(542,389)
Treasury stock: 2017 - 31,754,106 shares; 2016 - 32,053,227 shares	**(1,209,135)**	(1,211,539)
Total stockholders' equity	**4,027,633**	3,256,513
Total liabilities and stockholders' equity	**$ 7,796,064**	$ 7,100,674

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in Appendix A to the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Condensed Consolidated Statement of Cash Flows

	(In thousands) Year Ended December 31,		
	2017	2016	2015
Cash provided by (used for):			
Operating activities:			
Net income	**$ 681,470**	$ 512,158	$ 590,859
Adjustments to reconcile net income to total operating activities:			
Depreciation and amortization	**183,227**	179,716	149,460
Deferred income taxes	**(91,205)**	(5,632)	6,458
Share-based compensation expense	**25,091**	22,030	23,762
Gain on sale of facilities	**(1,213)**	(743)	—
Changes in assets and liabilities, net of acquisitions:			
(Increase) decrease in receivables	**(24,581)**	14,773	(6,995)
(Increase) decrease in inventories and other current assets	**(6,087)**	38,666	(12,007)
Increase (decrease) in payables, accruals and income taxes	**124,399**	2,657	(20,049)
Increase (decrease) in other long-term liabilities	**2,787**	(4,298)	255
Pension contribution	**(54,796)**	(6,775)	(55,215)
Other, net	**(5,833)**	4,283	(3,988)
Total operating activities	**833,259**	756,835	672,540
Investing activities:			
Additions to property, plant and equipment	**(75,074)**	(63,280)	(69,083)
Purchase of businesses, net of cash acquired	**(556,634)**	(391,419)	(356,466)
Proceeds from sale of facilities	**6,290**	1,832	421
Other, net	**(399)**	500	(429)
Total investing activities	**(625,817)**	(452,367)	(425,557)
Financing activities:			
Net change in short-term borrowings	**(9,616)**	(315,674)	226,761
Proceeds from long-term borrowings	**-**	820,900	200,000
Repayments of long-term borrowings	**(270,000)**	(48,724)	(182,007)
Repurchases of common stock	**(6,867)**	(336,140)	(435,400)
Cash dividends paid	**(82,735)**	(83,267)	(85,988)
Excess tax benefits from share-based payments	**-**	5,343	20,478
Proceeds from employee stock plans and other, net	**40,047**	14,616	39,192
Total financing activities	**(329,171)**	57,054	(216,964)
Effect of exchange rate changes on cash and cash equivalents	**50,770**	(25,268)	(26,629)
(Decrease) increase in cash and cash equivalents	**(70,959)**	336,254	3,390
Cash and cash equivalents:			
Beginning of year	**717,259**	381,005	377,615
End of year	**$ 646,300**	$ 717,259	$ 381,005

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in Appendix A to the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Selected Financial Data

	(In millions, except per share amounts)				
	2017	**2016**	**2015**	**2014**	**2013**
Consolidated Operating Results (Year Ended December 31):					
Net sales	$4,300.2	$3,840.1	$3,974.3	$4,022.0	$3,594.1
Operating income	$ 915.1	$ 801.9	$ 907.7	$ 898.6	$ 815.1
Interest expense	$ 98.0	$ 94.3	$ 91.8	$ 79.9	$ 73.6
Net income	$ 681.5	$ 512.2	$ 590.9	$ 584.5	$ 517.0
Diluted earnings per share	$ 2.94	$ 2.19	$ 2.45	$ 2.37	$ 2.10
Dividends declared and paid per share	$ 0.36	$ 0.36	$ 0.36	$ 0.33	$ 0.24
Diluted weighted average common shares outstanding	231.8	233.7	241.6	247.1	246.1
Performance Measures and Other Data:					
Operating income - Return on net sales	21.3%	20.9%	22.8%	22.3%	22.7%
Net income - Return on average total capital	11.6%	9.5%	11.6%	12.3%	12.1%
Net income - Return on average stockholders' equity	18.7%	15.7%	18.2%	18.3%	18.2%
EBITDA[(1)]	$1,076.0	$ 966.0	$1,046.9	$1,022.6	$ 916.3
Ratio of EBITDA to interest expense[(1)]	11.0x	10.2x	11.4x	12.8x	12.4x
Depreciation and amortization	$ 183.2	$ 179.7	$ 149.5	$ 138.6	$ 118.7
Capital expenditures	$ 75.1	$ 63.3	$ 69.1	$ 71.3	$ 63.3
Cash provided by operating activities	$ 833.3	$ 756.8	$ 672.5	$ 726.0	$ 660.7
Free cash flow[(2)]	$ 758.2	$ 693.5	$ 603.4	$ 654.7	$ 597.4
Consolidated Financial Position (At December 31):					
Current assets	$1,934.7	$1,928.2	$1,618.8	$1,577.6	$1,368.3
Current liabilities	$1,138.7	$ 924.4	$1,024.0	$ 934.5	$ 872.7
Property, plant, and equipment, net	$ 493.3	$ 473.2	$ 484.5	$ 448.4	$ 402.8
Total assets	$7,796.1	$7,100.7	$6,660.5	$6,415.9	$5,874.4
Long-term debt, net	$1,866.2	$2,062.6	$1,553.1	$1,424.4	$1,140.1
Total debt, net	$2,174.3	$2,341.6	$1,938.0	$1,709.0	$1,411.5
Stockholders' equity	$4,027.6	$3,256.5	$3,254.6	$3,239.6	$3,136.1
Stockholders' equity per share	$ 17.42	$ 14.20	$ 13.82	$ 13.42	$ 12.80
Total debt as a percentage of capitalization	35.1%	41.8%	37.3%	34.5%	31.0%
Net debt as a percentage of capitalization[(3)]	27.5%	33.3%	32.4%	29.1%	26.3%

Notes to Selected Financial Data

(1) EBITDA represents earnings before interest, income taxes, depreciation and amortization. EBITDA is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. It should not be considered, however, as an alternative to operating income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of the Company's overall liquidity as presented in the Company's consolidated financial statements. Furthermore, EBITDA measures shown for the Company may not be comparable to similarly titled measures used by other companies. The following table presents the reconciliation of net income reported in accordance with U.S. generally accepted accounting principles ("GAAP") to EBITDA:

	(In millions) Year Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Net income	**$ 681.5**	$ 512.2	$ 590.9	$ 584.5	$ 517.0
Add (deduct):					
Interest expense	**98.0**	94.3	91.8	79.9	73.6
Interest income	**(2.0)**	(1.1)	(0.8)	(0.8)	(0.8)
Income taxes	**115.3**	180.9	215.5	220.4	207.8
Depreciation	**82.0**	74.8	68.7	63.7	57.2
Amortization	**101.2**	104.9	80.8	74.9	61.5
Total adjustments	**394.5**	453.8	456.0	438.1	399.3
EBITDA	**$ 1,076.0**	$ 966.0	$ 1,046.9	$1,022.6	$ 916.3

(2) Free cash flow represents cash flow from operating activities less capital expenditures. Free cash flow is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. (Also see note 1 above). The following table presents the reconciliation of cash flow from operating activities reported in accordance with GAAP to free cash flow:

	(In millions) Year Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Cash provided by operating activities	**$ 833.3**	$ 756.8	$ 672.5	$ 726.0	$ 660.7
Deduct: Capital expenditures	**(75.1)**	(63.3)	(69.1)	(71.3)	(63.3)
Free cash flow	**$ 758.2**	$ 693.5	$ 603.4	$ 654.7	$ 597.4

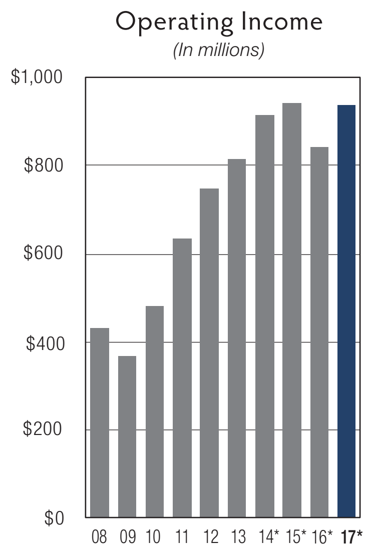
(3) Net debt represents total debt minus cash and cash equivalents. Net debt is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. (Also see note 1 above). The following table presents the reconciliation of total debt reported in accordance with GAAP to net debt:

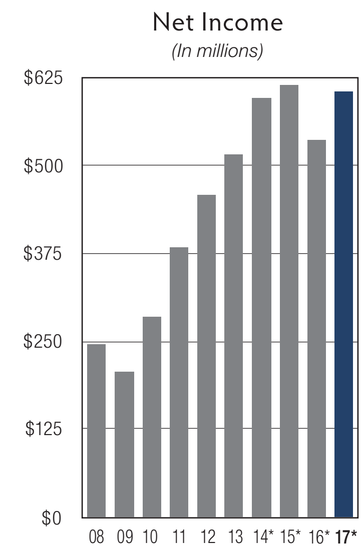
	(In millions) December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Total debt	**$ 2,174.3**	$ 2,341.6	$1,938.0	$ 1,709.0	$1,411.5
Less: Cash and cash equivalents	**(646.3)**	(717.3)	(381.0)	(377.6)	(295.2)
Net debt	**1,528.0**	1,624.3	1,557.0	1,331.4	1,116.3
Stockholders' equity	**4,027.6**	3,256.5	3,254.6	3,239.6	3,136.1
Capitalization (net debt plus stockholders' equity)	**$ 5,555.6**	$ 4,880.8	$ 4,811.6	$ 4,571.0	$ 4,252.4
Net debt as a percentage of capitalization	**27.5%**	33.3%	32.4%	29.1%	26.3%

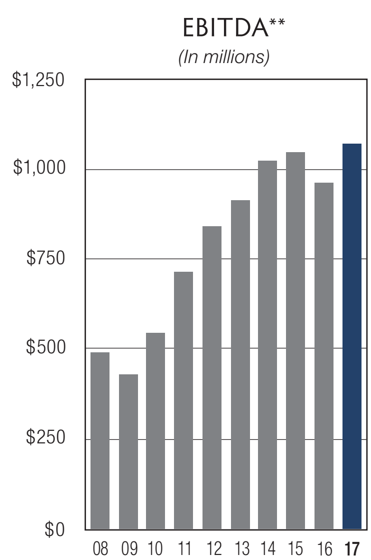
Notes to Financial Highlights

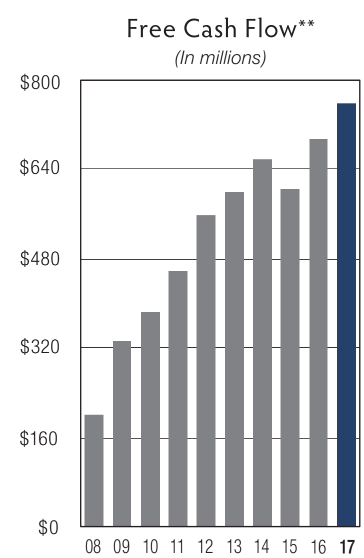
Adjusted operating income, adjusted net income, adjusted diluted earnings per share and adjusted operating income margin are presented to provide investors with greater insight and increased transparency, and to allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making. These non-GAAP financial measures should be considered in addition to, and not as a replacement for, or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies. The following table presents the reconciliation of operating income, net income, diluted earnings per share and operating income margin reported in accordance with GAAP to non-GAAP:

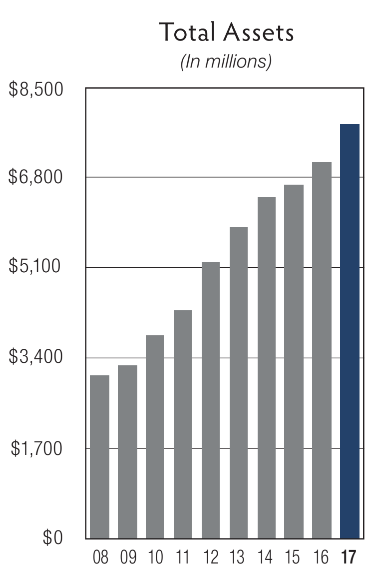
	(In thousands, except per share amounts) Year Ended December 31,			
	2017	2016	2015	2014
EIG segment operating income (GAAP)	**$ 677,489**	$ 577,717	$ 639,399	$ 612,992
Realignment costs	**4,534**	12,355	18,518	—
Indefinite-lived intangibles impairment	**—**	9,200	—	—
Zygo integration costs	**—**	—	—	18,877
Adjusted EIG segment operating income (Non-GAAP)	**$ 682,023**	$ 599,272	$ 657,917	$ 631,869
EMG segment operating income (GAAP)	**$ 310,875**	$ 277,873	$ 318,098	$ 335,046
Realignment costs	**12,252**	11,644	17,298	—
Indefinite-lived intangibles impairment	**—**	4,700	—	—
Adjusted EMG segment operating income (Non-GAAP)	**$ 323,127**	$ 294,217	$ 335,396	$ 335,046
Operating income (GAAP)	**$ 915,094**	$ 801,897	$ 907,716	$ 898,586
Realignment costs	**16,786**	25,556	36,605	—
Charitable donations	**5,000**	—	—	—
Indefinite-lived intangibles impairment	**—**	13,900	—	—
Zygo integration costs	**—**	—	—	18,877
Adjusted operating income (Non-GAAP)	**$ 936,880**	$ 841,353	$ 944,321	$ 917,463
Net income (GAAP)	**$ 681,470**	$ 512,158	$ 590,859	$ 584,460
Realignment costs	**12,965**	16,978	24,676	—
Charitable donations	**3,115**	—	—	—
Net deferred tax revaluation due to U.S. Tax Reform	**(185,781)**	—	—	—
Deemed repatriation of foreign earnings due to U.S. Tax Reform	**94,191**	—	—	—
Indefinite-lived intangibles impairment	**—**	8,590	—	—
Zygo integration costs	**—**	—	—	13,894
Adjusted net income (Non-GAAP)	**$ 605,960**	$ 537,726	$ 615,535	$ 598,354
Diluted earnings per share (GAAP)	**$ 2.94**	$ 2.19	$ 2.45	$ 2.37
Realignment costs	**0.07**	0.11	0.15	—
Income tax benefit on realignment costs	**(0.02)**	(0.04)	(0.05)	—
Charitable donations	**0.02**	—	—	—
Income tax benefit on charitable donations	**(0.01)**	—	—	—
Net deferred tax revaluation due to U.S. Tax Reform	**(0.80)**	—	—	—
Deemed repatriation of foreign earnings due to U.S. Tax Reform	**0.41**	—	—	—
Indefinite-lived intangibles impairment	**—**	0.06	—	—
Income tax benefit on indefinite-lived intangibles impairment	**—**	(0.02)	—	—
Zygo integration costs	**—**	—	—	0.07
Income tax benefit on Zygo integration costs	**—**	—	—	(0.02)
Adjusted diluted earnings per share (Non-GAAP)	**$ 2.61**	$ 2.30	$ 2.55	$ 2.42
Operating income margin (GAAP)	**21.3%**	20.9%	22.8%	22.3%
Realignment costs	**0.4**	0.7	1.0	—
Charitable donations	**0.1**	—	—	—
Indefinite-lived intangibles impairment	**—**	0.3	—	—
Zygo integration costs	**—**	—	—	0.5
Adjusted operating income margin (Non-GAAP)	**21.8%**	21.9%	23.8%	22.8%

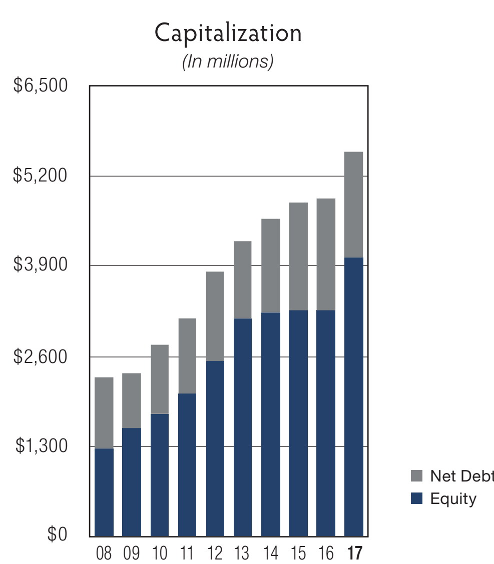












* *See page 26 for reconciliations of operating income and net income reported in accordance with GAAP to non-GAAP.*

** *See page 25 for reconciliations of EBITDA, free cash flow and net debt reported in accordance with GAAP to non-GAAP.*

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Retired Partner, PricewaterhouseCoopers LLP

Steven W. Kohlhagen
Retired Financial Executive

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Founder and Managing Partner, Qorval LLC

Gretchen W. McClain
Former President and Chief Executive Officer, Xylem Inc.

Elizabeth R. Varet
Private Investor; a Managing Director of American Securities Management L.P.

Dennis K. Williams
Former Chairman and Chief Executive Officer, IDEX Corporation

David A. Zapico
Chairman of the Board and Chief Executive Officer

Corporate Executive Office

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Chairman of the Board and Chief Executive Officer

William J. Burke
Executive Vice President and Chief Financial Officer

Tony J. Ciampitti
President, Electronic Instruments

John Wesley Hardin
President, Electronic Instruments

Timothy N. Jones
President, Electromechanical Group

Thomas C. Marecic
President, Electronic Instruments

Ronald J. Oscher
Chief Administrative Officer

Corporate Officers

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Senior Vice President, Corporate Development

Robert S. Feit
Senior Vice President, General Counsel and Corporate Secretary

Thomas M. Montgomery
Senior Vice President and Comptroller

Robert J. Amodei
Vice President, Audit Services

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Vice President, Strategic Procurement

Kevin C. Coleman
Vice President, Investor Relations

Thomas A. Deeney
Vice President, Corporate Compliance

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Brian A. Nash
Vice President, Operational Finance

Michael J. Pizzo
Vice President, Planning and Analysis

Dalip M. Puri
Vice President and Treasurer

Mark R. Scheuer
Vice President, Environmental, Health and Safety

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Vice President and Chief Information Officer

Operating Officers

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Senior Vice President, Advanced Motion Solutions

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Vice President, Thermal Management Systems

** Mr. Malone retires as a Director effective May 8, 2018.*

Shareholder Information

Corporate Office

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1100 Cassatt Road
Berwyn, PA 19312-1177 U.S.A.
610-647-2121 or 800-473-1286

The Corporate Office is located in suburban Philadelphia.

Investor Communications

Investors seeking the Form 10-K and additional information about the company may call or write Investor Relations at the Corporate Office or e-mail investor.relations@ametek.com. AMETEK earnings announcements, press releases, SEC filings and other investor information are available at the Investors section of AMETEK's website: ametek.com.

Annual Meeting

Tuesday, May 8, 2018, 11:00 a.m.
Lotte New York Palace Hotel
455 Madison Avenue
New York, NY 10022

All shareholders are invited to attend.

Stock Exchange Listing

New York Stock Exchange
Symbol: AME

Shareholder Services

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Attn: Shareholder Services
718-921-8124 or 800-937-5449
Website: astfinancial.com

AMETEK's transfer agent responds to inquiries regarding dividend payments, direct deposit of dividends, stock transfers, address changes, and replacement of lost dividend payments and lost stock certificates.

Independent Registered Public Accounting Firm

Ernst & Young LLP
Philadelphia, Pennsylvania

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