AMETEK®

2016 ANNUAL REPORT

STRATEGIES IN ACTION

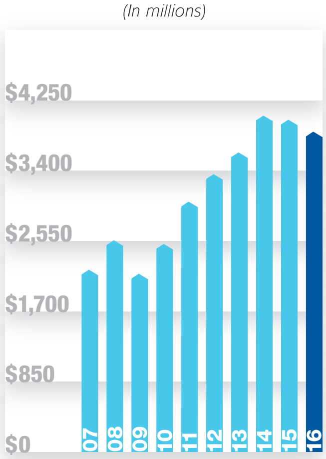
Operational Excellence   Strategic Acquisitions   Global & Market Expansion   New Products

FINANCIAL HIGHLIGHTS

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

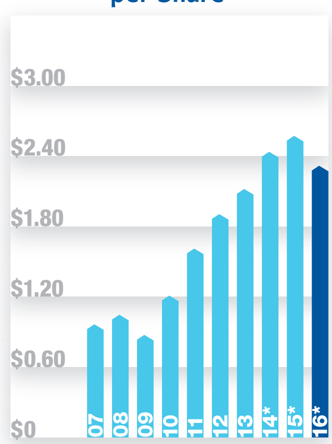
Year Ended December 31	2016	2015	2014	2013	2012
Net sales	**$ 3,840.1**	$ 3,974.3	$ 4,022.0	$ 3,594.1	$ 3,334.2
Operating income	**$ 841.4***	$ 944.3*	$ 917.5*	$ 815.1	$ 745.9
Net income	**$ 537.7***	$ 615.5*	$ 598.4*	$ 517.0	$ 459.1
Diluted earnings per share	**$ 2.30***	$ 2.55*	$ 2.42*	$ 2.10	$ 1.88
Dividends declared and paid per share	**$ 0.36**	$ 0.36	$ 0.33	$ 0.24	$ 0.22
Operating income margin	**21.9%***	23.8%*	22.8%*	22.7%	22.4%
EBITDA**	**$ 966.0**	$ 1,046.9	$ 1,022.6	$ 916.3	$ 842.7
Free cash flow**	**$ 693.5**	$ 603.4	$ 654.7	$ 597.4	$ 555.1
Capital expenditures	**$ 63.3**	$ 69.1	$ 71.3	$ 63.3	$ 57.4
At December 31					
Total debt, net	**$ 2,341.6**	$ 1,938.0	$ 1,709.0	$ 1,411.5	$ 1,450.2
Net debt**	**$ 1,624.3**	$ 1,557.0	$ 1,331.4	$ 1,116.3	$ 1,292.2
Stockholders' equity	**$ 3,256.5**	$ 3,254.6	$ 3,239.6	$ 3,136.1	$ 2,535.2
Shares outstanding	**229.4**	235.5	241.3	245.0	243.4
Number of employees	**15,700**	15,450	15,400	14,500	13,700

Net Sales
(In millions)



10-year CAGR is 8%

Diluted Earnings per Share



10-year CAGR is 12%

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

We were able to deliver solid results in 2016 despite a challenging global economic environment. Improving trends in the markets we serve give us confidence about 2017 and beyond. »

Our Businesses Performed Well

Our businesses faced challenging market conditions that characterized the global economy in 2016. Despite those challenges, our businesses posted solid results and are well positioned entering 2017. Our outlook for the year ahead is positive.

We realized early on in 2016 that it would be a challenging year. Our businesses responded quickly, aligning their cost structures to reflect market conditions. Importantly, we did not alter our long-term strategies. We focused on acquisitions and Operational Excellence initiatives, while maintaining our investments in research and development and market and global expansion.

Our sales in 2016 were $3.8 billion, down from $4.0 billion in 2015. We had operating income of $841 million and an operating margin of 21.9%. Net income totaled $538 million, or $2.30 per diluted share.

2017 Outlook

As we enter 2017, we are seeing improvements in many of our markets, especially oil, gas and metals, which have been affected by the global economy. Our fourth-quarter sales reflected sequentially higher sales and record operating cash flow of $247 million, up 24% from the prior-year fourth quarter.

We are optimistic about a return to sales and earnings growth in 2017. Market conditions have improved, and our businesses remain well positioned as leaders in their niche markets. We continue to drive operational improvements, while investing in important growth areas. We are confident in our ability to deploy our capital on strategic acquisitions.

Strategic Vision and Goal

We are committed to our goal of doubling AMETEK's earnings per share over the next five years. With our strong business portfolio, proven operational capabilities and excellent cash flow, we can achieve that goal.

Guiding our efforts is a commitment to our Four Growth Strategies. Those strategies work in concert to leverage the strength of our businesses and are scalable in creating additional value for our shareholders.

We have expanded our Operational Excellence toolkit and enhanced the front-end tools to spur sales growth. We are devoting sufficient resources to acquisitions, which we see as key drivers in creating shareholder value and expanding our businesses into attractive adjacent growth markets.

We are expanding our global sales channels, service infrastructure and manufacturing footprint. We will maintain our investment in new product development, tapping into Design for Six Sigma and Value Analysis/Value Engineering to maximize the return on our investment and speed the innovation process.

Operational Excellence

Operational Excellence is our cornerstone. It drives our operational and asset management initiatives and is key to our competitive and financial success. It helps us implement cost reductions and maintain a strong operating margin, despite economic and competitive pressures.

Operational Excellence is pivotal to achieving superior working capital and asset management results. Those are areas where we rank among the best of our peer

FRANK S. HERMANCE
Executive Chairman of the Board

DAVID A. ZAPICO
Chief Executive Officer

group. We see opportunities to further reduce our working capital requirements and improve the cash flow that funds our growth.

Operational Excellence is essential to expanding low-cost manufacturing. Sales from those low-cost manufacturing facilities topped $440 million in 2016. Operational Excellence also plays a key role in achieving synergies from newly acquired businesses and delivering consistent quality and value to our customers.

AMETEK was proactive in 2016 in driving operational improvements as our teams generated $130 million in Operational Excellence savings. We will continue to drive our Operational Excellence programs, while expanding them in the front end of our businesses as we move through 2017.

Strategic Acquisitions

AMETEK is an active acquirer. We have deployed about $730 million since the beginning of 2016 and acquired six businesses with annual revenues of nearly $300 million.

In 2016, we acquired:

» *Brookfield, a global leader in viscosity measurement for research and development in the food and beverage, pharmaceutical, paint, chemicals, cosmetics and petroleum industries*

» *ESP/SurgeX, a leader in products used to protect against, analyze and diagnose power-related issues and to control power to mission-critical equipment*

» *Nu Instruments, a leader in magnetic sector mass spectrometry with a product line that complements our high-end elemental analysis businesses*

» *HS Foils, a provider of radiation detector components and technology that complements AMETEK's other materials analysis businesses*

» *Laserage, a leading provider of laser fabrication services to the medical device industry*

Early in 2017, we completed the acquisition of Rauland-Borg, one of our largest acquisitions. It represents an important new growth platform that greatly expands our presence in the medical industry.

Rauland is a recognized leader in health care workflow solutions. It has premier product and brand name recognition in the industry. Its call systems serve 70 percent of the leading hospitals in the United States.

We believe Rauland has excellent growth potential, especially as health care shifts to value-based and patient-outcome improvement initiatives. We also see opportunities to grow Rauland through new product development, acquisition and global expansion.

Looking ahead, our acquisition pipeline is strong. We have a disciplined acquisition process that has proven highly successful. We have the financial resources and management capabilities to acquire additional businesses with approximately $1.5 billion available to fund our growth.

Global & Market Expansion

AMETEK is well established in global markets with more than half of our annual sales to customers outside the United States. We are committed to expanding our presence in attractive, higher-growth regions and market segments.

We will continue to invest in our sales and service infrastructure globally to properly position our businesses. Our goal is to increase our international sales percentage to 60% of total sales, reflecting the growth potential of our businesses

WILLIAM J. BURKE
Executive Vice President and Chief Financial Officer

TONY J. CIAMPITTI
President, Electronic Instruments

JOHN WESLEY HARDIN
President, Electronic Instruments

internationally and the increasingly global customer base for our products.

New Products

AMETEK has earned a reputation for technical leadership and product innovation. Our businesses have done a great job developing new products for our core markets. We are finding innovative ways to expand our technology into adjacent markets and applications.

We are committed to maintaining a sizable investment in research, development and engineering, having invested $201 million or roughly 5% of our sales in 2016 and nearly $1 billion over the past five years.

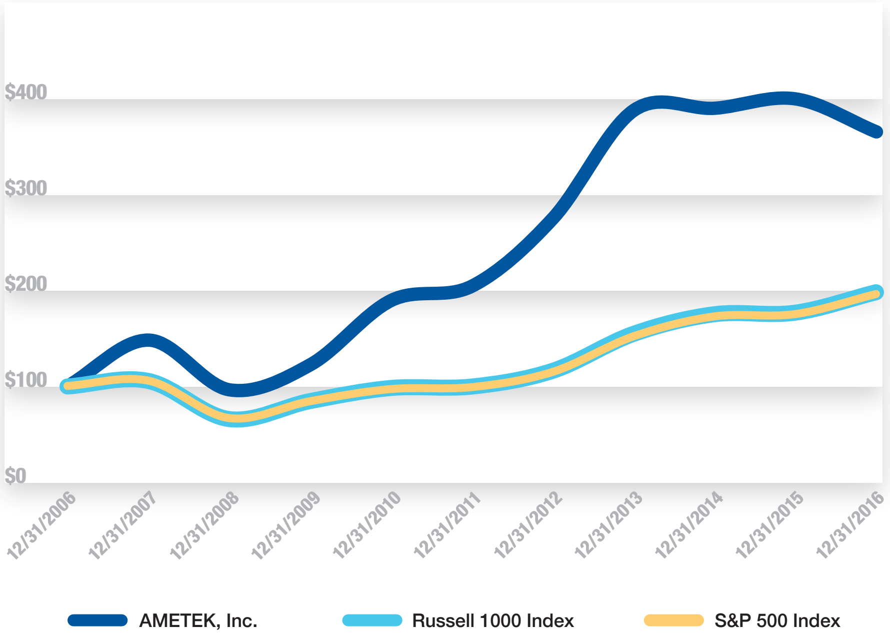
Among the ways we gauge the success of our new product development strategy is through our vitality index, which measures the amount of sales generated from products launched in the past three years. By that measure, sales from new products accounted for $930 million, or 24% of our 2016 sales.

Among the products introduced last year were advanced automation and motion control systems; high-end analyzers, imagers, and test and measurement devices; high-reliability power instruments and systems; and precision manufacturing tools and devices.

Strong Core Values

Embedded within our Four Growth Strategies is a disciplined approach to managing our businesses. At the heart of that approach is a set of underlying core values. The first among these is a commitment to the highest standards of business behavior.

Total Return to Shareholders



The chart depicts the performance of $100 invested in AMETEK, Inc., versus the S&P 500 and Russell 1000 Indexes on December 31, 2006, including reinvestment of dividends. AMETEK's total return to shareholders 10-year CAGR is 16%.

TIMOTHY N. JONES
President, Electromechanical Group

THOMAS C. MARECIC
President, Electronic Instruments

RONALD J. OSCHER
Chief Administrative Officer

We require all colleagues to adhere to a written Code of Ethics. Our Chief Executive Officer and senior managers are required to adhere to an additional Financial Code of Ethics. We maintain additional controls to ensure the integrity and compliance of our businesses and financial systems.

AMETEK is committed to a culture that values diversity and fosters a work environment that allows our colleagues to develop meaningful careers. Our senior managers are challenged to recruit, train and develop colleagues with diverse backgrounds and experience. When we established the Helmut N. Friedlaender Leadership Award in 2006, we set achievement of goals toward that objective among its criteria.

We are committed to operating our facilities in an environmentally responsible manner. Many of our products help support sustainability initiatives, including the production of renewable fuels and solar energy, the reduction of potentially harmful emissions and greenhouse gases, and improvement in material, process and energy efficiency.

We are sensitive to the needs of our local communities and support programs that help them meet their health, education and social needs.

Our goal is to provide our customers with world-class products and services, while achieving consistent and superior returns on their investment for our shareholders.

Management Transition

In 2016, we continued a planned succession among our senior leadership that has been underway for several years.

In May, David Zapico was elected as Chief Executive Officer from his position as Executive Vice President and Chief Operating Officer. Frank Hermance transitioned to the role of Executive Chairman of the Board, following 17 years as Chief Executive Officer, including 15 years as Chairman.

Robert Mandos, who served AMETEK for 35 years, retired as Executive Vice President and Chief Financial Officer. He was succeeded by William Burke, a 30-year AMETEK veteran who had been Senior Vice President, Comptroller and Treasurer.

Ronald Oscher was named Chief Administrative Officer and was succeeded as President, Electronic Instruments, by Tony Ciampitti, a 20-year AMETEK veteran, who had been Vice President and General Manager of our Power Systems and Instruments Division.

With those and other management changes, we now have in place the most talented and experienced management team in our Company's history.

Confident Future

Near term, we are cautiously optimistic. Longer term, we are extremely confident about our growth potential. AMETEK has a solid foundation on which to grow.

Our Growth Strategies are proven and scalable. We have an excellent set of niche, differentiated businesses. We generate tremendous cash flow and have a strong balance sheet to support our growth initiatives.

AMETEK has a strong, experienced management team and dedicated workforce. We asked a lot from our teams in 2016 and, as usual, they stepped up and delivered. We recognize those efforts, and thank our colleagues for their hard work and dedication.

We greatly appreciate our shareholders' support and confidence. We believe our growth strategies continue to create value for your investment, and we look forward to reporting to you the results of our efforts.

FRANK S. HERMANCE
Executive Chairman of the Board

DAVID A. ZAPICO
Chief Executive Officer

March 17, 2017

AMETEK OVERVIEW

AMETEK is a global leader in electronic instruments and electromechanical devices, with more than 15,700 colleagues at 150 operating locations and a global network of sales, service and support locations across the United States and in 30 other countries around the world.

AMETEK consists of two business groups: Electronic Instruments and Electromechanical. Electronic Instruments is a leader in the design and manufacture of advanced instruments for the aerospace, process, power and industrial markets. Electromechanical is a differentiated supplier of electrical interconnects, precision motion control solutions, specialty metals, thermal management systems and specialty motors. »

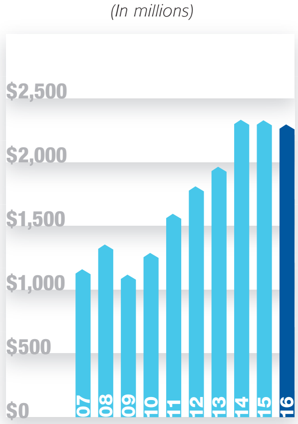
Electronic Instruments Group (EIG)

- *EIG is a global leader in process and analytical instrumentation for the chemical/petrochemical, oil, gas, pharmaceutical, semiconductor, and factory automation markets.*
- *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 leading global provider of mission-critical communications solutions for hospitals, health care systems and educational facilities.*
- *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 leader in dashboard instruments for heavy trucks, military vehicles and construction equipment; timing controls and cooking computers for food service; and custom-compounded plastics, fluoropolymer tubing and heat exchangers.*

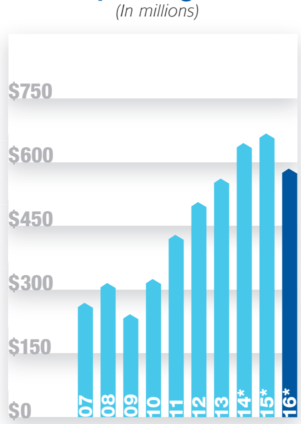
Electromechanical Group (EMG)

- *EMG is a leader in 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 specialty motors used in commercial appliances, fitness equipment, food and beverage machines, hydraulic pumps, industrial blowers, and vacuum cleaners.*

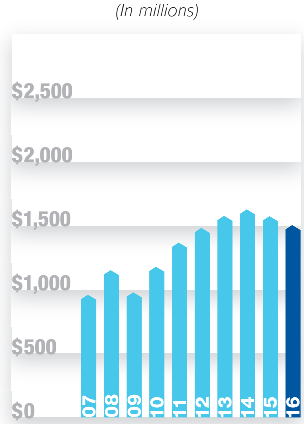
EIG Sales
(In millions)



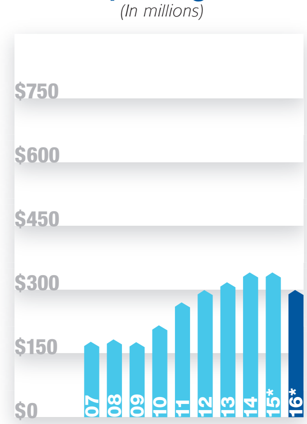
EIG Operating Income
(In millions)



EMG Sales
(In millions)



EMG Operating Income
(In millions)



* *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.

OPERATIONAL EXCELLENCE

STRATEGIES IN ACTION:
Dunkermotoren Expands in Serbia

Building on the successful model AMETEK used in developing its world-class manufacturing facilities in China and Mexico, AMETEK is expanding operations at its facility in Subotica, Serbia.

Acquired as part of the 2012 acquisition of Dunkermotoren, the Serbian plant currently provides motion control and industrial automation solutions to European and Middle Eastern customers. Other AMETEK businesses now looking to grow in those regions plan to use Serbia as a base of operation.

Dunkermotoren also has successfully leveraged AMETEK's Operational Excellence strategy to drive meaningful operational improvements and greatly improve operating margins and working capital levels. Among the Operational Excellence tools it has utilized are Global Sourcing for achieving lower costs, and Value Analysis/Value Engineering for improving operations and new product development.

In addition to its success embracing AMETEK's Operational Excellence tools, Dunkermotoren has successfully leveraged AMETEK's New Products and Global and Market Expansion strategies to drive excellent sales growth.

Cornerstone Strategy

Operational Excellence underpins AMETEK's drive for continual improvement. It utilizes such tools as Global Sourcing, Design for Six Sigma and Value Analysis/Value Engineering. Its benefits are seen in AMETEK's strong operating margins, cash flow and working capital performance. AMETEK continues to expand its Operational Excellence toolkit to support its growth objectives. »

2016 Dr. John H. Lux Award

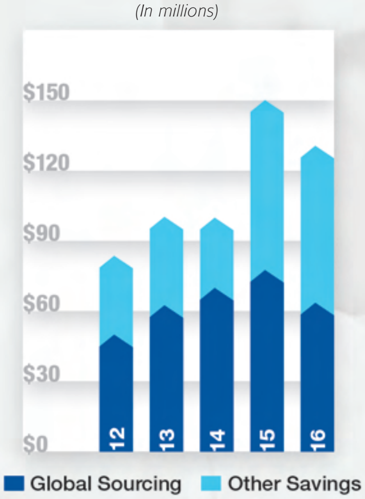
The Airtechnology Group within AMETEK Thermal Management Systems was selected for the 2016 Dr. John H. Lux Total Quality Accomplishment Award. Airtechnology was recognized for its use of Operational Excellence tools and techniques to achieve higher performance across its organization.

Airtechnology focused on improving its supply chain, reducing inventory and enhancing profitability. It employed lean manufacturing and continuous improvement to achieve higher operating efficiencies and utilized Value Engineering to improve the success of its new products.

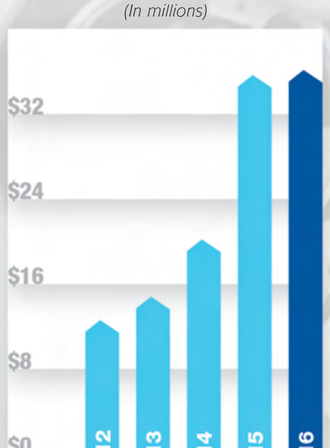
The award is named for former AMETEK chairman Dr. John Lux and is presented annually to the employee team that has best demonstrated a commitment to Operational Excellence.

The Group's multifunction team included: *(Top photo, from left)* Gary Wallis, Nildeep Patel, Andreas Boeber, Sarah Fowler, Sheraz Ahmed and Jonathan Harvey; *(Middle photo, from left)* JH Burr, Claude Richardson and Bob Vogel; (*Bottom photo, from left)* Dirk Petersen, Stewart Douglas and Rob Rideout.

Savings from Operational Excellence Initiatives
(In millions)



Annual Savings from Value Analysis/ Value Engineering
(In millions)



STRATEGIC ACQUISITIONS

STRATEGIES IN ACTION:
Rauland-Borg

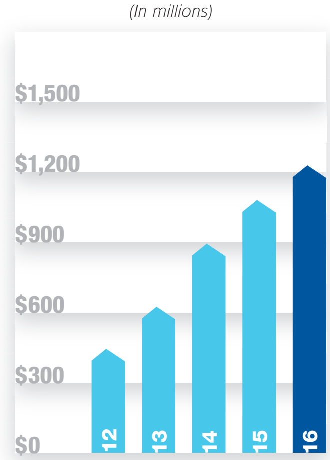
Acquired in early 2017, Rauland-Borg is an important new growth platform for AMETEK. The business is a global leader in mission-critical clinical and workflow communications solutions for hospitals, health systems and educational facilities.

Rauland greatly expands AMETEK's position in the medical industry. Its communications and workflow solutions have premier product and brand name recognition in the health care industry. It also provides intercom, safety and communications solutions to K-12 classrooms and school districts.

Rauland provides AMETEK with attractive growth opportunities in the health care sector. Its communications systems serve most of the leading hospitals and health care providers in the United States. There are numerous incremental growth opportunities for the business through new product development, acquisition and international expansion.

The acquisition illustrates AMETEK's efforts to expand beyond its current core markets into attractive, adjacent markets through strategic acquisitions.

Cumulative Acquired Revenue Since 2012
(In millions)



A Disciplined Acquirer

AMETEK seeks businesses with complementary products and technologies that offer attractive growth opportunities in new and emerging markets. It utilizes a thorough due diligence process and integrates acquired businesses quickly to maximize the synergies with its other businesses. »

Other Recently Acquired Businesses

» **BROOKFIELD,** a leader in viscometers and rheometers used to analyze texture and powder flow. Its products are used largely in the manufacture of food, beverages, pharmaceuticals, paints, solvents, coatings and packaging.

» **ESP/SURGEX,** a leader in power protection, monitoring and diagnostic solutions used to ensure reliable electric power to critical equipment. Its product portfolio includes remote diagnostic, surge elimination and energy management solutions.

» **NU INSTRUMENTS,** a leader in magnetic sector mass spectrometers that are used for material characterization and in elemental analysis by leading universities, research institutions and high-technology manufacturing.

» **HS FOILS,** a leader in radiation detector components, including ultra-thin radiation windows, silicon drift detectors and X-ray filters. Its patented technology expands the capabilities of radiation detectors and materials analysis devices.

» **LASERAGE,** a leader in laser fabrication services for the medical device market. Its expertise is in precision tube fabrication of minimally invasive surgical devices, stents and catheter-based delivery systems.

Vision Care for Children

Reichert Technologies, a global leader in vision diagnosis and ophthalmic instruments acquired by AMETEK in 2011, has partnered with AMETEK's charitable foundation and the Eagles Charitable Foundation to bring quality vision care to underserved children across the Greater Philadelphia region. The Eagles Eye Mobile, equipped with Reichert instruments, makes daily visits to Philadelphia schools. Since its start in 1996, the program has reached more than 70,000 children and distributed more than 50,000 pairs of glasses.

GLOBAL & MARKET EXPANSION

STRATEGIES IN ACTION:
AMETEK Commercial Enterprise Shanghai

Now in its 10th year, AMETEK Commercial Enterprise Shanghai (ACES) provides a platform for growing AMETEK businesses in China and serves as a Center of Excellence for demonstrating the range of instruments and technologies AMETEK has to offer.

ACES has expanded its initial site into a network of five sales, service and demonstration facilities across China (one each in Beijing, Guangzhou and Chengdu, and two in Shanghai).

Its initial Shanghai site has been relocated to an expanded, full-service headquarters facility offering a broad range of demonstration and support services. A total of 24 AMETEK businesses are now supported by the ACES network, including many of AMETEK's high-end process, analytical and ultraprecision instruments businesses.

In 2016, AMETEK sales in China totaled approximately $325 million or about 8% of AMETEK's total sales.

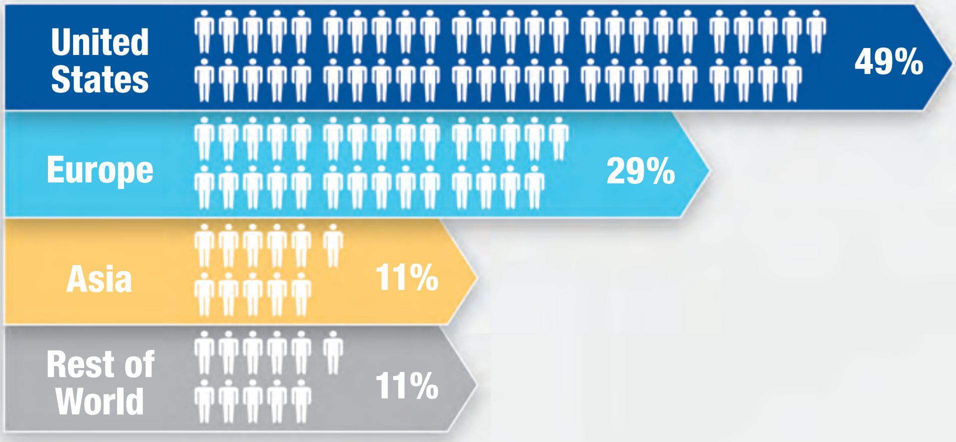
Among AMETEK's customers are leading companies in such industries as metals processing, energy production, semiconductor design, semiconductor production, and automotive and electronics manufacture. In addition, AMETEK serves new and developing businesses such as renewable energy, nuclear power, precision manufacturing and other high-technology industries.

ACES also serves as a model for growth elsewhere in Asia, where customers place a high value on local service and support.

Global Reach

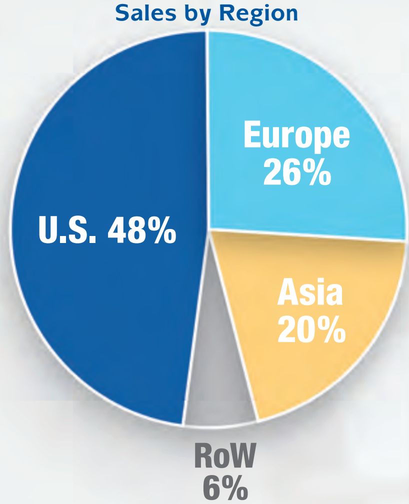
AMETEK pursues growth opportunities worldwide. More than half of its sales are to customers outside the United States. It also has acquired significant international operations and expanded its sales, service and marketing support worldwide. In addition to its global expansion initiatives, AMETEK looks to expand its reach into adjacent markets through organic growth and strategic acquisitions. »

Global Workforce: 15,700



International Sales
(In millions)

Sales by Region



2016 Total Sales: *$3.8 billion*

Tapping into New Markets

AMETEK is committed to expanding its technology into adjacent, higher-growth markets. AMETEK Creaform, for example, has done an outstanding job taking its leadership in 3-D scanning technology for reverse engineering and precision manufacturing into related markets such as automated quality control, nondestructive testing and 3-D printing. Its latest product introductions—the HandyPROBE, MetroSCAN 3D, and C-Track scanners—were awarded the prestigious Red Dot: Best of the Best Award in 2016. This highly respected design competition has recognized outstanding product design achievement since 1955.

reddot award
product design

CREAFORM

NEW PRODUCTS

STRATEGIES IN ACTION:

Analysis, Imaging and Ultraprecision

Through acquisition and new product development, AMETEK has become an established leader in several high-technology fields, including advanced materials research, elemental analysis, nano-technology, precision manufacturing, 3-D scanning, and ultrahigh-speed imaging.

With its EDAX, CAMECA, Creaform, Solartron Metrology, SPECTRO and Taylor Hobson businesses, AMETEK is an established leader in high-end elemental analysis, 3-D measurement, nanotechnology and ultraprecise surface measurement.

Vision Research and its Phantom® line of high-speed digital cameras give AMETEK global leadership in digital imaging for motion capture and analysis. Precitech and TMC offer competencies in ultraprecise machine tools, and innovative vibration-cancellation technology.

Sterling Ultra Precision provides AMETEK with a position in ophthalmic lens manufacture. Reichert Technologies, with its industry-standard Phoroptor® ophthalmic testing device and more recent Ocular Response Analyzer®, makes AMETEK the world leader in instrumentation for eye care diagnosis and vision correction.

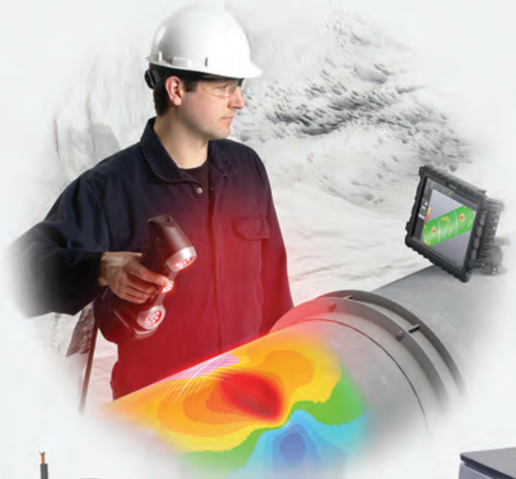
Zygo is on the leading edge in high-precision optics and optical assemblies. Its latest product launches broadened AMETEK's portfolio of noncontact metrology solutions. Recent acquisitions Nu Instruments and HS Foils extend AMETEK's product and technical capabilities in instruments for advanced laboratory analysis and materials research.

Together, these businesses provide AMETEK with a sizable and growing portfolio of products that serve attractive, highly differentiated niche markets and add a range of innovative new technologies for future product development.

A Reputation for Innovation

AMETEK's ability to develop new products and to bring them to market successfully is among its most important strategic attributes. It has consistently invested in engineering, research and product development and introduced a steady stream of new products across its lines of business. »

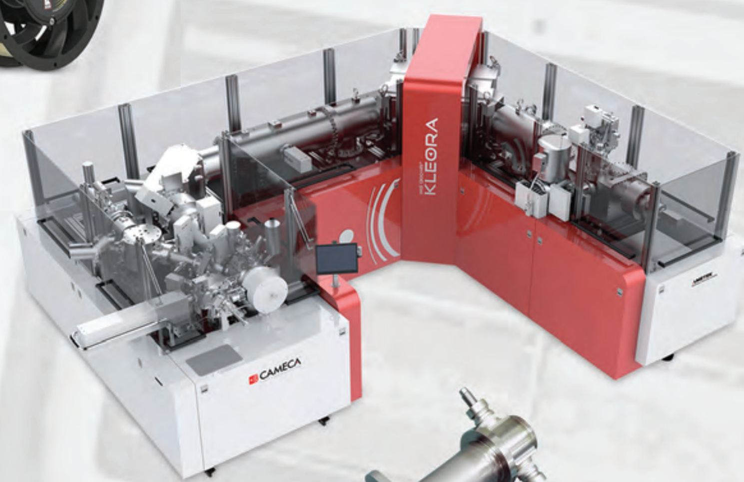
2016 New Products



» **ASTERION** AC/DC programmable power platform establishes new industry benchmarks for performance and ease of use. It offers a variety of innovations used for verification, testing, quality assurance and regulatory compliance for a wide range of electrical and electronic products.

» **PIPECHECK 4.0** pipeline integrity assessment technology is a nondestructive test solution used by the oil and gas, nuclear energy and other industries to quickly and accurately identify such issues as corrosion, dents and gouges on the surfaces of a pipe.

» **EVERSTILL™ K-400** vibration-cancellation system is ideal for vibration-sensitive instruments such as tabletop scanning electron microscopes and metrology instruments. The portable, benchtop system features patented vibration-cancellation technology.



» **EXTREME PERFORMANCE SERIES** of MIL-XTM tubeaxial fans delivers best-in-class airflow for demanding military, aerospace and industrial electronic cooling applications. The shockproof, mil-spec fans can be used alone or stacked together in a variety of cooling configurations.

» **KLEORA** ultrahigh-sensitivity ion mass spectrometer represents a major advancement in microanalysis technology. The powerful and versatile ion microprobe was developed for sophisticated research applications in geochemistry, nuclear forensics and material science.

» **CERAMIC MATRIX COMPOSITE EXHAUST GAS THERMOCOUPLE,** used to measure jet engine exhaust gases, features a patent-pending advanced ceramic sheathing that extends the thermocouple's life and performance, helping postpone costly engine overhauls

2016 Helmut N. Friedlaender Leadership Award

The 2016 Friedlaender Leadership Award was won by AMETEK Thermal Management Systems, which focused on leadership development and training to ensure that each business unit within the division has the leadership talent needed to achieve its strategic objectives. Thermal Management Systems includes AMETEK's Airtechnology Group, Hughes-Treitler and Rotron businesses. The award, which is named for a longtime AMETEK Board member, was established in 2006 to foster leadership, motivate performance and recognize the accomplishment of leadership goals.

FINANCIAL REVIEW

Management's Discussion and Analysis

This 2016 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 2016 Form 10-K and in Appendix A to the Company's Proxy Statement for the 2017 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. In 2016, the Company was impacted by a weak global economy and the effects of a continued strong U.S. dollar. Specifically, the Company experienced lower sales in its process businesses that have exposure to oil and gas markets and in its engineered materials, interconnects and packaging businesses that have exposure to metals markets. Contributions from recent acquisitions, as well as the Company's Operational Excellence initiatives, had a positive impact on 2016 results. The full-year impact of the 2016 acquisitions and continued focus on and implementation of Operational Excellence initiatives, including the 2016 realignment actions (described further throughout), are expected to have a positive impact on the Company's 2017 results. In the second half of 2016, the Company noted stabilization in the markets mentioned above compared to 2015; however, the Company still expects the challenging global economic environment to continue to impact its markets and geographies into the first half of 2017.

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, 2016, 2015 and 2014. 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

AMETEK reported net sales for 2016 of $3,840.1 million, a decrease of $134.2 million or 3.4%, compared with net sales of $3,974.3 million in 2015. The decrease in net sales for 2016 was due to a 7% organic sales decline and an unfavorable 1% effect of foreign currency translation, partially offset by a 4% increase from acquisitions. EIG's net sales were $2,360.3 million in 2016, a decrease of 2.4%, compared with $2,417.2 million in 2015. EIG's net sales decrease was due to a 7% organic sales decline, driven largely by the Company's process businesses that have exposure to oil and gas markets, partially offset by a 5% increase from the 2016 acquisitions of Nu Instruments, Brookfield and ESP/SurgeX and the 2015 acquisition of Surface Vision. EMG's net sales were $1,479.8 million in 2016, a decrease of 5.0%, compared with $1,557.1 million in 2015. EMG's net sales decrease was due to a 6% organic sales decline, driven largely by weakness in the Company's engineered materials, interconnects and packaging businesses, and an unfavorable 1% effect of foreign currency translation, partially offset by a 2% increase from the 2016 acquisition of Laserage and the 2015 acquisition of Global Tubes.

Total international sales for 2016 were $2,010.7 million or 52.4% of net sales, a decrease of $44.0 million or 2.1%, compared with international sales of $2,054.7 million or 51.7% of net sales in 2015. The $44.0 million decrease in international sales was primarily driven by a weak global economy, as well as the foreign currency translation headwind noted above. Both reportable segments of the Company maintain a strong international sales presence in Europe and Asia.

Orders for 2016 were $3,848.8 million, a decrease of $75.9 million or 1.9%, compared with $3,924.7 million in 2015. The decrease in orders for 2016 was due to a 5% organic order decline resulting from a weak global economy noted above, partially offset by a 3% increase from acquisitions. As a result, the Company's backlog of unfilled orders at December 31, 2016 was $1,156.5 million, an increase of $8.7 million or 0.8%, compared with $1,147.8 million at December 31, 2015.

In 2016, the Company recorded realignment costs totaling $25.6 million (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. In 2015, the Company recorded realignment costs totaling $36.6 million (the "2015 realignment costs"). The 2015 realignment costs primarily related to reductions in workforce 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.

The 2016 and 2015 realignment costs were reported in the consolidated statement of income as follows (in millions):

	Year Ended December 31,	
	2016	2015
Cost of sales	**$ 24.0**	$ 35.8
Selling, general and administrative expenses	**1.6**	0.8
Total	**$ 25.6**	$ 36.6

	(In thousands) Year Ended December 31,					
	2016		2015		2014	
Net sales[1]:						
Electronic Instruments	**$ 2,360,285**		$ 2,417,192		$ 2,421,638	
Electromechanical	**1,479,802**		1,557,103		1,600,326	
Consolidated net sales	**$ 3,840,087**		$ 3,974,295		$ 4,021,964	
		% of Sales		% of Sales		% of Sales
Operating income:						
Segment operating income[2]:						
Electronic Instruments	**$ 577,717**	**24.5**	$ 639,399	26.5	$ 612,992	25.3
Electromechanical	**277,873**	**18.8**	318,098	20.4	335,046	20.9
Total segment operating income	**855,590**	**22.3**	957,497	24.1	948,038	23.6
Corporate administrative and other expenses	**(53,693)**	**(1.4)**	(49,781)	(1.3)	(49,452)	(1.3)
Consolidated operating income	**$ 801,897**	**20.9**	$ 907,716	22.8	$ 898,586	22.3

(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 2016 and 2015 realignment costs were reported in segment operating income as follows (in millions):

	Year Ended December 31,	
	2016	2015
EIG	**$ 12.4**	$ 18.5
EMG	**11.6**	17.3
Total	**$ 24.0**	$ 35.8

The 2016 and 2015 realignment costs negatively impacted segment operating margins as follows (in basis points):

	Year Ended December 31,	
	2016	2015
EIG	**(50)**	(70)
EMG	**(80)**	(110)
Total	**(60)**	(90)

The annualized cash savings from the 2016 realignment costs is expected to be approximately $35 million, with approximately $15 million expected to be realized in 2017.

Segment operating income for 2016 was $855.6 million, a decrease of $101.9 million or 10.6%, compared with segment operating income of $957.5 million in 2015. Segment operating income, as a percentage of net sales, decreased to 22.3% in 2016, compared with 24.1% in 2015. The decrease in segment operating income and segment operating margins for 2016 resulted primarily from the decrease in net sales noted above and a $29.7 million increase in depreciation and amortization expense, which included a $13.9 million noncash impairment charge related to certain of the Company's trade names ($9.2 million impacted EIG and $4.7 million impacted EMG). The 2016 impairment charge negatively impacted segment operating margins by approximately 40 basis points. Segment operating income and segment operating margins for 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Cost of sales for 2016 was $2,575.2 million or 67.1% of net sales, a decrease of $42.8 million or 1.6%, compared with $2,618.0 million or 65.9% of net sales for 2015. The cost of sales decrease was primarily due to the net sales decrease noted above, partially offset by a $29.7 million increase in depreciation and amortization expense, which included a $13.9 million impairment charge noted above. Cost of sales for 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Selling, general and administrative ("SG&A") expenses for 2016 were $463.0 million, an increase of $14.4 million or 3.2%, compared with $448.6 million in 2015. As a percentage of net sales, SG&A expenses were 12.1% for 2016, compared with 11.3% in 2015. Selling expenses for 2016 were $410.6 million, an increase of $11.1 million or 2.8%, compared with $399.5 million in 2015. The selling expenses increase was due primarily to business acquisitions. Selling expenses, as a percentage of net sales, increased to 10.7% for 2016, compared with 10.1% in 2015.

Corporate administrative expenses for 2016 were $52.4 million, an increase of $3.3 million or 6.7%, compared with $49.1 million in 2015. As a percentage of net sales, corporate administrative expenses were 1.4% for 2016, compared with 1.2% in

2015. For 2016 and 2015, corporate administrative expenses include $1.6 million and $0.8 million, respectively, of realignment costs noted above.

Consolidated operating income was $801.9 million or 20.9% of net sales for 2016, a decrease of $105.8 million or 11.7%, compared with $907.7 million or 22.8% of net sales in 2015.

Interest expense was $94.3 million for 2016, an increase of $2.5 million or 2.7%, compared with $91.8 million in 2015. The increase was primarily due to higher average borrowings to fund acquisitions and share repurchases.

The effective tax rate for 2016 was 26.1%, compared with 26.7% in 2015. The effective tax rates for 2016 and 2015 reflect the impact of foreign earnings, which are taxed at lower rates. The 2016 effective tax rate reflects tax benefits related to international and state tax planning initiatives and the release of uncertain tax position liabilities relating to certain statute expirations. The 2015 effective tax rate reflects the first quarter of 2015 release of uncertain tax position liabilities related to the conclusion of an advance thin capitalization agreement in the European Union, the second quarter of 2015 effective settlement of the U.S. research and development tax credit from the completion of an Internal Revenue Service examination for 2010 and 2011, and the third quarter of 2015 $7.5 million of tax benefits related to the closure of an international subsidiary.

Net income for 2016 was $512.2 million, a decrease of $78.7 million or 13.3%, compared with $590.9 million in 2015. The 2016 realignment costs and the 2016 impairment charge reduced 2016 net income by $17.0 million and $8.6 million, respectively. The 2015 realignment costs reduced 2015 net income by $24.7 million.

Diluted earnings per share for 2016 were $2.19, a decrease of $0.26 or 10.6%, compared with $2.45 per diluted share in 2015. 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. The 2015 realignment costs had the effect of reducing 2015 diluted earnings per share by $0.10.

Review of Cash Flows and Financial Position

Cash provided by operating activities was a record $756.8 million in 2016, an increase of $84.3 million or 12.5%, compared with $672.5 million in 2015. The increase in cash provided by operating activities was primarily due to the $48.4 million reduction in defined benefit pension plan contributions, driven by a $50.0 million contribution to the Company's U.S. defined benefit pension plans in the first quarter of 2015, and lower overall operating working capital levels driven by the Company's continued focus on operating working capital management.

Free cash flow (cash flow provided by operating activities less capital expenditures) was $693.6 million in 2016, compared with $603.5 million in 2015. EBITDA (earnings before interest, income taxes, depreciation and amortization) was $966.0 million in 2016, compared with $1,046.9 million in 2015. 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 26 for a reconciliation of U.S. generally accepted accounting principles ("GAAP") measures to comparable non-GAAP measures).

Cash used for investing activities totaled $452.4 million in 2016, compared with $425.6 million in 2015. 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. In 2015, the Company paid $356.5 million, net of cash acquired, to acquire Surface Vision in July 2015 and Global Tubes in May 2015. Additions to property, plant and equipment totaled $63.3 million in 2016, compared with $69.1 million in 2015.

Cash provided by financing activities totaled $57.1 million in 2016, compared with $217.0 million of cash used for financing activities in 2015. At December 31, 2016, total debt, net was $2,341.6 million, compared with $1,938.0 million at December 31, 2015. In 2016, short-term borrowings decreased $315.7 million, compared with an increase of $226.8 million in 2015. In 2016, long-term borrowings increased $772.2 million, compared with an increase of $18.0 million in 2015.

In October 2016, the Company completed a private placement agreement to sell 500 million Euros and 225 million British pounds in senior notes to a group of institutional investors (the "2016 Private Placement"). There were two funding dates under the 2016 Private Placement. The first funding occurred in October 2016 for 500 million Euros ($546.8 million), consisting of 300 million Euros ($328.1 million) in aggregate principal amount of 1.34% senior notes due October 2026 and 200 million Euros ($218.7 million) in aggregate principal amount of 1.53% senior notes due October 2028. The second funding occurred in November 2016 for 225 million British pounds ($274.1 million), consisting of 150 million British pounds ($182.7 million) in aggregate principal amount of 2.59% senior notes due November 2028 and 75 million British pounds ($91.4 million) in aggregate principal amount of 2.70% senior notes due November 2031. The 2016 Private Placement senior notes carry a weighted average interest rate of 1.82% and are subject to certain customary covenants, including financial covenants that, among other things, require the Company to maintain certain debt-to-EBITDA and interest coverage ratios. The proceeds from the first funding of the 2016

Private Placement were used to pay down domestic borrowings under the Company's revolving credit facility. The proceeds from the second funding of the 2016 Private Placement were used to pay down, at maturity, a 40 million British pound ($48.7 million) 5.99% senior note in November 2016 and provide the Company with additional financial flexibility to support its growth plans, including its acquisition strategy.

In March 2016, the Company along with certain of its foreign subsidiaries amended and restated its credit agreement dated as of September 22, 2011 (the "Credit Agreement"). The Credit Agreement amends and restates the Company's existing $700 million revolving credit facility, which was due to expire in December 2018. 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, 2016, the Company had available borrowing capacity of $1,117.3 million under its revolving credit facility, including the $300 million accordion feature.

In the fourth quarter of 2017, $270 million of 6.20% senior notes will mature and become payable. The debt-to-capital ratio was 41.8% at December 31, 2016, compared with 37.3% at December 31, 2015. 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 33.3% at December 31, 2016, compared with 32.4% at December 31, 2015. 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 26 for a reconciliation of U.S. GAAP measures to comparable non-GAAP measures).

In 2016, the Company repurchased approximately 7,099,000 shares of its common stock for $336.1 million, compared with $435.4 million used for repurchases of approximately 7,978,000 shares in 2015. On November 2, 2016, the Company's Board of Directors approved an increase of $400 million in the authorization for the repurchase of the Company's common stock. At December 31, 2016, $375.6 million was available under the Company's Board of Directors authorization for future share repurchases.

Additional financing activities for 2016 include cash dividends paid of $83.3 million, compared with $86.0 million in 2015. Proceeds from the exercise of employee stock options were $17.6 million in 2016, compared with $39.2 million in 2015.

As a result of all of the Company's cash flow activities in 2016, cash and cash equivalents at December 31, 2016 totaled $717.3 million, compared with $381.0 million at December 31, 2015. At December 31, 2016, the Company had $481.6 million in cash outside the United States, compared with $357.2 million at December 31, 2015. The Company utilizes this cash to fund its international operations, as well as to acquire international businesses. In July 2016, the Company acquired HS Foils and Nu Instruments for approximately $65 million, utilizing cash outside the United States. 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 2017, the Company contributed $50.1 million to its defined benefit pension plans, with $40.0 million contributed to U.S. defined benefit pension plans and $10.1 million contributed to foreign defined benefit pension plans.

In February 2017, the Company acquired Rauland-Borg for approximately $340 million in cash using available cash, as well as borrowings under its revolving credit facility, with a potential $30 million contingent payment due upon the achievement of certain milestones.

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 business, or cause actual results to differ from projections, is contained in the Company's Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission.

Condensed Consolidated Statement of Income

	(In thousands, except per share amounts) Year Ended December 31,		
	2016	2015	2014
Net sales	**$ 3,840,087**	$ 3,974,295	$ 4,021,964
Operating expenses:			
Cost of sales	**2,575,220**	2,617,987	2,660,741
Selling, general and administrative	**462,970**	448,592	462,637
Total operating expenses	**3,038,190**	3,066,579	3,123,378
Operating income	**$ 801,897**	$ 907,716	$ 898,586
Other expenses:			
Interest expense	**(94,304)**	(91,795)	(79,928)
Other, net	**(14,490)**	(9,541)	(13,826)
Income before income taxes	**693,103**	806,380	804,832
Provision for income taxes	**180,945**	215,521	220,372
Net income	**$ 512,158**	$ 590,859	$ 584,460
Basic earnings per share	**$ 2.20**	$ 2.46	$ 2.39
Diluted earnings per share	**$ 2.19**	$ 2.45	$ 2.37
Weighted average common shares outstanding:			
Basic shares	**232,593**	239,906	244,885
Diluted shares	**233,730**	241,586	247,102

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 2017 Annual Meeting of Stockholders.

Condensed Consolidated Statement of Comprehensive Income

	(In thousands) Year Ended December 31,		
	2016	2015	2014
Net income	**$ 512,158**	$ 590,859	$ 584,460
Other comprehensive (loss) income:			
Amounts arising during the period - gains (losses), net of tax (expense) benefit:			
Foreign currency translation:			
Translation adjustments	**(68,774)**	(67,245)	(59,712)
Change in long-term intercompany notes	**(7,597)**	(51,235)	(54,906)
Net investment hedges, net of tax of $6,558, $3,432, and $4,961 in 2016, 2015 and 2014, respectively	**(12,179)**	(6,374)	(9,213)
Defined benefit pension plans:			
Net actuarial loss, net of tax of $17,450, $12,870, and $42,755 in 2016, 2015, and 2014, respectively	**(55,259)**	(21,002)	(83,040)
Amortization of net actuarial loss, net of tax of ($2,090), ($3,247) and ($1,650) in 2016, 2015, and 2014, respectively	**6,618**	6,137	2,834
Amortization of prior service costs, net of tax of $25, ($564) and ($753) in 2016, 2015, and 2014, respectively	**(79)**	1,809	2,292
Unrealized holding gain (loss) on available-for-sale securities:			
Unrealized gain (loss), net of tax of ($275), $445 and ($48) in 2016, 2015, and 2014, respectively	**512**	(827)	90
Other comprehensive (loss) income	**(136,758)**	(138,737)	(201,655)
Total comprehensive income	**$ 375,400**	$ 452,122	$ 382,805

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 2017 Annual Meeting of Stockholders.

Condensed Consolidated Balance Sheet

	(In thousands, except share amounts) December 31,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 717,259**	$ 381,005
Receivables, net	**592,326**	603,295
Inventories, net	**492,104**	514,451
Deferred income taxes	**50,004**	46,724
Other current assets	**76,497**	73,352
Total current assets	**1,928,190**	1,618,827
Property, plant and equipment, net	**473,230**	484,548
Goodwill	**2,818,950**	2,706,633
Other intangibles, net	**1,734,021**	1,672,961
Investments and other assets	**146,283**	177,481
Total assets	**$ 7,100,674**	$ 6,660,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt, net	**$ 278,921**	$ 384,924
Accounts payable	**369,537**	365,355
Income taxes payable	**29,913**	32,738
Accrued liabilities	**246,070**	241,004
Total current liabilities	**924,441**	1,024,021
Long-term debt, net	**2,062,644**	1,553,116
Deferred income taxes	**621,776**	624,046
Other long-term liabilities	**235,300**	204,641
Total liabilities	**3,844,161**	3,405,824
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized: 5,000,000 shares; none issued	**—**	—
Common stock, $0.01 par value; authorized: 800,000,000 shares; issued: 2016 - 261,432,134 shares; 2015 - 260,718,769 shares	**2,615**	2,608
Capital in excess of par value	**604,143**	568,286
Retained earnings	**4,403,683**	3,974,793
Accumulated other comprehensive loss	**(542,389)**	(405,631)
Treasury stock: 2016 - 32,053,227 shares; 2015 - 25,203,699 shares	**(1,211,539)**	(885,430)
Total stockholders' equity	**3,256,513**	3,254,626
Total liabilities and stockholders' equity	**$ 7,100,674**	$ 6,660,450

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 2017 Annual Meeting of Stockholders.

Condensed Consolidated Statement of Cash Flows

	(In thousands) Year Ended December 31,		
	2016	2015	2014
Cash provided by (used for):			
Operating activities:			
Net income	**$ 512,158**	$ 590,859	$ 584,460
Adjustments to reconcile net income to total operating activities:			
Depreciation and amortization	**179,716**	149,460	138,584
Deferred income taxes	**(5,632)**	6,458	20,579
Share-based compensation expense	**22,030**	23,762	19,871
Gain on sale of facilities	**(743)**	—	(869)
Changes in assets and liabilities, net of acquisitions:			
Decrease (increase) in receivables	**14,773**	(6,995)	(35,258)
Decrease (increase) in inventories and other current assets	**38,666**	(12,007)	11,626
Increase (decrease) in payables, accruals and income taxes	**2,657**	(20,049)	(18,653)
(Decrease) increase in other long-term liabilities	**(4,298)**	255	8,867
Pension contribution	**(6,775)**	(55,215)	(5,729)
Other, net	**4,283**	(3,988)	2,484
Total operating activities	**756,835**	672,540	725,962
Investing activities:			
Additions to property, plant and equipment	**(63,280)**	(69,083)	(71,327)
Purchase of businesses, net of cash acquired	**(391,419)**	(356,466)	(573,647)
Proceeds from sale of facilities	**1,832**	421	950
Other, net	**500**	(429)	2,391
Total investing activities	**(452,367)**	(425,557)	(641,633)
Financing activities:			
Net change in short-term borrowings	**(315,674)**	226,761	(172,495)
Additional long-term borrowings	**820,900**	200,000	500,000
Reduction in long-term borrowings	**(48,724)**	(182,007)	(914)
Repurchases of common stock	**(336,140)**	(435,400)	(245,283)
Cash dividends paid	**(83,267)**	(85,988)	(80,551)
Excess tax benefits from share-based payments	**5,343**	20,478	7,889
Proceeds from employee stock plans and other, net	**14,616**	39,192	15,493
Total financing activities	**57,054**	(216,964)	24,139
Effect of exchange rate changes on cash and cash equivalents	**(25,268)**	(26,629)	(26,056)
Increase in cash and cash equivalents	**336,254**	3,390	82,412
Cash and cash equivalents:			
Beginning of year	**381,005**	377,615	295,203
End of year	**$ 717,259**	$ 381,005	$ 377,615

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 2017 Annual Meeting of Stockholders.

Selected Financial Data

(In millions, except per share amounts)

	2016	2015	2014	2013	2012
Consolidated Operating Results (Year Ended December 31):					
Net sales	**$ 3,840.1**	$ 3,974.3	$ 4,022.0	$ 3,594.1	$ 3,334.2
Operating income	**$ 801.9**	$ 907.7	$ 898.6	$ 815.1	$ 745.9
Interest expense	**$ 94.3**	$ 91.8	$ 79.9	$ 73.6	$ 75.5
Net income	**$ 512.2**	$ 590.9	$ 584.5	$ 517.0	$ 459.1
Diluted earnings per share	**$ 2.19**	$ 2.45	$ 2.37	$ 2.10	$ 1.88
Dividends declared and paid per share	**$ 0.36**	$ 0.36	$ 0.33	$ 0.24	$ 0.22
Diluted weighted average common shares outstanding	**233.7**	241.6	247.1	246.1	244.0
Performance Measures and Other Data:					
Operating income - Return on net sales	**20.9%**	22.8%	22.3%	22.7%	22.4%
Net income - Return on average total capital	**9.5%**	11.6%	12.3%	12.1%	12.6%
Net income - Return on average stockholders' equity	**15.7%**	18.2%	18.3%	18.2%	20.0%
EBITDA[1]	**$ 966.0**	$ 1,046.9	$ 1,022.6	$ 916.3	$ 842.7
Ratio of EBITDA to interest expense[1]	**10.2x**	11.4x	12.8x	12.4x	11.2x
Depreciation and amortization	**$ 179.7**	$ 149.5	$ 138.6	$ 118.7	$ 105.5
Capital expenditures	**$ 63.3**	$ 69.1	$ 71.3	$ 63.3	$ 57.4
Cash provided by operating activities	**$ 756.8**	$ 672.5	$ 726.0	$ 660.7	$ 612.5
Free cash flow[2]	**$ 693.5**	$ 603.4	$ 654.7	$ 597.4	$ 555.1
Consolidated Financial Position (At December 31):					
Current assets	**$ 1,928.2**	$ 1,618.8	$ 1,577.6	$ 1,368.3	$ 1,163.9
Current liabilities	**$ 924.4**	$ 1,024.0	$ 934.5	$ 872.7	$ 878.5
Property, plant, and equipment, net	**$ 473.2**	$ 484.5	$ 448.4	$ 402.8	$ 383.5
Total assets	**$ 7,100.7**	$ 6,660.5	$ 6,415.9	$ 5,874.4	$ 5,186.5
Long-term debt, net	**$ 2,062.6**	$ 1,553.1	$ 1,424.4	$ 1,140.1	$ 1,131.0
Total debt, net	**$ 2,341.6**	$ 1,938.0	$ 1,709.0	$ 1,411.5	$ 1,450.2
Stockholders' equity	**$ 3,256.5**	$ 3,254.6	$ 3,239.6	$ 3,136.1	$ 2,535.2
Stockholders' equity per share	**$ 14.20**	$ 13.82	$ 13.42	$ 12.80	$ 10.42
Total debt as a percentage of capitalization	**41.8%**	37.3%	34.5%	31.0%	36.4%
Net debt as a percentage of capitalization[3]	**33.3%**	32.4%	29.1%	26.3%	33.8%

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,				
	2016	2015	2014	2013	2012
Net income	**$ 512.2**	$ 590.9	$ 584.5	$ 517.0	$ 459.1
Add (deduct):					
Interest expense	**94.3**	91.8	79.9	73.6	75.5
Interest income	**(1.1)**	(0.8)	(0.8)	(0.8)	(0.7)
Income taxes	**180.9**	215.5	220.4	207.8	203.3
Depreciation	**74.8**	68.7	63.7	57.2	53.7
Amortization	**104.9**	80.8	74.9	61.5	51.8
Total adjustments	**453.8**	456.0	438.1	399.3	383.6
EBITDA	**$ 966.0**	$ 1,046.9	$ 1,022.6	$ 916.3	$ 842.7

(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,				
	2016	2015	2014	2013	2012
Cash provided by operating activities	**$ 756.8**	$ 672.5	$ 726.0	$ 660.7	$ 612.5
Deduct: Capital expenditures	**(63.3)**	(69.1)	(71.3)	(63.3)	(57.4)
Free cash flow	**$ 693.5**	$ 603.4	$ 654.7	$ 597.4	$ 555.1

(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:

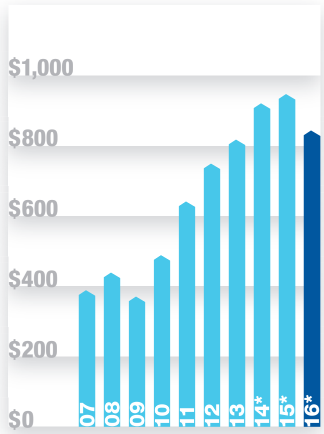
	(In millions) December 31,				
	2016	2015	2014	2013	2012
Total debt, net	**$ 2,341.6**	$ 1,938.0	$ 1,709.0	$ 1,411.5	$ 1,450.2
Less: Cash and cash equivalents	**(717.3)**	(381.0)	(377.6)	(295.2)	(158.0)
Net debt	**1,624.3**	1,557.0	1,331.4	1,116.3	1,292.2
Stockholders' equity	**3,256.5**	3,254.6	3,239.6	3,136.1	2,535.2
Capitalization (net debt plus stockholders' equity)	**$ 4,880.8**	$ 4,811.6	$ 4,571.0	$ 4,252.4	$ 3,827.4
Net debt as a percentage of capitalization	**33.3%**	32.4%	29.1%	26.3%	33.8%

Notes to Financial Highlights

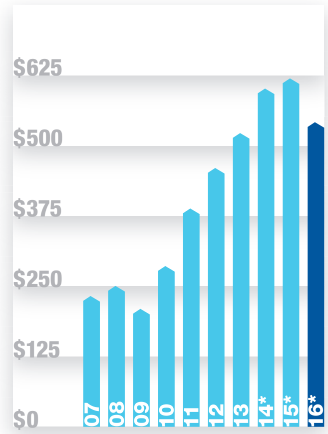
Adjusted operating income, adjusted net income, adjusted diluted earnings per share and adjusted operating income margin are presented to provide investors with greater insight and increased transparency, and to allow for a more comprehensive understanding of the information used by management in its 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,		
	2016	2015	2014
EIG segment operating income (GAAP)	**$ 577,717**	$ 639,399	$ 612,992
Realignment costs	**12,355**	18,518	—
Indefinite-lived intangibles impairment	**9,200**	—	—
Zygo integration costs	**—**	—	18,877
Adjusted EIG segment operating income (Non-GAAP)	**$ 599,272**	$ 657,917	$ 631,869
EMG segment operating income (GAAP)	**$ 277,873**	$ 318,098	$ 335,046
Realignment costs	**11,644**	17,298	—
Indefinite-lived intangibles impairment	**4,700**	—	—
Zygo integration costs	**—**	—	—
Adjusted EMG segment operating income (Non-GAAP)	**$ 294,217**	$ 335,396	$ 335,046
Operating income (GAAP)	**$ 801,897**	$ 907,716	$ 898,586
Realignment costs	**25,556**	36,605	—
Indefinite-lived intangibles impairment	**13,900**	—	—
Zygo integration costs	**—**	—	18,877
Adjusted operating income (Non-GAAP)	**$ 841,353**	$ 944,321	$ 917,463
Net income (GAAP)	**$ 512,158**	$ 590,859	$ 584,460
Realignment costs	**16,978**	24,676	—
Indefinite-lived intangibles impairment	**8,590**	—	—
Zygo integration costs	**—**	—	13,894
Adjusted net income (Non-GAAP)	**$ 537,726**	$ 615,535	$ 598,354
Diluted earnings per share (GAAP)	**$ 2.19**	$ 2.45	$ 2.37
Realignment costs	**0.07**	0.10	—
Indefinite-lived intangibles impairment	**0.04**	—	—
Zygo integration costs	**—**	—	0.05
Adjusted diluted earnings per share (Non-GAAP)	**$ 2.30**	$ 2.55	$ 2.42
Operating income margin (GAAP)	**20.9%**	22.8%	22.3%
Realignment costs	**0.7**	1.0	—
Indefinite-lived intangibles impairment	**0.3**	—	—
Zygo integration costs	**—**	—	0.5
Adjusted operating income margin (Non-GAAP)	**21.9%**	23.8%	22.8%

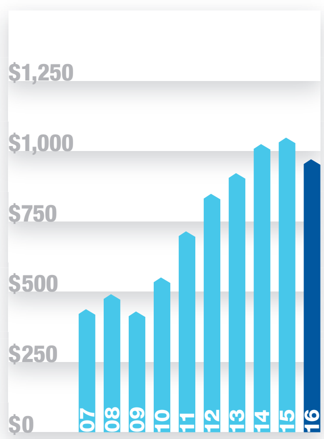
Operating Income
(In millions)



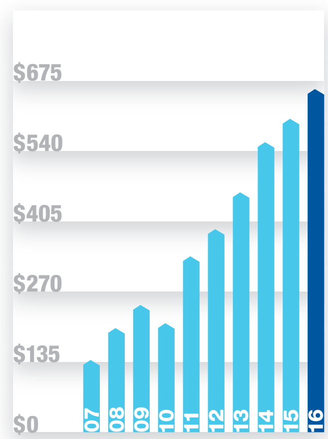
Net Income
(In millions)



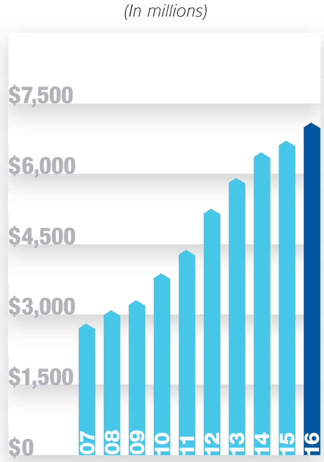
EBITDA**
(In millions)



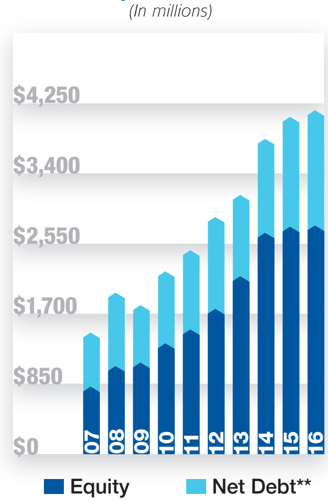
Free Cash Flow**
(In millions)



Total Assets
(In millions)



Capitalization
(In millions)



* *See page 26 for reconciliations of operating income and net income 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.*

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Former President, Industrial Division, Pall Corporation

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Retired Financial Executive

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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.

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Former Chairman and Chief Executive Officer, IDEX Corporation

DAVID A. ZAPICO
Chief Executive Officer

Corporate Executive Office

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Executive Chairman of the Board

DAVID A. ZAPICO
Chief Executive Officer

WILLIAM J. BURKE
Executive Vice President — Chief Financial Officer and Treasurer

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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 and General Counsel

GREGORY J. KELBLE
Senior Vice President, Human Resources

THOMAS M. MONTGOMERY
Senior Vice President and Comptroller

ROBERT J. AMODEI
Vice President, Audit Services

DONALD W. CARLSON
Vice President, Strategic Procurement

KEVIN C. COLEMAN
Vice President, Investor Relations

THOMAS A. DEENEY
Vice President, Corporate Compliance

DAVID A. FRANK
Vice President, Taxation

MICHAEL J. PIZZO
Vice President, Planning and Analysis

KENNETH C. WEIRMAN
Vice President and Chief Information Officer

Operating Officers

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Senior Vice President, Ultra Precision Technologies

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Vice President, Measurement and Power Systems

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EMANUELA SPERANZA
Vice President, Europe

JAMES E. VISNIC
Vice President, Chemical Products

ROBERT J. VOGEL
Vice President, Thermal Management Systems

SHAREHOLDER INFORMATION

Corporate Office

AMETEK, Inc.
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: www.ametek.com.

Annual Meeting

Tuesday, May 9, 2017, 11 a.m.
JW Marriott Essex House New York
Tivoli Room
160 Central Park South
New York, NY 10019

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
www.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

Corporate Counsel

Stroock & Stroock & Lavan LLP
New York, New York

AMETEK is an equal opportunity employer.

For the most up-to-date investor information, scan this code with your smartphone to be taken to the Investors section of ametek.com.

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www.ametek.com