

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-12981

AMETEK, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

14-1682544
(I.R.S. Employer
Identification No.)

37 North Valley Road, Paoli, PA
(Address of principal executive offices)

19301
(Zip Code)

Registrant's telephone number, including area code:

(610) 647-2121

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$0.01 Par Value (voting)

New York Stock Exchange
Pacific Exchange, Inc.

7.20% Senior Notes due 2008

None

Securities registered pursuant to Section 12(g) of the Act:

NONE

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2003, was \$1,210,820,087, the last business day of registrant's most recently completed second fiscal quarter.

The number of shares of common stock outstanding as of February 27, 2004, was 67,166,216.

Documents Incorporated By Reference

Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Stockholders on May 18, 2004.

AMETEK, Inc.

2003 Form 10-K Annual Report

Table of Contents

	<u>Page(s)</u>
PART I	
Item 1. Business	2
Item 2. Properties	12
Item 3. Legal Proceedings	12
Item 4. Submission of Matters to a Vote of Security Holders	12
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	12
Item 6. Selected Financial Data	13
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	28
Item 8. Financial Statements and Supplementary Data	28
Item 9. Change in and Disagreements with Accountants on Accounting and Financial Disclosure	59
Item 9A. Controls and Procedures	59
PART III	
Item 10. Directors and Executive Officers of the Registrant	59
Item 11. Executive Compensation	60
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	60
Item 13. Certain Relationships and Related Transactions	60
Item 14. Principal Accountant Fees and Services	60
PART IV	
Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K	61
Signatures	62
Index to Exhibits	63

PART I

Item 1. *Business*

General Development of Business

AMETEK, Inc. ("AMETEK" or the "Company") is incorporated in Delaware. Its predecessor was originally incorporated in Delaware in 1930 under the name of American Machine and Metals, Inc. The Company maintains its principal executive offices in suburban Philadelphia, PA at 37 North Valley Road, Paoli, PA 19301. AMETEK is a leading global manufacturer of electronic instruments and electric motors with operations in North America, Europe, Asia, and South America. The Company is listed on the New York Stock Exchange and the Pacific Stock Exchange (symbol: AME). AMETEK is a component of the Russell 1000 and the S&P MidCap 400 indices.

Website Access to Information

The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available free of charge on the Company's Internet website at www.ametek.com as soon as practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. In advance of its 2004 annual shareholders meeting, the Company will post, free of charge, to the investor information portion of its website, its corporate governance guidelines, board committee charters and codes of ethics.

Recent Developments

Stock Split. On January 27, 2004, the Company's Board of Directors approved a two-for-one split of its common stock, distributed on February 27, 2004, to shareholders of record on February 13, 2004. By splitting its common stock, the Company expects to broaden the stock's marketability and improve its trading liquidity. All share and per share information included in this Form 10-K is presented on a post-stock split basis.

Dividend Increase. On January 27, 2004, the Company's Board of Directors approved a 100% increase to its quarterly cash dividend on its common stock, to an indicated annual rate of \$0.24 per share on a post-stock split basis. The first increased quarterly dividend is payable on March 26, 2004 to shareholders of record on March 12, 2004.

Long-Term Incentive Compensation Plan Change. Beginning in 2004, the Company adopted a change in the composition of its long-term compensation plan. The long-term incentive plan for officers of the Company and other senior management personnel will be composed of approximately 50% restricted stock and 50% stock options for new awards, rather than primarily stock options as it had been previously. This change will result in the Company expensing approximately one-half of its future long-term compensation awards under current accounting rules. The Company believes this new arrangement will enhance the Company's ability to attract and retain management talent.

Financing. On February 27, 2004, the Company announced that it had amended its \$300 million Revolving Credit Facility to extend the expiration date from September 2006 to February 2009. The new 5-year term of this Credit Facility provides the Company with increased flexibility to support its growth plans including its successful acquisition strategy. Other key terms of the Credit Facility were unchanged.

Products and Services

The Company markets its products worldwide through two operating groups, the Electronic Instruments Group ("EIG") and the Electromechanical Group ("EMG"). EIG builds technologically advanced monitoring, testing, and calibration instruments and display devices for the process, aerospace, industrial and power markets. The Company believes that EMG is the world's largest manufacturer of air-moving electric motors for vacuum cleaners and other floor care products and is a prominent producer of brushless air-moving motors for aerospace, mass-transit, medical and office product markets. EMG also produces specialty metals for

automotive, consumer, electronics, telecommunications and other markets and offers switches for motive and stationary power systems. The Company continues to grow through strategic acquisitions primarily focused on differentiated niche markets in instrumentation, technical motors and specialty metals.

Competitive Strengths

Management believes that the Company has several significant competitive advantages that assist it in sustaining and enhancing its market positions. Its principal strengths include:

Significant Market Share. AMETEK maintains significant share in many of its targeted niche markets because of its ability to produce and deliver high-quality products at competitive prices. In EIG, the Company maintains significant market positions in many niche segments within the aerospace, process, industrial, analytical and power instrumentation markets. In EMG, the Company believes it is the largest manufacturer of air-moving electric motors for the global floor care market. It also believes that its significant market share along with its new and expanded low-cost motor manufacturing plants allows it to capitalize on new market opportunities and expand its electromechanical product lines.

Technological and Development Capabilities. AMETEK believes it has certain technological advantages over its competitors that allow it to develop innovative products and maintain leading market positions. Historically, the Company has grown by extending its technical expertise into the manufacture of customized products for its customers as well as through strategic acquisitions. EIG competes primarily on the basis of product innovation in several highly specialized instrumentation markets, including process measurement, heavy-vehicle dashboard and aerospace instruments. An example of EIG's ability to take a technical innovation developed for one market into a related market was the leveraging of its core competency in jet engine temperature sensors in developing similar products for power generation applications, particularly land-based gas turbines. EMG focuses on low-cost design and manufacturing, while enhancing motor-blower performance through advances in power, efficiency, lighter weight and quieter operation. The Company believes that EMG's leadership in motor technology has allowed it to develop a range of product features for its motors and motor-blowers that continue to create new market opportunities for its products.

Efficient and Low-Cost Manufacturing Operations. AMETEK has motor manufacturing plants in China, the Czech Republic, Mexico and Brazil to lower its costs and achieve strategic proximity to its customers, providing the opportunity to increase international sales and market share in EMG. Certain of the Company's electronic instrument businesses are relocating manufacturing operations to low-cost locales. Furthermore, strategic acquisitions and joint ventures in Europe, North America and Asia have resulted in additional cost savings and synergies through the consolidation of operations, product lines and distribution channels that benefit both operating groups.

Experienced Management Team. Another key component of AMETEK's success is the strength of its management team and its commitment to the performance of the Company. AMETEK's senior management has extensive experience averaging more than eighteen years with the Company, and is financially committed to the Company's success through Company-established stock ownership guidelines based on a set of salary multiples.

Business Strategy

AMETEK's objectives are to increase the Company's earnings and financial returns through a combination of operational and financial strategies. Those operational strategies include business acquisitions and cost-reduction programs designed to achieve double-digit annual percentage growth in earnings per share and a superior return on total capital. To support those operational objectives, financial initiatives have been, or may be, undertaken, including public and private debt or equity issuance, bank debt refinancing, local-source financing in certain foreign countries, accounts receivable securitization and share repurchases. AMETEK's commitment to earnings growth is reflected in its continued implementation of cost-reduction programs designed to offset the impact of a difficult economic environment and achieve the Company's long-term best-cost objectives.

AMETEK's Corporate Growth Plan consists of four key strategies:

Strategic Acquisitions and Alliances. The Company continues to pursue strategic acquisitions, both domestically and internationally, to expand and strengthen its product lines, improve its market share positions and increase earnings through sales growth and operational efficiencies at the acquired businesses. Since the beginning of 2001, to the date of this report, the Company has completed six acquisitions with annualized sales totaling approximately \$270 million, including 2003 acquisitions representing approximately \$120 million in annualized revenues (see "Recent Acquisitions"). Those acquisitions have enhanced AMETEK's position in analytical instrumentation, technical motors, electromechanical products and electrical power instruments and systems. Through these and prior acquisitions, the Company's management team has gained considerable experience in successfully acquiring and integrating new businesses. The Company intends to continue to pursue this acquisition strategy.

Global and Market Expansion. AMETEK's largest international presence is in Europe, where it has operations in Denmark, Italy, Germany, the Czech Republic, the United Kingdom, France, Austria and the Netherlands. These operations provide design and engineering capability, product line breadth, enhanced European distribution channels, and low-cost production for both electronic instruments and electromechanical devices. AMETEK has a leading market position in European floor care motors and a significant presence in many of its instrument businesses. It has grown sales in Latin America and Asia by building and expanding low-cost electric motor and instrument plants in Reynosa, Mexico, and motor manufacturing plants near Sao Paulo, Brazil and in Shanghai, China. It also continues to achieve geographic expansion and increased market expansion in Asia through joint ventures in China, Taiwan, Japan and South Korea and a direct sales and marketing presence in Singapore, Japan, China, Taiwan and Hong Kong.

New Product Development. Through its new product development efforts, AMETEK seeks to improve its existing market positions and enter complementary markets.

Among the new products introduced by EIG in 2003 are the DetectiveTM and Detective-EXTM advanced portable nuclear detection systems. These high-performance, high-resolution systems are part of a suite of technologies that is being developed by AMETEK to detect potentially dangerous radioactive materials at border crossings, cargo ship docks and transportation terminals.

In 2003, EIG also launched the ProMaxionTM process mass spectrometer that provides pharmaceutical manufacturers with continuous, real-time monitoring and control of pharmaceutical manufacturing processes. The ProMaxion places AMETEK at the forefront of the U.S. Food and Drug Administration's drive for improved pharmaceutical process analysis.

EIG also launched the UniScanTM and IntelliScanTM families of continuous ultrasonic devices in 2003, which represent the next generation in continuous level measurement for process and industrial markets.

During 2003, EMG introduced a premium line of WINDJAMMER[®] brushless blowers that feature the latest electronic control technology. The new Intelligent WINDJAMMER premium BLDC blower incorporates a state-of-the-art microprocessor control and digital signal processor technology allowing designers both increased flexibility for direct customization by application and a more precise control system.

In Global Floor Care Motors, AMETEK partnered with leading floor care equipment manufacturers on further enhancements to its line of Acustek[®] Plus low-noise commercial vacuum motors. The patented Acustek Plus design features a unique air inlet and air diffusion system that greatly reduces working noise levels.

Operational Excellence. Operational Excellence is AMETEK's keystone strategy for improving profit margins and strengthening the Company's competitive position across its businesses. Through its Operational Excellence strategy, the Company seeks to reduce production costs and improve its market positions. The strategy has played a key role in achieving synergies from newly acquired companies. AMETEK believes that Operational Excellence's focus on flow manufacturing and its emphasis on team building and a participative management culture have enabled the Company to improve operating efficiencies and product quality,

increase customer satisfaction and yield higher cash flow from operations, while significantly lowering operating and administrative costs and shortening manufacturing cycle times.

2003 Overview

Operating Performance

In 2003, AMETEK generated sales of nearly \$1.1 billion, and increased net income by 5% despite a difficult economic environment for the manufacturing sector. The Company set records for sales, operating income, net income and diluted earnings per share. This strong performance was driven primarily by the contribution of recently acquired businesses and by the Company's continuing cost-reduction initiatives.

AMETEK generated cash flow from operating activities during 2003 that totaled \$155 million, a 49% increase from 2002. The primary contributors to that growth in cash flow were increased earnings, coupled with a continued focus on reducing operating working capital and lower contributions to the Company's defined benefit pension plans.

Share Repurchase Program

Early in 2003, the Company repurchased 380,000 shares of its common stock for approximately \$5.8 million under a previous share repurchase program. On March 12, 2003, the Company's Board of Directors authorized a new \$50 million share repurchase program, adding to the \$2.4 million remaining balance from the earlier program. As of December 31, 2003, \$52.4 million was available for future share repurchases.

Recent Acquisitions

On January 13, 2003, AMETEK acquired Airtechnology Holdings Limited ("Airtechnology") from Candover Partners Limited for approximately 50 million British pounds sterling or approximately \$80 million in cash. Airtechnology is a leading supplier of motors, fans and environmental control systems for aerospace and defense markets. It has annualized sales of 29 million British pounds sterling, or approximately \$46 million. Airtechnology is part of the EMG business segment.

Effective as of February 28, 2003, AMETEK purchased Solidstate Controls, Inc. ("Solidstate Controls") from Marmon Industrial Companies LLC for approximately \$34 million in cash. Solidstate Controls is a leading supplier of Uninterruptible Power Supply systems for the process and power generation industries. Solidstate Controls is headquartered in Columbus, Ohio, and has annualized sales of \$45 million. Solidstate Controls is part of the EIG business segment.

On August 29, 2003 AMETEK acquired Chandler Instruments Company, LLC, a leading manufacturer of high-quality measurement instrumentation for the oil and gas industry for approximately \$49 million in cash. Headquartered in Tulsa, OK, Chandler Instruments has annualized sales of approximately \$30 million. Chandler Instruments is part of the EIG business segment.

Financial Information about Operating Segments, Foreign Operations, and Export Sales

Reportable segment and geographic information is shown on pages 54-56 of this report.

The Company's Global and Market Expansion growth strategy is subject to certain risks that are inherent in conducting business outside the United States. Those include fluctuations in currency exchange rates and controls, restrictions on the movement of funds, import and export controls, and other economic, political and regulatory policies of the countries in which business is conducted.

The Company's foreign sales (approximately 40% of total sales in 2003) has resulted from a combination of increases in export sales of products manufactured in the United States and sales from overseas operations.

Description of Business

The products and markets of each operating segment are described below:

EIG

EIG applies its specialized market focus and technology to produce testing, monitoring and calibration instruments for the aerospace, power, process, and industrial markets. EIG's growth is based on the four strategies outlined in AMETEK's Corporate Growth Plan. EIG designs products that are significantly different from, or technologically better than, competing products. It has reduced costs by implementing operational improvements, achieving acquisition synergies, improving supply chain management, moving production to low cost locales and reducing headcount. EIG is among the leaders in many of the specialized markets it serves, including aerospace engine sensors, heavy-vehicle instrument panels, analytical instrumentation, level measurement products, power instruments and pressure gauges. It also has joint venture manufacturing operations in Japan, China and Taiwan. Approximately 36.0% of EIG's 2003 sales were to markets outside the United States.

EIG employs approximately 3,600 people, of whom approximately 700 are covered by collective bargaining agreements. Three of EIG's collective bargaining agreements, which cover approximately 200 employees, will expire in 2004. The Company expects no material adverse effects from the pending labor contract negotiations. EIG has 33 manufacturing facilities: 26 in the United States, 4 in Europe, 2 in South America and 1 in Canada. EIG also shares manufacturing facilities with EMG in Mexico.

Aerospace and Power Instruments Markets and Products

Approximately 38% of EIG sales are from aerospace and power products. AMETEK's aerospace products are designed to customer specifications and are manufactured to stringent operational and reliability requirements. Its aerospace business operates in specialized markets, where its products have a technological and/or cost advantage. Acquisitions have complemented and expanded EIG's core sensor and transducer product line, used in a wide range of industrial and aerospace applications.

Aerospace products include airborne data systems, turbine engine temperature measurement products, vibration-monitoring systems, indicators and displays, fuel and fluid measurement products, sensors, switches, cable harnesses and transducers. EIG serves all segments of commercial aerospace, including helicopters, business jets, commuter aircraft, and commercial airliners, as well as the military market.

Among its more significant competitive advantages are EIG's 50-plus years of experience as an aerospace supplier and its long-standing customer relationships with global commercial aircraft OEMs. Its customers are the leading producers of airframes and jet engines. It also serves the commercial aerospace aftermarket with spare part sales and repair and overhaul services.

EIG is a leader in the development and manufacture of sensor systems for gas turbine engines and for boilers and burners used by the utility, petrochemical, process, and marine industries worldwide. That core technology initially was developed for aerospace but was adapted by AMETEK for land-based gas turbines. EIG is also a leader in the design and manufacture of power measurement and recording instrumentation used by the electric power and manufacturing industries. Those products include power transducers and meters, event and transient recorders, annunciators and alarm monitoring systems used to measure, monitor and record variables in the transmission and distribution of electric power.

The February 2003 acquisition of Solidstate Controls brings a line of Uninterruptible Power Supply systems for the process and power generation industries to EIG.

Process Instruments Markets and Products

Approximately 46% of EIG sales are from instruments for process measurement and analysis. These include oxygen, moisture, combustion and liquid analyzers; emission monitors; mass spectrometers; mechanical and electronic pressure sensors and transmitters; level measurement devices; and force-measurement and

materials testing instrumentation. EIG's focus is on process industries, including oil, gas and petrochemical refining, power generation, specialty gas production, water and waste treatment, natural gas distribution and semiconductor manufacture. AMETEK is the world leader in the analysis of tail gas in refinery sulfur recovery processes.

The EDAX and IRAS businesses acquired in 2001 significantly expanded AMETEK's position in laboratory instrumentation. EDAX manufactures and markets energy dispersive X-ray microanalysis instrumentation used in electron microscope systems to identify and quantify the elemental composition and structure of solid materials. The IRAS business greatly extended AMETEK's capabilities in the measurement of physical properties with instruments that are used in environmental monitoring, detection of nuclear and chemical weapons, and laboratory research. IRAS also produces instrumentation for electronic signal processing and electrochemical applications. As part of the IRAS acquisition, AMETEK acquired a 49% ownership position in Seiko EG&G Co., Ltd., a joint venture that serves as the exclusive distributor of IRAS's Ortec® product line in Japan.

EIG's Test & Calibration Instruments (T&CI) business manufactures a comprehensive line of force-measurement and materials testing devices in the United States and Europe. These include hand-held force measurement gauges and test stands. T&CI also provides analytical software and support services. T&CI's products are marketed worldwide under the Chatillon, Lloyd, Erichsen, Jofra, and Davenport brand names through a global network of distributors, sales representatives, and direct sales.

EIG is among the leading North American manufacturers of pressure gauges, a market that has been adversely affected by low-cost products manufactured offshore. EIG has addressed this issue by participating in a 50%-owned joint venture that manufactures low-cost pressure gauges in China and Taiwan, where the joint venture also markets the products, and by refocusing its domestic manufacturing on more advanced pressure measurement products.

Chandler Instruments, acquired in August 2003, manufactures measurement instrumentation for the oil and gas industry. Chandler is a world leader in drilling and completion instruments for the oil and gas production markets. Chandler also produces vapor pressure instruments, flash point analyzers and spectrometers.

Industrial Instrumentation Markets and Products

Approximately 16% of EIG sales are to the industrial instrumentation market.

EIG's Dixon business is a leading North American manufacturer of dashboard instruments for heavy trucks, and is also a major supplier of similar products for construction, agricultural, and off-road vehicles. It has a strong product development capability in solid-state instruments that primarily monitor engine-operating parameters.

Through its NCC business, EIG has a leading position in the food service instrumentation market and is a primary source for stand-alone and integrated timing controls for the food service industry. On February 23, 2004, AMETEK acquired technology related to a line of electronic fryer cooking controls for the commercial food service industry. This technology complements and expands EIG's other products serving the food service industry, including cooking and brewing controls for a wide range of commercial appliance applications.

The Chemical Products division is a custom compounder of engineered thermoplastic resins that offer enhanced strength, temperature resistance and other properties for automotive, consumer appliance, electronics, and telecommunications applications. It also produces fluoropolymer-based products for heat exchangers.

Customers

EIG is not dependent on any single customer such that the loss of that customer would have a material adverse effect on EIG's operations. Approximately 20% of EIG's 2003 sales were made to its five largest customers, and no one customer accounted for more than 10% of 2003 consolidated sales.

EMG

The Company believes EMG is the world's largest producer of high-speed, air-moving electric motors for OEMs of floor care products. It designs and manufactures small vacuum motors with fans that rotate at high speeds and require advanced manufacturing technology. EMG addresses complex motor-blower dynamics, including heat, noise, vibration and wear in designing its customized products. EMG also is a leader in the production of brushless DC motors and motor-blowers and a niche producer of specialty metal products used in automotive, electronics, telecommunications, consumer and other markets. EMG holds a leading market share for its electric vacuum motors in North America and Western Europe and is focused on expanding its share in a growing Asian market. It has expanded its operations worldwide by leveraging manufacturing and technological expertise developed over many years.

EMG uses its technical expertise in the manufacture of high-speed, air-moving electric motors to penetrate a variety of targeted markets, including floor care and small appliances. It has formed alliances with OEM customers to design and manufacture cost-effective products for numerous floor care applications and is using its technical and marketing skills to further penetrate other markets, such as outdoor power equipment and personal care products.

To achieve greater global penetration and further reduce costs, EMG is building on its market leadership in North American and European floor care by expanding its electric motor production operations in China, Mexico, the Czech Republic and Brazil. Approximately 44.1% of EMG's 2003 sales were to customers outside the United States.

EMG employs approximately 4,100 people, of whom approximately 2,200 are covered by collective bargaining agreements (including some that are covered by local unions). It has 21 manufacturing facilities: 10 in the United States, 4 in the United Kingdom, 2 in Italy, 2 in Mexico, 1 in China, 1 in the Czech Republic, and 1 in Brazil. As part of its ongoing efforts to relocate production to low-cost facilities, EMG closed its Chambersburg, PA motor plant in 2003 and relocated its production to the Reynosa, Mexico and Shanghai, China facilities.

EMG's flexible production lines are designed for low-cost, high-volume operations. Advanced technological capability allowed EMG to provide its customers with custom-designed products and the Group produced approximately 25 million motors in 2003.

Floor Care Markets and Products

Approximately 34% of EMG sales are to floor care markets, where it has the leading share, through its sales of air-moving electric motors to most of the world's major floor care OEMs, including vertically integrated OEMs that produce some of their own motors. EMG produces motor-blowers for a full range of floor care products, ranging from hand-held, canister, and upright vacuums to central vacuums for residential use. High-performance vacuum motors also are marketed for commercial and industrial applications.

EMG has been successful in directing a portion of its global floor care marketing to vertically integrated vacuum cleaner manufacturers, who seek to outsource all or part of their motor production. By purchasing their motors from EMG, these customers are able to realize economic and operational advantages by reducing or discontinuing their own motor production and avoiding the capital investment required to keep their motor manufacturing current with changing technologies and market demands.

EMG has focused its new product development efforts on minimizing costs and enhancing motor-blower performance through advances in power, efficiency, size, weight, and quieter operation. Among its latest advances are the ADVANTEK™ series of universal vacuum motors that incorporate design and construction techniques that lower cost while improving operating efficiency and reliability; the Air-Watt™ Series of commercial motor-blowers, whose advanced design translates directly into higher performance and energy savings for end users; and ACUSTEK Plus™ low-noise commercial vacuum motors.

EMG has a significant position in the European floor care market with manufacturing operations in Italy and the Czech Republic. The electric motors produced in Italy and the Czech Republic are similar to those produced in North America.

Technical Motor Markets and Products

Technical motors, representing 26% of EMG's 2003 sales, are used in aerospace, business machines and computer equipment, military and mass transit vehicles, and medical equipment applications. These electronically commutated (brushless) motors, blowers and pumps offer long life, reliability and near maintenance-free operation. They are used increasingly in medical and other applications, in which their long life and spark-free and reliable operation are key. They also can be found in gasoline vapor recovery systems, and provide cooling and ventilation for electronic devices, military and mass transit vehicles and a wide range of aircraft. In the emerging fuel cell market, AMETEK is working closely with many of the leading developers of fuel cell technology, with blowers and pumps specifically developed for these applications. The acquisition of Airtechnology in January 2003 significantly expanded AMETEK's presence in high-end technical motors and strengthened EMG's relationship with large European-based aerospace and defense companies.

Specialty Motor Markets and Products

Approximately 21% of EMG sales are to specialty motor markets, where it manufactures a variety of specialty motors used in a wide range of products, such as household and personal care appliances; fitness equipment; electric materials handling vehicles; and sewing machines. Its products are also used in outdoor power equipment, such as electric chain saws, leaf blowers, string trimmers and power washers. Through these product lines, AMETEK's market presence in permanent magnet motors is strengthened, allowing it to participate in a variety of new niche markets that have higher growth rates than floor care, and further leverage the Company's low-cost motor manufacturing infrastructure.

Specialty Metals Markets and Products

AMETEK is an innovator and market leader in metal powder, strip, wire, and bonded products. It produces stainless steel and nickel clad alloys; stainless steel, cobalt, and nickel alloy powders; metal strip; specialty shaped and electronic wire; and advanced metal matrix composites used in electronic thermal management. Its products are used in automotive, appliance, telecommunications, marine and general industrial applications. Its niche market focus is based upon proprietary manufacturing technology and strong customer relationships.

Power and Switch Markets and Products

EMG's Prestolite switch and industrial battery charger businesses greatly expand AMETEK's electromechanical product offerings. The switch business produces solenoids and other electromechanical devices for the motive and stationary power markets. The battery charger business manufactures high-quality industrial battery chargers for use in the materials handling market. Both the switch and battery charger businesses have strong market positions and enjoy a reputation for high quality and service.

Customers

EMG is not dependent on any single customer such that the loss of that customer would have a material adverse effect on EMG's operations. Approximately 12% of EMG's sales for 2003 were made to its five largest customers.

Marketing

The Company's marketing efforts generally are organized and carried out at the division level. EIG makes significant use of distributors and sales representatives in marketing its products, as well as direct sales in some of its more technically sophisticated products. Within aerospace, its specialized customer base of aircraft and jet engine manufacturers is served primarily by direct sales engineers. Given the similarity and

technical nature of many of its products as well as its significant worldwide market share, EMG conducts most of its domestic and international marketing activities through a direct sales force and makes some use of sales representatives and distributors both in the United States and in other countries.

Competition

In general, most of the Company's markets are highly competitive. The principal elements of competition for the Company's products are price, product technology, distribution, quality, and service.

In the markets served by EIG, the Company believes that it ranks among the leading U.S. producers of certain measuring and control instruments. It also is a leader in the U.S. heavy-vehicle instrumentation and power instruments markets and one of the leading instrument and sensor suppliers to the commercial aviation market. Competition remains strong and can intensify for certain EIG products, especially its pressure gauge and heavy-vehicle instrumentation. Both of these businesses have several strong competitors. In the process and analytical instruments markets, numerous companies in each specialized market compete on the basis of product quality, performance and innovation. The aerospace and power instruments businesses have a number of diversified competitors, which vary depending on the specific market niche.

EMG has limited domestic competition in the U.S. floor care market from independent manufacturers. Competition is increasing from Asian motor manufacturers that serve the U.S. floor care market. Increasingly, global vacuum motor production is being shifted to Asia where AMETEK has a weaker market position. In Europe, competition is limited to a single major competitor and several smaller competitors. There is potential competition from vertically integrated manufacturers of floor care products that produce their own motor-blowers. Many of these manufacturers would also be potential EMG customers if they decided to outsource their motor production. EMG's differentiated businesses have competition from a limited number of companies in each of their markets. Competition is generally based on product innovation, performance and price. EMG's specialty metal products business has several specialized product lines that have few competitors. The primary competition is from alternative materials and processes.

Backlog and Seasonal Variations of Business

The Company's approximate backlog of unfilled orders by business segment at the dates specified below was as follows:

	December 31,		
	2003	2002	2001
	(In millions)		
Electronic Instruments	\$139.3	\$134.1	\$169.0
Electromechanical	146.9	106.8	107.6
Total	\$286.2	\$240.9	\$276.6

The higher backlog at December 31, 2003 was primarily due to the businesses acquired in 2003.

Of the total backlog of unfilled orders at December 31, 2003, approximately 93% is expected to be shipped by December 31, 2004. The Company believes that neither its business as a whole, nor either of its operating segments, is subject to significant seasonal variations, although certain individual operations experience some seasonal variability.

Availability of Raw Materials

The Company's business segments obtain raw materials and supplies from a variety of sources, and generally from more than one supplier. However, for EMG, certain items, including various base metals and certain steel components, are available only from a limited number of suppliers. The Company believes its sources and supplies of raw materials are adequate for its needs.

Research, Product Development and Engineering

The Company is committed to research, product development, and engineering activities that are designed to identify and develop potential new and improved products or enhance existing products. Research, product development, and engineering costs were \$49.9 million, \$46.8 million and \$45.2 million, in 2003, 2002, and 2001 respectively. These amounts included net Company-funded research and development expenses of \$23.4 million, \$23.7 million and \$22.6 million, respectively. Such expenditures were directed toward the development of new products and processes, and the improvement of existing products and processes.

Environmental Compliance

Information with respect to environmental matters is set forth on page 26 of this report in the section of Management's Discussion and Analysis of Financial Condition and Results of Operations entitled "Environmental Matters".

Patents, Licenses, and Trademarks

The Company owns numerous unexpired U.S. patents and foreign patents, including counterparts of its more important U.S. patents, in the major industrial countries of the world. The Company is a licensor or licensee under patent agreements of various types, and its products are marketed under various registered and unregistered U.S. and foreign trademarks and trade names. However, the Company does not consider any single patent or trademark, or any group thereof, essential either to its business as a whole or to either of its business segments. The annual royalties received or paid under license agreements are not significant to either of its business segments or to the Company's overall operations.

Employees

At December 31, 2003, the Company employed approximately 7,800 people in its EMG, EIG and corporate operations, of whom approximately 2,900 employees were covered by collective bargaining agreements.

Working Capital Practices

The Company does not have extraordinary working capital requirements in either of its business segments. Customers generally are billed at normal trade terms, which may include extended payment provisions. Inventories are closely controlled and maintained at levels related to production cycles, and are responsive to the normal delivery requirements of customers.

Item 2. Properties

The Company has 54 operating plant facilities in 17 states and 11 foreign countries. Of these facilities, 38 are owned by the Company and 16 are leased. The properties owned by the Company consist of approximately 576 acres, of which approximately 4.1 million square feet are under roof. Under lease is a total of approximately 739,000 square feet. The leases expire over a range of years from 2004 to 2018, with renewal options for varying terms contained in most of the leases. Production facilities in Taiwan, China, Japan and South Korea provide the Company with additional production capacity through the Company's investment in 50% or less owned joint ventures. The Company also has one idle production facility available for sale. The Company's executive offices in Paoli, PA, occupy approximately 34,000 square feet under a lease that will expire in 2007.

The Company's machinery, plants, and offices are in satisfactory operating condition and are adequate for the uses to which they are put. The operating facilities of the Company by business segment are summarized in the following table:

	Number of Operating Plant Facilities		Square Feet Under Roof	
	Owned	Leased	Owned	Leased
Electronic Instruments	24	9	2,433,000	472,000
Electromechanical	14	7	1,684,000	267,000
Total	38	16	4,117,000	739,000

Item 3. Legal Proceedings

Numerous industrial companies, including AMETEK and its subsidiaries, have been named defendants in lawsuits which are based on asbestos-related claims. No significant resources have been required by the Company to respond to these cases, no judgments have been made against AMETEK, and no payments have been made to plaintiffs to settle such asbestos-related claims. The Company believes it has strong defenses to such claims, and it also is indemnified against certain of these claims. If required, the Company intends to defend itself vigorously in these matters.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's security holders, through the solicitation of proxies or otherwise, during the last quarter of the fiscal year ended December 31, 2003.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The principal market on which the Company's common stock is traded is the New York Stock Exchange. The Company's common stock is also listed on the Pacific Exchange, Inc. On February 27, 2004, there were approximately 2,200 holders of record of the Company's common stock.

Market price and dividend information with respect to the Company's common stock is set forth on page 58 in the section of the Notes to the Consolidated Financial Statements entitled "Quarterly Financial Data (Unaudited)." Future dividend payments by the Company will be dependent on future earnings, financial requirements, contractual provisions of debt agreements, and other relevant factors.

Item 6. Selected Financial Data

	2003	2002	2001	2000	1999
(Dollars and shares in millions, except per share amounts)					
Consolidated Operating Results (Years Ended December 31)					
Net sales	\$1,091.6	\$1,040.5	\$1,019.3	\$1,024.7	\$924.8
Operating income(1)	\$ 156.8	\$ 148.7	\$ 109.6	\$ 135.9	\$118.8
Interest expense	\$ (26.0)	\$ (25.2)	\$ (27.9)	\$ (29.2)	\$ (24.8)
Net income(1)	\$ 87.8	\$ 83.7	\$ 66.1	\$ 68.5	\$ 60.8
Earnings per share:(1)(2)					
Basic	\$ 1.32	\$ 1.27	\$ 1.01	\$ 1.07	\$ 0.94
Diluted	\$ 1.30	\$ 1.24	\$ 0.99	\$ 1.05	\$ 0.92
Dividends declared and paid per share(2)	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Weighted average common shares outstanding:(2) Basic	66.3	65.8	65.7	64.3	64.6
Diluted	67.6	67.3	66.9	65.1	65.9
Performance Measures and Other Data					
Operating income — Return on sales	14.4%	14.3%	10.7%	13.3%	12.8%
— Return on average total assets	14.0%	14.4%	11.6%	16.7%	16.2%
Net income — Return on average total capital	10.0%	10.4%	8.9%	11.5%	11.8%
— Return on average stockholders' equity	18.5%	22.2%	21.5%	27.6%	31.2%
EBITDA(3)	\$ 191.1	\$ 180.4	\$ 157.8	\$ 177.6	\$158.1
Ratio of EBITDA to interest expense(3)	7.4x	7.2x	5.7x	6.1x	6.4x
Depreciation and amortization	\$ 35.5	\$ 33.0	\$ 46.5	\$ 43.3	\$ 39.6
Capital expenditures	\$ 21.3	\$ 17.4	\$ 29.4	\$ 29.6	\$ 30.3
Cash provided by operating activities(4)	\$ 154.9	\$ 103.7	\$ 101.1	\$ 78.7	\$ 86.6
Free cash flow(4)	\$ 133.6	\$ 86.3	\$ 71.7	\$ 49.1	\$ 56.3
Ratio of earnings to fixed charges	5.5x	5.3x	3.7x	4.3x	4.4x
Consolidated Financial Position (at December 31)					
Current assets	\$ 382.1	\$ 350.6	\$ 379.3	\$ 303.1	\$256.1
Current liabilities	\$ 289.2	\$ 261.4	\$ 336.2	\$ 297.7	\$262.7
Property, plant, and equipment	\$ 213.6	\$ 204.3	\$ 214.5	\$ 214.0	\$219.6
Total assets	\$1,214.8	\$1,030.0	\$1,039.5	\$ 859.0	\$768.2
Long-term debt	\$ 317.7	\$ 279.6	\$ 303.4	\$ 233.6	\$231.8
Total debt(5)	\$ 424.4	\$ 390.1	\$ 470.8	\$ 361.2	\$331.4
Stockholders' equity	\$ 529.1	\$ 420.2	\$ 335.1	\$ 280.8	\$216.2
Stockholders' equity per share	\$ 7.90	\$ 6.35	\$ 5.11	\$ 4.33	\$ 3.38
Total debt as a percentage of capitalization(5)	44.5%	48.1%	58.4%	56.3%	60.5%

See notes to Selected Financial Data on page 14.

Notes to Selected Financial Data

- (1) The amounts in 2001 and the preceding years include the amortization of goodwill. Beginning in 2002, the Company accounted for goodwill under Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets", which no longer permits the amortization of goodwill and indefinite-lived intangible assets. Had the Company not amortized goodwill, net income and diluted earnings per share would have been higher by \$10.2 million (\$0.15 per diluted share), \$9.2 million (\$0.14 per diluted share) and \$6.7 million (\$0.10 per diluted share) in 2001, 2000 and 1999, respectively.
- (2) Earnings per share, dividends declared and paid per share, and weighted average common shares outstanding were restated to reflect a two-for-one stock split effective February 27, 2004.
- (3) EBITDA represents income before income taxes, interest, 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 net 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 financial statements. Furthermore, EBITDA measures shown for the Company may not be comparable to similarly titled measures used by other companies. The table below presents the reconciliation of net income reported in accordance with US GAAP to EBITDA.

	For the Year Ended December 31,				
	2003	2002	2001	2000	1999
Net income	\$ 87.8	\$ 83.7	\$ 66.1	\$ 68.5	\$ 60.8
Add (Deduct):					
Interest expense	26.0	25.2	27.9	29.2	24.8
Interest income	(0.5)	(0.7)	(1.0)	(1.0)	(0.8)
Income taxes	42.3	39.2	18.3	37.6	33.7
Depreciation	34.2	32.5	33.2	32.1	30.6
Amortization	1.3	0.5	13.3	11.2	9.0
Total adjustments	103.3	96.7	91.7	109.1	97.3
EBITDA	\$191.1	\$180.4	\$157.8	\$177.6	\$158.1

- (4) Free cash flow represents cash flow from operating activities, before the effects of an accounts receivable securitization program, 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 3 above). The table below presents the reconciliation of operating cash flow from operating activities reported in accordance with US GAAP to free cash flow.

	For the Year Ended December 31,				
	2003	2002	2001	2000	1999
Cash provided by operating activities	\$154.9	\$103.7	\$ 56.1	\$ 79.7	\$130.6
Add (Deduct): Receivable securitization transactions	—	—	45.0	(1.0)	(44.0)
Total cash from operating activities (before receivable securitization transactions)	154.9	103.7	101.1	78.7	86.6
Deduct: Capital expenditures	(21.3)	(17.4)	(29.4)	(29.6)	(30.3)
Free cash flow	\$133.6	\$ 86.3	\$ 71.7	\$ 49.1	\$ 56.3

- (5) At December 31, 2003, 2002 and 2001, debt includes borrowings under the accounts receivable securitization program, referred to in note 4 above. At December 31, 2000 and 1999, such amounts were excluded from the balance sheet. Had these amounts been included in the balance sheet, total debt and total debt as a percentage of capitalization would have been \$406.2 million and \$375.4 million and 59.1% and 63.6%, respectively, at December 31, 2000 and 1999.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report includes forward-looking statements based on the Company's current assumptions, expectations and projections about future events. When used in this report, the words "believes," "anticipates," "may," "expect," "intend," "estimate," "project," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. In this report, we disclose important factors that could cause actual results to differ materially from management's expectations. For more information on these and other factors see "Forward-Looking Information" on pages 27 and 28.

The following discussion and analysis of the Company's results of operations and financial condition ("MD&A") should be read in conjunction with "Item 6. Selected Financial Data" and the consolidated financial statements of the Company and the related notes included elsewhere in this Form 10-K.

Business Overview

As a multinational business, AMETEK's operations are affected by global, regional and industry economic factors. However, the Company's geographic and industry diversity, and its mix of products and services has helped to limit the impact of any one industry or the economy of any single country on its consolidated operating results. In 2003, difficult economic conditions in the manufacturing sector continued to adversely impact many of the Company's businesses. Despite those difficult conditions, AMETEK had an excellent year in 2003. The Company posted record sales, operating income, net income, and diluted earnings per share. An improving mix of businesses combined with successful operational excellence initiatives enabled the Company to post another year of record earnings. The Company also continues to achieve several major objectives under its four growth strategies: Strategic Acquisitions and Alliances, Global and Market Expansion, New Products and Operational Excellence.

- Sales were \$1.09 billion, an increase of 4.9% from 2002 on the contributions of the three acquisitions completed during the year, as follows:
 - In January 2003, the Company completed the acquisition of Airtechnology Holdings Limited, significantly expanding its presence in high-end technical motors.
 - In February 2003, the Company acquired Solidstate Controls, Inc., adding complementary products for the process and power generation industries.
 - In August 2003, the Company acquired Chandler Instruments Company, LLC, enhancing the Company's presence in the high-quality measurement instrument market.
- As the Company grows globally, it continues to have an increasing level of international sales, which results in more foreign currency exposure. In 2003, foreign currency fluctuation had a 2% positive impact on sales, primarily the result of the continued strength of the euro in relation to the U.S. dollar. Foreign currency impacts had a negligible impact on earnings in 2003. International sales, including U.S. export sales, represented 40% of consolidated sales in 2003, compared with 34% of sales in 2002.
- Improved product mix and its low cost strategy, along with the ongoing transition of a portion of the Company's motor and instrument production to low-cost manufacturing facilities in Mexico, China and the Czech Republic, continue to benefit the Company. These operational excellence initiatives contributed to a net favorable impact on segment operating margins, which improved to 16.4% of sales in 2003, from 16.1% of sales in 2002.
- Higher income and a continuing focus on reducing operating working capital resulted in cash flow from operating activities that totaled \$154.9 million, a 49.4% increase from 2002. The improved operating cash flow enhanced the Company's ability to make acquisitions with minimal impact on debt levels. At year-end 2003, the debt-to-capital ratio was 45%, an improvement from 48% at the end of 2002.

- The Company continued its emphasis on investment in research, development and engineering, spending \$49.9 million in 2003, an increase of 6.6% over 2002. New product sales increased 3.5% over 2002 to \$115.8 million.
- Early in 2004, several significant corporate actions were taken:
 - In January 2004, the Company's Board of Directors approved a two-for-one split of its common stock, effective February 27, 2004. The Company expects the stock split to broaden the stock's marketability and improve its trading liquidity. All share and per share information in this report reflects the two-for-one stock split.
 - As a result of increases in sales, profitability and cash flows over the last several years, the Company's Board approved a 100% increase in its quarterly dividend payable to shareholders of record on March 12, 2004.
 - The Company also adopted a change in its long-term incentive compensation program. Beginning in 2004, long-term incentive compensation for officers and other senior managers will be composed of approximately 50% restricted stock and 50% stock options, rather than primarily stock options as it had been previously. This change will result in the Company expensing approximately one-half of its future long-term compensation awards under current accounting rules. Management believes that this change will enhance its ability to attract and maintain the management talent necessary to continue to grow the Company.
 - In February 2004, the Company extended the expiration date of its \$300 million Revolving Credit Facility from September 2006 to February 2009. Extension of the term of the Credit Facility provides the Company with increased flexibility to support the Company's growth plans, including its acquisition strategy. Other key terms of the Credit Facility were unchanged.

Results of Operations

The following table sets forth net sales and income of the Company by business segment and on a consolidated basis for the years ended December 31, 2003, 2002, and 2001:

	Years Ended December 31,		
	2003	2002	2001
	(In thousands)		
Net Sales:			
Electronic Instruments	\$ 561,879	\$ 539,448	\$ 499,528
Electromechanical	529,743	501,094	519,761
Total net sales	<u>\$1,091,622</u>	<u>\$1,040,542</u>	<u>\$1,019,289</u>
Income(1):			
Segment operating income(2)(3):			
Electronic Instruments	\$ 94,976	\$ 87,485	\$ 57,035
Electromechanical	84,151	80,225	70,638
Total segment operating income	179,127	167,710	127,673
Corporate administrative and other expenses	(22,366)	(19,023)	(18,123)
Consolidated operating income	156,761	148,687	109,550
Interest and other expenses, net	(26,674)	(25,789)	(25,188)
Consolidated income before income taxes	<u>\$ 130,087</u>	<u>\$ 122,898</u>	<u>\$ 84,362</u>

- (1) 2001 includes charges of \$23.3 million for cost realignment initiatives and asset writedowns.
- (2) Segment operating income represents sales less all direct costs and expenses (including certain administrative and other expenses) applicable to each segment, but does not include interest expense.
- (3) 2001 includes goodwill amortization of \$11.9 million.

Year Ended December 31, 2003, Compared with Year Ended December 31, 2002

Results of Operations

In 2003, the Company posted record sales, operating income, net income, and diluted earnings per share, despite the difficult economic environment within the manufacturing sector. These records were achieved through contributions from the 2003 acquisitions, as well as higher sales due to strengthening foreign currencies. Margins benefited from the acquisitions, as well as from continued cost reduction initiatives in base businesses.

The Company reported sales for 2003 of \$1,091.6 million, an increase of \$51.1 million or 4.9% from sales of \$1,040.5 million in 2002. Strengthening foreign currencies contributed \$23.9 million to the sales increase. The economic slowdown affecting the manufacturing sector impacted many of the Company's businesses. Net sales for the Electronic Instruments Group (EIG) were \$561.9 million in 2003, an increase of 4.2% from sales of \$539.4 million in 2002. The 2003 sales increase for EIG was due mainly to the first quarter 2003 acquisition of Solidstate Controls, Inc. (SCI) and the third quarter 2003 acquisition of Chandler Instruments Company, LLC (Chandler), as well as strength in the high-end analytical instruments business, partially offset by continued weakness in the aerospace and power businesses. Net sales for the Electromechanical Group (EMG) were \$529.7 million in 2003, an increase of 5.7% from sales of \$501.1 million in 2002 primarily driven by the first quarter 2003 acquisition of Airtechnology Holdings Limited (Airtechnology). The EMG sales increase was partially offset by a decline in sales within the Group's floor care and specialty motors businesses.

Total international sales were \$435.7 million in 2003 and represented 39.9% of consolidated net sales, compared with \$353.4 million or 34.0% of sales in 2002. International sales increased 23.3% in 2003, primarily due to the 2003 acquisitions. Export shipments from the United States in 2003 were \$200.8 million, an increase of 4.6% compared with \$192.0 million in 2002.

New orders for 2003 were \$1,136.9 million, compared with \$1,004.8 million for 2002, an increase of \$132.1 million or 13.1%. The order backlog at December 31, 2003 was \$286.2 million, compared with \$240.9 million at December 31, 2002, an increase of \$45.3 million or 18.8%. The increase in orders and backlog was due mainly to the three acquisitions completed in 2003. The Company experienced order declines in its floor care and specialty motors businesses.

Segment operating income was \$179.1 million for 2003, an increase of 6.8%, compared with segment operating income of \$167.7 million for 2002. Segment operating margins in 2003 were 16.4% of sales, an increase from 16.1% of sales in 2002. The increase in segment operating income resulted from the profit contributions generated by the 2003 acquisitions, as well as the Company's successful operational excellence strategy. This strategy includes the continued migration of production to low-cost locales in Mexico, China and Czech Republic and the aggressive lowering of the Company's overall cost structure. Partially offsetting the increase in segment operating income was the impact of lower sales by the Company's aerospace, power instruments, floor care and specialty motors businesses. An \$11.4 million increase in pension costs, general business insurance and employee benefit costs, net of benefits from certain insurance programs in 2003, also lowered segment operating income. The Company expects lower pension expense in 2004, due primarily to the favorable performance of the pension plan investments. The estimated decrease in pension expense is expected to be substantially offset by higher employee-related expenses in 2004.

Selling, general, and administrative (SG&A) expenses were \$115.2 million in 2003, compared with \$104.8 million in 2002, an increase of \$10.4 million or 9.9%. As a percentage of net sales, SG&A expenses were 10.6% in 2003, compared to 10.1% in 2002. The selling expense component, as a percentage of sales, increased to 8.5% in 2003, compared to 8.3% in 2002. Lower selling expenses of the Company's base businesses, were more than offset by selling expense of the businesses acquired in 2003. The businesses acquired in 2003 were differentiated businesses, which because of their technology and higher marketing costs, incur a higher percentage of selling expenses than the Company's base businesses. The decrease in selling expense by base businesses reflects the Company's continual focus on cost reduction initiatives as a part of its operational excellence strategy.

Corporate administrative expenses were \$22.4 million or 2.0% of sales in 2003, an increase of \$3.3 million or 17.6%, when compared with 2002. The increase was primarily the result of a one-time, noncash expense, in the third quarter of 2003, from the accelerated cost recognition due to the vesting of a restricted stock grant. Higher net business insurance and health insurance costs, as well as higher pension costs in 2003, also contributed to the increase.

Consolidated operating income totaled \$156.8 million or 14.4% of sales for 2003, compared to \$148.7 million, or 14.3% of sales for 2002, an increase of \$8.1 million or 5.4%.

Interest expense was \$26.0 million in 2003, an increase of 3.3% compared with \$25.2 million in 2002. The increase was due to higher average debt levels to fund the 2003 acquisitions, partially offset by lower interest rates.

The effective tax rate for 2003 was 32.5% compared with 31.9% in 2002. The higher tax rate in 2003 was primarily due to the nondeductibility of the expense recognized in connection with the vesting of the restricted stock grant mentioned above.

Net income for 2003 was \$87.8 million, an increase of 4.9% from \$83.7 million in 2002. Diluted earnings per share on a post-stock split basis were \$1.30, an increase of \$0.06, when compared with \$1.24 per diluted share in 2002.

Operating Segment Results

Electronic Instruments Group (EIG) sales were \$561.9 million in 2003, an increase of 4.2% from 2002 sales of \$539.4 million. The sales increase was primarily from the 2003 SCI and Chandler acquisitions, as well as strength in the Group's high-end analytical businesses. A favorable foreign currency translation impact of \$6.8 million also benefited the sales of this Group. Conditions continue to remain weak in many of EIG's markets, especially in the aerospace and power instruments markets. EIG's base business sales were 4.7% lower, including the favorable foreign currency impacts, when compared with 2002.

EIG's operating income for 2003 increased to \$95.0 million from \$87.5 million in 2002, an increase of \$7.5 million, or 8.6%. The increase was primarily driven by the SCI and Chandler acquisitions, partially offset by a net increase of \$8.1 million in pension costs and insurance expenses, as well as lower aerospace and power instruments operating income due to their lower sales. The Group's operating margins for 2003 improved to 16.9% compared with margins of 16.2% for 2002. The higher margins in 2003 were due to the acquired businesses and the favorable effects of cost reduction initiatives.

In September 2003, the Group's Haveg business unit experienced a flood at its manufacturing facility in Wilmington, Delaware. The Company believes the flood loss is fully insured, and it does not expect to incur a loss upon the ultimate settlement of the flood claim. The Company is currently meeting with its insurance carriers to finalize the flood claim and it expects to finalize this matter in 2004.

Electromechanical Group (EMG) sales for 2003 were \$529.7 million, an increase of \$28.6 million or 5.7%, compared with sales of \$501.1 million in 2002. The sales increase was a result of the Airtechnology acquisition and \$17.1 million of favorable foreign currency translation gains, partially offset by a decline in the floor care and specialty motors businesses. EMG's sales by base businesses were 3.5% lower, including the favorable foreign currency impacts, when compared with 2002.

EMG's operating income for 2003 increased to \$84.2 million from \$80.2 million in 2002, an increase of \$4.0 million or 4.9%. The increase was a result of the Airtechnology acquisition, partially offset by lower sales by the Group's base businesses and higher benefit costs. The Group's operating margins for 2003 were unchanged at 15.9%.

Year Ended December 31, 2002, Compared with Year Ended December 31, 2001

Results of Operations

The Company reported sales in 2002 of \$1,040.5 million, an increase of 2.1% from sales of \$1,019.3 million in 2001, despite the difficult global economic environment which continued to impact many of the Company's businesses. Net sales for EIG were \$539.4 million in 2002, an increase of 8.0% from sales of \$499.5 million in 2001. The sales increase for EIG was due mainly to the 2001 acquisitions of Instruments for Research and Applied Science (IRAS) and EDAX, Inc., as well as strength in the Company's heavy-vehicle instruments business. These increases were partially offset by a continued decline in demand from most of the Group's other businesses, primarily aerospace and power instruments. Net sales for EMG were \$501.1 million in 2002, a decrease of 3.6% from sales of \$519.8 million in 2001, due to continued weakness in the United States and European floor care markets, partially offset by the 2001 acquisition of GS Electric and currency translation gains from international businesses. Without the impact of the 2001 acquisitions, consolidated sales for 2002 would have been lower by 6.3% when compared with 2001. Total consolidated international sales were \$353.4 million in 2002, an increase of 10.0% from sales of \$321.2 million in 2001. Export shipments from the United States in 2002 were \$192.0 million, an increase of 12.9% compared with \$170.0 million in 2001.

New orders in 2002 were \$1,004.8 million, compared to \$1,039.5 million in 2001, a decrease of \$34.7 million or 3.3%, due to an orders decline primarily in the aerospace and power instrument businesses resulting from softness in these markets, as well as the overall economic slowdown. The decline in orders was partially offset by orders from the 2001 acquisitions. The order backlog at December 31, 2002 was \$240.9 million, compared with \$276.6 million at December 31, 2001, a decrease of \$35.7 million or 12.9% due to the decline in aerospace, power instrument and technical motor businesses.

Total segment operating income increased to \$167.7 million in 2002, an increase of 31.4%, compared with segment operating income of \$127.7 million in 2001. Segment operating margins in 2002 were 16.1% of sales, an increase from 12.5% of sales in 2001. The higher operating income was primarily driven by the 2001 acquisitions and the non-amortization of goodwill, effective at the beginning of 2002. This increase was reduced somewhat by higher net pension costs resulting primarily from lower pension income from the Company's U.S. defined benefit pension plans. In 2002, the Company continued to benefit from its aggressive cost reduction initiatives, which began in the second half of 2000. These initiatives included the continued migration of production to low-cost locales in Mexico, China and Czech Republic and the lowering of its overall cost structure. Segment operating income in 2001 included a fourth-quarter pretax charge to operations of \$23 million (\$15 million after tax) for cash realignment initiatives and asset writedowns.

Selling, general, and administrative (SG&A) expenses were \$104.8 million in 2002, compared with \$98.7 million in 2001, an increase of \$6.1 million or 6.2%. As a percentage of net sales, SG&A expenses were 10.1% in 2002, compared to 9.7% in 2001. The selling expense component, as a percentage of sales, increased to 8.3% in 2002, compared to 7.9% in 2001. The higher selling expense in 2002 was due to the 2001 acquisitions in EIG, which had a different overall cost structure than AMETEK's base businesses. Selling expense of base businesses decreased as a percentage of sales during 2002, reflecting the Company's continual focus on cost reduction initiatives.

Corporate expenses were \$19.0 million or 1.8% of sales in 2002, an increase of \$0.9 million or 5.0%, when compared to \$18.1 million in 2001, but were unchanged as a percentage of sales. Higher insurance expense, pension costs and professional fees in 2002 accounted for the increase in corporate expenses in 2002.

After deducting corporate expenses, consolidated operating income was \$148.7 million or 14.3% of sales, an increase of \$39.1 million when compared with 2001 operating income of \$109.6 million or 10.7% of sales.

Interest expense was \$25.2 million in 2002, a decrease of 9.8% compared with \$27.9 million in 2001. Lower average interest rates were the primary reason for the decrease in interest expense. Other expenses were \$0.6 million in 2002, compared with other income of \$2.7 million in 2001. The \$3.3 million change resulted primarily from lower investment income from the Company's captive insurance subsidiary in 2002. The year 2001 also included interest income related to tax benefits recognized in the fourth quarter of 2001.

The effective tax rate in 2002 was 31.9% compared with 21.6% in 2001. The effective tax rate in 2002 was favorably impacted by the effect of not amortizing goodwill due to the adoption of SFAS No. 142, and the Company's tax planning initiatives. The lower tax rate in 2001 was primarily due to the recognition of \$10.5 million in tax benefits resulting from the closure of a number of open tax years by U.S. federal and state tax authorities.

Net income in 2002 was \$83.7 million, or \$1.24 per diluted share on a post-stock split basis, compared with net income in 2001 of \$66.1 million, or \$0.99 per diluted share, a 26.6% increase in net income. Net income in 2001 included goodwill amortization of \$10.2 million after tax, and the net effect of the unusual items, previously mentioned.

Operating Segment Results

Electronic Instruments Group (EIG) sales were \$539.4 million in 2002, an increase of 8.0% from 2001 sales of \$499.5 million. The sales increase was primarily from the IRAS and EDAX acquisitions, as well as strength in the heavy-vehicle business. The Company believes the increase in heavy-vehicle instrument sales was due mainly to truck purchases in advance of more stringent federal emission standards that became effective October 1, 2002 and was considered to be an isolated event. Conditions remained weak in most of EIG's markets, especially in the aerospace, power instruments and heavy-vehicle markets. Without the acquisitions, EIG's sales would have decreased by 5.5% when compared with 2001.

EIG's operating income in 2002 increased to \$87.5 million from \$57.0 million in 2001, an increase of \$30.5 million, or 53.4%. The increase was the result of unusual charges recorded in the fourth quarter of 2001 resulting from headcount reductions, shifting production to low-cost locales and other expense reduction initiatives. EIG also benefited from the non-amortization of goodwill in 2002. EIG's pretax goodwill amortization in 2001 was \$6.7 million. The Group's operating margins for 2002 improved to 16.2% from 11.4% in 2001.

Electromechanical Group (EMG) sales were \$501.1 million in 2002, a decrease of 3.6%, from 2001 sales of \$519.8 million. The sales decrease reflected the continued overall weakness in the Group's markets, led by continued softness in the floor care market. The 2001 acquisition of GS Electric and currency translation gains from international businesses partially offset the sales decline. Without this acquisition, EMG's sales would have decreased by 7.1%.

EMG's operating income in 2002 increased to \$80.2 million from \$70.6 million in 2001, an increase of 13.6%. The increase was the result of the unusual charges recorded in the fourth quarter of 2001, and improved operating margins resulting from headcount reductions, shifting production to low-cost locales and other expense reduction initiatives. EMG also benefited from the non-amortization of goodwill in 2002. EMG's pretax goodwill amortization in 2001 was \$5.2 million. Group operating margins were 16.0% of sales in 2002, up from 13.6% of sales in 2001.

Fourth Quarter Results

Results for the fourth quarter of 2002 compared with the fourth quarter of 2001 are presented because the two quarters differ in comparability due to significant unusual events in the fourth quarter of 2001. In the fourth quarter of 2001 the Company recorded unusual expenses associated with the realignment of its cost structure and asset writedowns. Also, in the fourth quarter of 2001, the Company recognized tax benefits from the closure of a number of tax years. In the fourth quarter of 2003 and 2002, significant unusual events did not take place.

Sales for the fourth quarter of 2002 were \$252.6 million, compared with \$237.3 million in the fourth quarter of 2001, an increase of \$15.3 million, or 6.4%. The increase in sales was primarily driven by the IRAS acquisition, although the difficult global economic environment continued to impact many of the Company's businesses. Without the acquisition, fourth quarter 2002 sales increased slightly.

Operating income for the fourth quarter of 2002 was \$36.5 million, compared with \$5.3 million for the fourth quarter of 2001, an increase of \$31.2 million. Operating income was lower in the fourth quarter of 2001.

primarily due to the recording of unusual expenses that totaled \$23.3 million, of which \$12.4 million was related to the costs of employee reductions, facility closures, and the continued migration of production to low-cost locales, and \$10.9 million was related to asset writedowns. In the fourth quarter of 2002, the Company continued to benefit from the aggressive management of its cost structure, which began in the fourth quarter of 2000. The contribution from the acquisition of IRAS and the non-amortization of goodwill, which started at the beginning of 2002, also benefited the 2002 fourth quarter.

Selling, general and administrative expenses were \$23.9 million in the fourth quarter of 2002, a decrease of \$3.7 million or 13.4%, when compared with the fourth quarter of 2001. Selling expenses, as a percentage of sales, decreased to 7.6% in the fourth quarter of 2002, compared with 9.8% for the same period in 2001, which reflects the Company's continual focus on cost reduction initiatives, and the unusual charges in 2001. This decrease was partially offset by selling expenses related to the IRAS acquisition, acquired in December 2001. The 2001 fourth quarter included selling, general and administrative expenses of \$2.7 million related to unusual charges.

Corporate expenses for the fourth quarter of 2002 were \$4.8 million or 1.9% of sales, compared to \$4.3 million, or 1.8% of sales in the fourth quarter of 2001. After deducting corporate expenses, consolidated operating income totaled \$36.5 million or 14.4% of sales for the fourth quarter of 2002, compared with \$5.3 million, or 2.2% of sales for the fourth quarter of 2001.

Interest expense was \$5.7 million in the fourth quarter of 2002, compared with \$6.6 million for the same quarter of 2001. The decrease of \$0.9 million, or 13.6%, resulted from lower interest rates and debt levels.

The fourth quarter 2002 provision for income taxes were \$9.5 million compared to a tax benefit of \$10.8 million in the fourth quarter of 2001. The 2001 fourth quarter results included a tax benefit of \$10.5 million, from the closure of a number of tax years by U.S. federal and state tax authorities.

Net income for the fourth quarter of 2002 totaled \$21.3 million, or \$0.32 per diluted share on a post-stock split basis, an increase of \$9.8 million, or 86.1% from the fourth quarter of 2001 net income of \$11.5 million, or \$0.17 per diluted share. Net income for the fourth quarter of 2001 included goodwill amortization of \$2.7 million after tax, or \$0.04 per diluted share.

Liquidity and Capital Resources

Cash provided by operating activities totaled \$154.9 million for 2003, compared with \$103.7 million in 2002, an increase of \$51.2 million, or 49.4%. The increase in operating cash flow was primarily the result of higher earnings, and continuing emphasis on operating working capital management. Excluding the impact of the 2003 acquisitions, accounts receivable and inventories were lower than the prior year-end totals, and the Company's inventory turnover and accounts receivable collection cycle improved. The inventory improvements were achieved even though the Company continued to move certain production to low-cost manufacturing sites. Lower pension plan contributions and lower required tax payments also benefited operating cash flow in 2003. The strong operating cash flow during 2003 enhanced the Company's ability to make acquisitions, which are discussed below, with minimal impact on debt levels. Free cash flow (operating cash flow less capital spending) was \$133.6 million in 2003, compared with \$86.3 million in 2002, an increase of 54.8%. EBITDA (earnings before income taxes, interest, depreciation and amortization) was \$191.1 million in 2003, compared with \$180.4 million in 2002, a 5.9% improvement. Free cash flow and EBITDA are presented because the Company is aware that they are important measures that are used by third parties in evaluating the Company. (See table on page 14 for a reconciliation of comparable GAAP measures to non-GAAP measures).

Cash used for investing activities was \$181.0 million for 2003, compared with \$19.7 million for 2002. In 2003, the Company purchased three businesses for \$163.9 million. The Company acquired Airtechnology in January 2003, SCI in February 2003 and Chandler Instruments in August 2003. Cash provided by operating activities, along with additional borrowings, funded the 2003 acquisitions. Additions to property, plant and equipment totaled \$21.3 million in 2003, compared with \$17.4 million in 2002.

Cash provided by financing activities totaled \$26.9 million in 2003, compared with cash used of \$84.6 million in 2002. In 2003, net borrowings increased by \$24.0 million compared with a decrease in borrowings of \$82.8 million in 2002. Long-term borrowings increased \$27.4 million and included a September 2003, 50 million British pound sterling (approximately \$80.0 million) loan. The British pound sterling loan provides a natural hedge of the Company's investment in United Kingdom-based Airtechnology. The remaining proceeds from the additional long-term borrowings were used to repay borrowings under the Company's revolving credit agreement. The Company had available borrowing capacity of \$239.1 million under its \$300 million revolving bank credit facility, and \$11.0 million under its accounts receivable securitization agreement at December 31, 2003. The revolving bank credit facility was amended on February 25, 2004 to extend its expiration date from September 2006 to February 2009. Extension of the credit facility provides the Company with increased flexibility to support its growth plans.

At December 31, 2003, total debt outstanding was \$424.4 million compared with \$390.1 million at December 31, 2002. The debt-to-capital ratio was 44.5%, down from 48.1% at December 31, 2002. The Company's debt agreements contain various covenants including limitations on indebtedness, dividend payments and maintenance of certain financial ratios. At December 31, 2003 and 2002, the Company was well within the allowable limits of the financial ratios.

Repurchases of the Company's common stock in 2003 totaled \$5.8 million for 380,000 shares, compared to \$7.3 million for 473,800 shares acquired in 2002. In March 2003, the Company's Board of Directors authorized a new \$50 million share repurchase program, adding to the \$2.4 million remaining balance from an earlier share repurchase program. As of December 31, 2003, \$52.4 million was available for future share repurchases.

In January 2004, the Company's Board of Directors approved a 100% increase in its quarterly cash dividend effective with the March 2004 dividend payment. Cash dividends paid in 2003 were \$8.1 million.

The following table summarizes AMETEK's contractual cash obligations at December 31, 2003 and the effect such obligations are expected to have on the Company's liquidity and cash flows in future years.

	Payments Due				
	Total	Less Than One Year	One to Three Years	Four to Five Years	After Five Years
	(In millions)				
Debt:					
5.96% and 7.2% Senior Notes(a) (principal and interest)	\$432.5	\$ 21.5	\$43.1	\$268.0	\$ 99.9
Revolving credit loans(b)	36.0	36.0	—	—	—
Other indebtedness(c)	74.1	70.8	0.5	0.7	2.1
Total debt	542.6	128.3	43.6	268.7	102.0
Noncancelable operating leases	25.8	6.3	9.6	5.4	4.5
Purchase obligations(d)	62.5	60.7	1.8	—	—
Employee severance	3.8	3.6	0.2	—	—
Total	\$634.7	\$198.9	\$55.2	\$274.1	\$106.5

(a) The 5.96% Senior Note is a seven-year 50 million British pound sterling loan, which is subject to foreign currency fluctuation. The loan was in conjunction with the Company's investment in Airtechnology, a United Kingdom-based business, which was acquired in January 2003.

(b) Although not contractually obligated, the Company expects to have the capability to repay this obligation within one year as permitted in the credit agreement. Accordingly, \$36 million is classified as short-term debt at December 31, 2003.

(c) Amount includes \$64 million under the accounts receivable securitization program, which is classified as short-term borrowings at December 31, 2003.

(d) Purchase obligations primarily consist of contractual commitments to purchase certain inventories at fixed prices.

Other Commitments

The Company has standby letters of credit of approximately \$24.9 million related to performance and payment guarantees. Based on experience with these arrangements, the Company believes that any obligations that may arise will not be material to its financial position.

The Company may, from time to time, redeem, tender for, or repurchase its long-term debt in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

As a result of all of the Company's cash flow activities in 2003, cash and cash equivalents increased slightly to \$14.3 million at year-end, compared with \$13.5 million at December 31, 2002. The Company believes it has sufficient cash-generating capabilities and available financing alternatives to enable it to meet operating needs and contractual commitments.

Transactions with Related Parties

The Company has a business relationship with the law firm of Stroock & Stroock & Lavan LLP, a Partner of which is a member of the Company's Board of Directors.

In 2003, Stroock & Stroock & Lavan LLP billed fees to the Company in the aggregate for services rendered of \$286,000.

Critical Accounting Policies

The Company has identified its most critical accounting policies as those accounting policies that can have a significant impact on the presentation of the Company's financial condition and results of operations, and that require the use of complex and subjective estimates based upon past experience and management's judgment. Because of the uncertainty inherent in such estimates, actual results may differ materially from the estimates used. The consolidated financial statements and related notes contain information that is pertinent to the Company's accounting policies and to management's discussion and analysis. The information that follows represents additional specific disclosures about the Company's accounting policies regarding risks, estimates, subjective decisions, or assessments whereby materially different results of operations and financial condition could have been reported had different assumptions been used or different conditions existed. Primary disclosure of the Company's significant accounting policies is in Note 1 of "Notes to Consolidated Financial Statements," included elsewhere in this report.

- *Revenue Recognition.* The Company recognizes revenues in accordance with invoice terms, generally when products are shipped and services are rendered. The policy with respect to sales returns and allowances generally provides that the customer may not return products or be given allowances, except at the Company's option. Accruals for sales returns, other allowances, and estimated warranty costs are provided at the time of shipment based upon past experience. At December 31, 2003, 2002 and 2001, the accrual for future warranty obligations was \$6.9 million, \$6.4 million and \$7.7 million, respectively. The Company's expense for warranty obligations approximated \$5.0 million in each of the last three years. The warranty periods for products sold vary widely among the Company's operations, but for the most part do not exceed one year. The Company calculates its warranty expense provision based on past warranty experience and adjustments are made periodically to reflect actual warranty expenses. If actual future sales returns, allowances and warranty amounts are higher than past experience, additional amounts may be required.
- *Inventories.* The Company uses the last-in, first-out (LIFO) method of accounting for the majority of its inventories, whereby inventories reported on its balance sheet are conservatively valued. If the Company had used the first-in, first-out (FIFO) method of inventory valuation, which approximates current replacement cost, inventories would have been approximately \$26.8 million and \$27.0 million higher than the amount reported in the balance sheet at December 31, 2003 and 2002, respectively. The Company provides estimated inventory reserves for slow-moving and obsolete inventory based on current assessments about future demand, market conditions, customers who may be experiencing

financial difficulties, and related management initiatives. If these factors are less favorable than those projected by management, additional inventory reserves may be required.

- *Goodwill and Intangible Assets.* The Company accounts for goodwill and intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets". Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment at least annually. As required by SFAS No. 142, the Company ceased amortization of all goodwill and intangible assets with indefinite lives as of January 1, 2002. Intangible assets with finite lives are amortized over their useful lives.

SFAS No. 142 requires a two-step impairment test for goodwill. The first step is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required and no impairment loss is recognized. If the carrying amount exceeds the fair value then the second step must be completed, which involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. The Company would be required to record such impairment losses. The determination of the fair value of the Company's reporting units is based, among other things, on estimates of future operating performance of the reporting unit being valued. Changes in market conditions, among other factors, may have an impact on these estimates. The Company's acquisitions have generally included a large goodwill component and the Company expects to continue to make acquisitions. At December 31, 2003, goodwill totaled \$507.0 million or 41.7% of the Company's total assets. The Company performed its required annual impairment test in the fourth quarter of 2003 and determined that the Company's goodwill was not impaired. There can be no assurance that goodwill impairment will not occur in the future.

- *Pensions.* The Company has defined benefit and defined contribution pension plans. The discussion that follows only covers the Company's accounting policy for its U.S. defined benefit pension plans. AMETEK accounts for its defined benefit pension plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions", which requires that amounts recognized in financial statements be determined on an actuarial basis. The most significant elements in determining the Company's pension income or expense are the assumed pension liability discount rate and the expected return on plan assets. The pension discount rate reflects the current interest rate at which the pension liabilities could be settled at the year-end valuation date. At the end of each year, the Company determines the assumed discount rate to be used to discount plan liabilities. In estimating this rate, the Company looks to rates of return on high-quality, fixed-income investments. The discount rate used in determining the 2003 pension cost was 6.75% for U.S. defined benefit pension plans. The discount rate used for determining the funded status of the plans at December 31, 2003, and determining the 2004 U.S. defined benefit pension plan cost is 6.25%. The Company has assumed that the expected long-term rate of return on plan assets for U.S. defined benefit pension plans for year-end 2003 and for the 2004 pension expense will be 8.9%. The rate of compensation increase used in determining the 2003 and 2004 pension expense for these plans was 3.5%. The unrecognized pension loss, which results from the net effect of changes in the assumed discount rate, as well as the effect of differences between the expected return and the actual return on plan assets, has been deferred and is subject to amortization. It totaled \$62.2 million for U.S. defined benefit pension plans at December 31, 2003, compared with \$74.9 million at December 31, 2002. This deferred loss will ultimately affect future pension costs. For the year ended December 31, 2003, the Company recognized consolidated pretax pension expense of \$7.5 million from its defined benefit pension plans, which includes approximately \$1.0 million in curtailment costs. This compares with pension income of \$1.2 million recognized from these plans in 2002. As a result of the improved equity security market at the end of 2003, the Company anticipates lower pension expense for these plans by approximately \$5 million in 2004. The Company made cash contributions to its U.S. defined benefit pension plans during 2003 which totaled \$5.2 million, compared with \$30.3 million in 2002. Based on the current economic outlook, the Company anticipates

making a cash contribution of approximately \$5 million to its U.S. defined benefit pension plans in 2004.

- *Accounts Receivable.* The Company maintains allowances for estimated losses resulting from the inability of specific customers to meet their financial obligations to the Company. A specific reserve for bad debts is recorded against the amount due from these customers. For all other customers, the Company recognizes reserves for bad debts based on the length of time specific receivables are past due based on its past experience. If the financial condition of the Company's customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required. The allowance for possible losses on receivables at December 31, 2003 was \$8.2 million, compared with \$7.2 million at December 31, 2002.

New Accounting Standards

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") and subsequently revised it in December 2003 with the issuance of FIN 46-R. FIN 46-R requires a company to consolidate a variable interest entity if the Company is designated as a primary beneficiary of that entity even if the company does not have a majority voting interest in the entity. A variable interest entity is generally defined as an entity in which equity investors do not have the characteristics of a controlling financial interest, or do not have sufficient equity at risk for the entity to finance its own activities without additional financial support from other parties, or whose owners lack the risks and rewards of ownership. FIN 46-R also has a disclosure requirement for all variable interest entities of a company, even if the company is not the primary beneficiary. The Company is currently evaluating the impact of adopting FIN 46-R applicable to variable interest entities created prior to February 1, 2003 but does not expect a material impact.

Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and normal operation of a long-lived asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as a part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. The adoption of SFAS No. 143 had no effect on the Company's consolidated results of operations, financial position, or cash flows.

Effective January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 replaces Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Among other things, SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred instead of at the date of an entity's commitment to an exit plan, as under EITF Issue No. 94-3. The initial adoption of SFAS No. 146 had no effect on the Company's consolidated results of operations, financial position, or cash flows.

Effective January 1, 2003, the Company adopted the recognition and measurement provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," ("FIN No. 45") for guarantees issued or modified after December 31, 2002. FIN No. 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. The Company does not provide significant guarantees on a routine basis. As a result, the adoption of FIN No. 45 did not have an impact on the Company's financial statements. The disclosures required by FIN No. 45 are included in Note 16 of the notes to the consolidated financial statements included elsewhere in this report, "Guarantees."

Effective December 31, 2003, the Company adopted EITF Issue 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." EITF Issue 03-1 reached a consensus

that the quantitative and qualitative disclosures presented in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," are required for fiscal years ending after December 15, 2003, and that the disclosures will only be required for the latest year presented in the financial statements. The disclosures required by EITF Issue 03-1 are included in Note 1 of the notes to the consolidated financial statements included elsewhere in this report, "Significant Accounting Policies."

Internal Reinvestment

Capital Expenditures

Capital expenditures were \$21.3 million for 2003, compared with \$17.4 million for 2002. Approximately 50% of the expenditures in 2003 were for equipment to increase productivity and expand capacity. The Company's 2004 capital expenditures are expected to increase slightly when compared with 2003 levels, with a continuing emphasis on spending to improve productivity and expand low-cost manufacturing facilities. The Company expects 2004 capital expenditures to continue to approximate 2% of sales.

Product Development and Engineering

Product development and engineering expenses are directed toward the development and improvement of new and existing products and processes. Such expenses were \$49.9 million in 2003, an increase from \$46.8 million in 2002, and \$45.2 million in 2001. Included in the amounts above are net expenses for research and development of \$23.4 million for 2003, \$23.7 million for 2002, and \$22.6 million for 2001.

Environmental Matters

Certain historic processes in the manufacture of previous AMETEK products have resulted in environmentally hazardous waste by-products as defined by federal and state laws and regulations. While these waste products were handled in compliance with regulations existing at that time, the Company has been named a Potentially Responsible Party (PRP) regarding waste remediation at several non-AMETEK sites that are the subject of government-mandated cleanups. In addition to these non-AMETEK sites, the Company has an ongoing practice of providing reserves for probable remediation activities at certain of its manufacturing locations and for claims and proceedings against the Company with respect to other environmental matters once the Company has determined that a loss is probable and estimable. Total environmental reserves at December 31, 2003 and 2002 were approximately \$6.4 million and \$7.1 million, respectively. In 2003, the Company spent approximately \$1.1 million on such environmental matters, compared with approximately \$2.0 million in 2002. The Company also has agreements with former owners of certain of its acquired businesses as well as new owners of previously owned businesses. Under certain of the agreements the former owners retained, or assumed and agreed to indemnify the Company against, certain environmental and other liabilities under certain circumstances. The Company and some of the other parties carry insurance coverage for some environmental matters. To date, those parties have met their obligation in all material respects. The Company has no reason to believe that such third parties would fail to perform their obligation in the future. However, if the Company were required to record a liability with respect to all, or a portion of, such matters on its balance sheet, the effect on income and the amount of the liability would not be significant. In the opinion of management, based upon presently available information and past experience related to such matters, either adequate provision for probable costs has been made, or the ultimate cost resulting from these actions is not expected to materially affect the consolidated financial position, results of operations, or cash flows of the Company.

Market Risk

The Company's primary exposures to market risk are fluctuations in interest rates on its short-term debt, foreign currency exchange rates and commodity prices for certain raw material purchases.

All of the Company's long-term debt carries fixed rates and its short-term debt is variable-rate debt. These financial instruments are more fully described in the notes to the financial statements.

The foreign currencies to which the Company has the most significant exchange rate exposure include the euro, the British pound sterling, and the Japanese yen. Exposure to foreign currency rate fluctuation is monitored, and when possible, mitigated through the use of local borrowings in the foreign country affected. The effect of translating foreign subsidiaries' balance sheets into U.S. dollars is included in other comprehensive income, within stockholders' equity. Foreign currency transactions have not had a significant effect on the operating results reported by the Company.

The primary commodities to which the Company has market exposure are raw material purchases of nickel, copper and steel. Exposure to price changes in these commodities is generally mitigated through adjustments in selling prices of the ultimate product, and purchase order pricing arrangements, although forward contracts may be used in some circumstances to manage some of those exposures.

Based on a hypothetical ten percent adverse movement in interest rates, commodity prices, or foreign currency exchange rates, the potential losses in future earnings, fair value of risk-sensitive financial instruments, and cash flows are not material, although the actual effects may differ materially from the hypothetical analysis.

Forward-Looking Information

Certain matters discussed in this Form 10-K are "forward-looking statements" as defined in the Private Securities Litigation Reform Act (PSLRA) of 1995, which involve risk and uncertainties that exist in the Company's operations and business environment, and are subject to change based on various important factors. The Company wishes to take advantage of the "safe harbor" provisions of the PSLRA by cautioning readers that numerous important factors discussed below, among others, in some cases have caused, and in the future could cause, the Company's actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. The following include some, but not all, of the factors or uncertainties that could cause actual results to differ from projections:

- An economic slowdown, or unforeseen price reductions in the Company's global market segments, with adverse effects on profit margins.
- The Company's inability to continue achieving its cost reduction objectives, due in part to varying prices and availability of certain raw materials and semifinished materials and components. This would include the Company's inability to obtain certain commodity raw materials, or its inability to recover commodity raw material price increases through higher selling prices.
- Underutilization of the Company's existing factories and plants, or plant expansions or new plants, possibly resulting in production inefficiencies, and higher than anticipated or unanticipated start-up expenses and production delays at new plants.
- The unanticipated expenses of divesting businesses, or of assimilating newly acquired businesses into the Company's business structure, as well as the impact of unusual expenses from business strategies, asset valuations, acquisitions, divestitures and organizational structures. Acquisition and divestiture strategies may face legal and regulatory delays and other unforeseeable obstacles beyond the Company's control.
- The increased cost of, or inability to obtain, property and liability insurance due to uncertainty in worldwide insurance and reinsurance markets.
- The potential write-off of substantial goodwill and other intangible assets, including indefinite-lived intangible assets.
- Unpredictable delays or difficulties in the development of key new product programs, and the risk of not recovering major research and development expenses, and/or the risks of major technological shifts away from the Company's technologies and core competencies.

- A prolonged slowing of the growth rate in the U.S. and Europe for electric motor products, aerospace, heavy-vehicle and process instrumentation, as well as a restriction in the ability of heavy-vehicle manufacturers to secure components manufactured by outside suppliers.
- Rapid or unforeseen escalation of the cost of regulatory compliance and/or litigation, including but not limited to, environmental compliance, product-related liability, assertions related to intellectual property rights and licenses, adoption of new, or changes in, accounting policies and practices and the application of such policies and practices.
- The effects, in the United States and abroad, of changes in trade practices; monetary and fiscal policies; laws and regulations; other activities of governments, agencies and similar organizations, such as trade restrictions or prohibitions; social and economic conditions; unforeseen inflationary pressures and monetary fluctuation; import and other charges or taxes; the inability of the Company to obtain, or hedge, foreign currencies; and fluctuation in foreign currency exchange rates. This would include extreme currency fluctuations; protectionism and confiscation of assets; nationalizations; unstable governments and legal systems; and intergovernmental disputes.
- Variation in the level of orders booked, which can be affected by general economic conditions, intensity of competition and continued marketplace acceptance of products.
- Increased environmental compliance costs, and the potential costs associated with asbestos-related litigation.
- Changes in income tax regulations or tax rates affecting the Company.
- Increased corporate governance compliance costs.

The Company believes that it has the product offerings, facilities, personnel and competitive and financial resources for continued business success. However, future revenues, costs, margins, product mix and profits are all influenced by a number of factors, as discussed above.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Information concerning market risk is set forth under the heading “Market Risk” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26 and 27 herein.

Item 8. Financial Statements and Supplementary Data:

	<u>Page</u>
Index to Financial Statements (Item 15(a) 1)	
Report of Independent Auditors	29
Consolidated Statement of Income for the years ended December 31, 2003, 2002, and 2001	30
Consolidated Balance Sheet at December 31, 2003 and 2002	31
Consolidated Statement of Stockholders’ Equity for the years ended December 31, 2003, 2002, and 2001	32
Consolidated Statement of Cash Flows for the years ended December 31, 2003, 2002, and 2001	33
Notes to Consolidated Financial Statements	34

Financial Statement Schedules (Item 15(a) 2)

Financial statement schedules have been omitted because either they are not applicable or the required information is included in the financial statements or the notes thereto.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of AMETEK, Inc.

We have audited the accompanying consolidated balance sheets of AMETEK, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMETEK, Inc. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Notes 1 and 6 to the consolidated financial statements, in 2002 AMETEK, Inc. changed its method of accounting for goodwill in accordance with Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets."

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania

January 27, 2004, except for the fourth paragraph of Note 7, pertaining to the Company's extension of its Revolving Credit Facility, as to which the date is February 25, 2004

AMETEK, Inc.

Consolidated Statement of Income

	Years Ended December 31,		
	2003	2002	2001
	(In thousands, except per share amounts)		
Net sales	\$1,091,622	\$1,040,542	\$1,019,289
Operating expenses:			
Cost of sales (excluding depreciation)	785,441	754,571	777,919
Selling, general and administrative	115,186	104,816	98,655
Depreciation	34,234	32,468	33,165
Total operating expenses	934,861	891,855	909,739
Operating income	156,761	148,687	109,550
Other income (expenses):			
Interest expense	(26,017)	(25,181)	(27,913)
Other, net	(657)	(608)	2,725
Income before income taxes	130,087	122,898	84,362
Provision for income taxes	42,272	39,200	18,251
Net income	\$ 87,815	\$ 83,698	\$ 66,111
Basic earnings per share(1)	\$ 1.32	\$ 1.27	\$ 1.01
Diluted earnings per share(1)	\$ 1.30	\$ 1.24	\$ 0.99
Weighted average common shares outstanding:(1)			
Basic shares	66,294	65,836	65,676
Diluted shares	67,620	67,254	66,890

(1) Amounts have been restated to reflect a two-for-one stock split effective February 27, 2004.

See accompanying notes.

AMETEK, Inc.
Consolidated Balance Sheet

	December 31,	
	2003	2002
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,313	\$ 13,483
Marketable securities	8,573	8,320
Receivables, less allowance for possible losses	189,010	175,230
Inventories	143,359	129,451
Deferred income taxes	9,672	10,005
Other current assets	17,139	14,080
	382,066	350,569
Property, plant and equipment, net	213,622	204,329
Goodwill, net of accumulated amortization	506,964	391,947
Other intangibles, investments and other assets	112,195	83,161
	1,214,847	1,030,006
	\$1,214,847	\$1,030,006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 106,774	\$ 110,422
Accounts payable	96,582	81,108
Income taxes payable	11,936	3,287
Accrued liabilities	73,939	66,603
	289,231	261,420
Long-term debt	317,674	279,636
Deferred income taxes	54,847	41,233
Other long-term liabilities	23,965	27,536
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized: 5,000,000 shares; none issued	—	—
Common stock, \$0.01 par value; authorized: 100,000,000 shares; issued: 2003 — 69,088,592 shares; 2002 — 67,766,358 shares(1)	345	339
Capital in excess of par value	33,194	14,045
Retained earnings	544,422	464,731
Accumulated other comprehensive losses	(19,196)	(34,719)
Less: Cost of shares held in treasury: 2003 — 2,106,082 shares; 2002 — 1,632,114 shares(1)	(29,635)	(24,215)
	529,130	420,181
Total liabilities and stockholders' equity	\$1,214,847	\$1,030,006
	\$1,214,847	\$1,030,006

(1) Share amounts have been restated to reflect a two-for-one stock split effective February 27, 2004.

See accompanying notes.

AMETEK, Inc.

Consolidated Statement of Stockholders' Equity

Years Ended December 31,

	2003		2002		2001	
	Comprehensive Income	Stockholders' Equity	Comprehensive Income	Stockholders' Equity	Comprehensive Income	Stockholders' Equity
(In thousands)						
Capital Stock						
Preferred Stock, \$.01 par value		\$ —		\$ —		\$ —
Common Stock, \$.01 par value						
Balance at the beginning of the year		339		334		334
Shares issued		6		5		—
Balance at the end of the year		345		339		334
Capital in Excess of Par Value						
Balance at the beginning of the year		14,045		683		2,248
Employee stock option, savings and award plans, including tax benefits		19,149		13,362		(1,565)
Balance at the end of the year		33,194		14,045		683
Retained Earnings						
Balance at the beginning of the year		464,731		388,929		330,696
Net income	\$ 87,815	87,815	\$83,698	83,698	\$66,111	66,111
Cash dividends paid		(8,124)		(7,896)		(7,878)
Balance at the end of the year		544,422		464,731		388,929
Accumulated Other Comprehensive Losses(1)						
Foreign currency translation:						
Balance at the beginning of the year		(22,429)		(32,891)		(30,467)
Translation adjustments	9,502	9,502	10,462	10,462	(2,424)	(2,424)
Balance at the end of the year		(12,927)		(22,429)		(32,891)
Minimum pension liability adjustment:						
Balance at the beginning of the year		(12,280)		(4,680)		(169)
Adjustments during the year	4,610	4,610	(7,600)	(7,600)	(4,511)	(4,511)
Balance at the end of the year		(7,670)		(12,280)		(4,680)
Valuation adjustments for marketable securities and other:						
Balance at the beginning of the year		(10)		548		471
(Increase) decrease in marketable securities(2)	1,411	1,411	(558)	(558)	77	77
Balance at the end of the year		1,401		(10)		548
Total other comprehensive income (loss) for the year	15,523		2,304		(6,858)	
Total comprehensive income for the year	\$103,338		\$86,002		\$59,253	
Accumulated other comprehensive loss at the end of the year		(19,196)		(34,719)		(37,023)
Treasury Stock						
Balance at the beginning of the year		(24,215)		(17,865)		(22,275)
Employee stock option, savings and award plans		428		996		16,038
Purchase of treasury stock		(5,848)		(7,346)		(11,628)
Balance at the end of the year		(29,635)		(24,215)		(17,865)
Total Stockholders' Equity		\$529,130		\$420,181		\$335,058

(1) Amounts presented are net of tax based on an average tax rate of 35%, except for foreign currency translation adjustments, which are presented on a pretax basis.

(2) Includes reclassification adjustment for (losses) gains included in net income for 2003, 2002, and 2001 of \$0.1 million, (\$0.1) million, and \$0.6 million, respectively.

See accompanying notes.

AMETEK, Inc.

Consolidated Statement of Cash Flows

	Years Ended December 31,		
	2003	2002	2001
	(In thousands)		
Cash provided by (used for):			
Operating activities:			
Net income	\$ 87,815	\$ 83,698	\$ 66,111
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,473	32,950	46,450
Deferred income taxes	12,286	10,954	3,681
Changes in assets and liabilities (net of acquisitions):			
Decrease in receivables	11,739	9,966	25,082
Decrease (increase) in inventories and other current assets	826	23,546	(6,139)
Increase (decrease) in payables, accruals, and income taxes	8,653	(20,754)	(24,422)
Decrease in other long-term liabilities	(653)	(71)	(6,537)
Pension contribution	(5,179)	(30,250)	(1,866)
Other	3,943	(6,376)	(1,226)
Total operating activities (before receivable securitization transactions)	154,903	103,663	101,134
Decrease in accounts receivable sold	—	—	(45,000)
Total operating activities	154,903	103,663	56,134
Investing activities:			
Additions to property, plant and equipment	(21,326)	(17,374)	(29,415)
Purchase of businesses	(163,909)	—	(131,793)
Other	4,232	(2,355)	8,684
Total investing activities	(181,003)	(19,729)	(152,524)
Financing activities:			
Net change in short-term borrowings	(3,467)	(59,012)	37,747
Additional long-term borrowings	76,223	—	73,321
Reduction in long-term borrowings	(48,790)	(23,751)	(721)
Repurchases of common stock	(5,848)	(7,346)	(11,628)
Cash dividends paid	(8,124)	(7,896)	(7,878)
Proceeds from stock options and other	16,936	13,415	12,501
Total financing activities	26,930	(84,590)	103,342
Increase (decrease) in cash and cash equivalents	830	(656)	6,952
Cash and cash equivalents:			
Beginning of year	13,483	14,139	7,187
End of year	\$ 14,313	\$ 13,483	\$ 14,139

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements reflect the operations, financial position and cash flows of AMETEK, Inc. (the "Company"), and include the accounts of the Company and subsidiaries, after elimination of all significant intercompany transactions in consolidation. The Company's investments in 50% or less owned joint ventures are accounted for by the equity method of accounting. Such investments are not significant.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents, Securities, and Other Investments

All highly liquid investments with maturities of three months or less when purchased are considered cash equivalents. At December 31, 2003 and 2002, all of the Company's equity securities and fixed-income securities (primarily those of a captive insurance subsidiary) are classified as "available-for-sale", although the Company may hold fixed-income securities until their maturity dates. The aggregate market value of such securities at December 31, 2003 and 2002 was: 2003 — \$14.8 million (\$13.4 million amortized cost) and 2002 — \$13.9 million (\$14.0 million amortized cost). The temporary unrealized gain or loss on such securities is recorded as a separate component of other comprehensive income (in stockholders' equity) at December 31, 2003, and is not material. The Company recognized other-than-temporary impairment losses against earnings of \$0.7 million in 2003 and \$0.3 million in 2002. Certain of the Company's other investments are accounted for by the equity method.

Inventories

Inventories are stated at the lower of cost or market, cost being determined for the majority of inventories by the last-in, first-out (LIFO) method of inventory valuation, and market on the basis of the lower of replacement cost or estimated net proceeds from sales. The excess of the first-in, first-out (FIFO) value over the LIFO value at December 31, 2003 and 2002 was \$26.8 million and \$27.0 million, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Expenditures for additions to plant facilities, or that extend their useful lives, are capitalized. The cost of minor tools, jigs, and dies, and maintenance and repairs is charged to operations as incurred. Depreciation of plant and equipment is calculated principally on a straight-line basis over the estimated useful lives of the related assets.

Revenue Recognition

The Company generally recognizes revenue when products are shipped and services are rendered. The policy with respect to sales returns and allowances generally provides that a customer may not return products, or be given allowances, except at the Company's option. Accruals for sales returns, other allowances, and estimated warranty costs are provided at the time of shipment based upon past experience, and are adjusted periodically to reflect actual expenses. The warranty periods for products sold vary widely among the Company's operations, but for the most part do not exceed one year. The Company calculates its warranty expense provision based on past warranty experience and adjustments are made periodically to reflect actual

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

warranty expenses. At December 31, 2003 and 2002, the accrual for future warranty obligations was \$6.9 million and \$6.4 million, respectively.

Research and Development

Company-funded research and development costs are charged to operations as incurred and during the past three years were: 2003 — \$23.4 million, 2002 — \$23.7 million, and 2001 — \$22.6 million.

Earnings Per Share

The calculation of basic earnings per share is based on the average number of common shares outstanding during the period. The calculation of diluted earnings per share includes the effect of all potentially dilutive securities (primarily outstanding common stock options). The following table (computed on a post-stock split basis) presents the number of shares used in the calculation of basic earnings per share and diluted earnings per share:

	2003	2002	2001
Weighted average shares (in thousands):			
Basic shares	66,294	65,836	65,676
Stock option and award plans	1,326	1,418	1,214
Diluted shares	67,620	67,254	66,890

Foreign Currency Translation

Assets and liabilities of foreign operations are translated using exchange rates in effect at the balance sheet date, and their results of operations are translated using average exchange rates for the year.

Certain transactions of the Company and its subsidiaries are made in currencies other than their functional currency. Exchange gains and losses from those transactions generally are included in operating results for the year. Certain foreign currency transactions have been designated as hedges of an underlying item. Exchange gains and losses on those transactions are deferred in other comprehensive income to the extent they are effective as hedges.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123) and SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosures*, which amends SFAS 123, encourage entities to recognize compensation expense for stock-based employee compensation plans at fair value, but provide the option of measuring compensation expense using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25). The Company accounts for stock-based compensation in accordance with APB 25. The exercise price of stock options, set at the time of the grant, is not less than the fair market value per share at the date of the grant. Had the Company applied the fair value recognition provisions of SFAS 123, pretax stock-based compensation expense would have increased \$4.9 million, \$4.5 million, and \$3.2 million for 2003, 2002, and 2001, respectively. Diluted earnings per share would have been lower by \$0.04, \$0.03, and \$0.03 on a post-stock split basis for the respective years. Options generally have a four-to ten-year vesting period from date of grant. Note 9 presents pro forma results of operations as if SFAS 123 had been used to account for stock-based compensation plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Derivative Financial Instruments

The Company makes infrequent use of derivative financial instruments to manage interest rate, foreign exchange, and forward contract exposure. The Company does not hold or trade in derivatives for speculative purposes. Interest rate swap and cap agreements are sometimes used to manage the interest rate characteristics of certain outstanding revolving credit loans to a more desirable fixed or variable rate basis, or to limit the Company's exposure to rising interest rates. These swaps and caps are matched with the underlying fixed or variable rate debt, and any periodic cash payments are accrued on a settlement basis and accounted for as adjustments to interest costs. There were no interest rate swap or cap agreements in place at, or during the years ended, December 31, 2003 or 2002. Foreign currency option contracts, foreign currency exchange contracts, and foreign currency swap agreements may be entered into to mitigate the translation exposure from investments in certain foreign subsidiaries. Foreign currency forward contracts are entered into from time to time to hedge specific firm commitments for certain inventory purchases or export sales, thereby minimizing the Company's exposure to foreign currency fluctuation. These contracts may be entered into for periods generally not exceeding one year. When present, all derivative financial instruments are accounted for in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". There was one forward contract outstanding at December 31, 2003, which was acquired with one of the 2003 acquisitions, for the purchase of certain inventories. The amount of the forward contract and the gain recognized in earnings on the underlying transactions were not material to the Company. The Company had no derivatives outstanding at December 31, 2002.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis primarily over a 30-year period for all purchase business combinations made prior to July 1, 2001. Business combinations can also result in other intangible assets being recognized. Amortization of such intangible assets, if applicable, occurs over their estimated useful lives. SFAS No. 142 required companies to cease amortizing goodwill that existed at June 30, 2001, and established criteria for testing goodwill for impairment on at least an annual basis, or when events occur that might reduce the fair value of a reporting unit below its carrying value.

Reclassifications

Certain amounts appearing in the prior year's financial statements and supporting footnote disclosures have been reclassified to conform to the current year's presentation.

2. Stock Split (*Subsequent to December 31, 2003*)

On January 27, 2004, the Company's Board of Directors approved a two-for-one split of its common stock distributed on February 27, 2004, to shareholders of record on February 13, 2004. All share and per share amounts included in this report have been restated to reflect the stock split.

3. Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") and subsequently revised it in December 2003 with the issuance of FIN 46-R. FIN 46-R requires a company to consolidate a variable interest entity if it is designated as a primary beneficiary of that entity even if the company does not have a majority voting interest in the entity. A variable interest entity is generally defined as an entity in which equity investors do not have the characteristics of a controlling financial interest, or do not have sufficient equity at risk for the entity to finance its own activities without additional financial support from other parties, or whose owners lack the risks

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and rewards of ownership. FIN 46-R also has a disclosure requirement for all variable interest entities of a company, even if the company is not the primary beneficiary. The Company is currently evaluating the impact of adopting FIN 46-R applicable to variable interest entities created prior to February 1, 2003 but does not expect a material impact upon its adoption.

Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 143, “Accounting for Asset Retirement Obligations.” SFAS No. 143 addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and normal operation of a long-lived asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as a part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset’s useful life. The adoption of SFAS No. 143 had no effect on the Company’s consolidated results of operations, financial position, or cash flows.

Effective January 1, 2003, the Company adopted SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”. SFAS No. 146 replaces Emerging Issues Task Force (“EITF”) Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).” Among other things, SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred instead of at the date of an entity’s commitment to an exit plan, as under EITF Issue No. 94-3. The initial adoption of SFAS No. 146 had no effect on the Company’s consolidated results of operations, financial position, or cash flows.

Effective January 1, 2003, the Company adopted the recognition and measurement provisions of FASB Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” (“FIN No. 45”) for guarantees issued or modified after December 31, 2002. FIN No. 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. The Company does not provide significant guarantees on a routine basis. As a result, the adoption of FIN No. 45 did not have an impact on the Company’s financial statements. The disclosures required by FIN No. 45, are included in Note 16 of this Report, “Guarantees.”

Effective December 31, 2003, the Company adopted EITF Issue 03-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.” EITF Issue 03-1 reached a consensus that the quantitative and qualitative disclosures presented in SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” are required for fiscal years ending after December 15, 2003, and that the disclosures will only be required for the latest year presented in the financial statements. The disclosures required by EITF Issue 03-1 are included in Note 1 of this Report, “Significant Accounting Policies.”

4. Acquisitions

In 2003, the Company made three acquisitions. In January 2003, the Company acquired Airtechnology Holdings Limited (Airtechnology) from Candover Partners Limited, for approximately 50 million British pounds sterling, or about \$80 million in cash. Airtechnology is a supplier of motors, fans and environmental control systems for the aerospace and defense markets. Airtechnology is a part of the Company’s Electromechanical Group. In February 2003, the Company acquired Solidstate Controls, Inc. (SCI) from Marmon Industrial Companies LLC for approximately \$34 million in cash. SCI is a leading supplier of uninterruptible power supply systems for the process and power generation industries. SCI is a part of the Company’s Electronic Instruments Group. In August 2003, the Company acquired Chandler Instruments Company, LLC. (Chandler Instruments), for approximately \$49 million in cash. Chandler Instruments is a

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

leading manufacturer of high-quality measurement instrumentation for the oil and gas industry. Chandler Instruments is a part of the Company's Electronic Instruments Group. The aggregate purchase price paid for the 2003 acquisitions is subject to adjustment for finalization of the value of the net assets acquired.

The operating results of the above acquisitions are included in the Company's consolidated results from their respective dates of acquisition.

The acquisitions have been accounted for using the purchase method in accordance with SFAS No. 141, "Business Combinations." The following table presents the tentative allocation of the aggregate purchase price for the 2003 acquisitions based on their estimated fair values:

	In millions
Net working capital	\$ 10.3
Property, plant and equipment	15.8
Goodwill	107.9
Other intangible assets	29.9
	—
Total net assets	\$163.9

The amount allocated to goodwill is reflective of the benefit the Company expects to realize from expanding its presence in high-end technical motors through Airtechnology, the process and power generation industries through SCI and the oil and gas production and refining markets through Chandler Instruments.

Of the \$29.9 million in other intangible assets, \$15.0 million was assigned to intangibles with estimated remaining amortizable lives of up to 15 years. The remaining \$14.9 million was assigned to infinite-lived intangibles other than goodwill.

The Company is in the process of completing third-party valuations of certain tangible and intangible assets acquired with certain of the acquired businesses. Therefore, the allocation of purchase price is subject to revision.

In 2001, the Company made three acquisitions. In May 2001, the Company acquired from SPX Corporation the assets of GS Electric, a leading U.S. manufacturer of universal and permanent magnet motors for the global floor care and other markets for approximately \$32.0 million in cash. GS Electric is now part of the Company's Electromechanical Group. In July 2001, the Company acquired EDAX, Inc., a leading manufacturer of analytic instrumentation, which complements the Company's process and analytical instruments product lines, from Panta Electronics for approximately \$37.0 million in cash. In December 2001, the Company acquired, from PerkinElmer, Inc., Instruments for Research and Applied Science (IRAS), a leading developer and manufacturer of advanced analytical instrumentation that is used in a number of applications including nuclear spectroscopy, research electrochemistry and electronic signal processing for approximately \$63.0 million. EDAX and IRAS are now part of the Company's Electronic Instruments Group. Together with the EDAX acquisition, IRAS greatly expands the Company's presence in the laboratory and research markets.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides pro forma results of operations for the year ended December 31, 2002, as if the 2003 acquisitions had been made as of January 1, 2002. The pro forma amounts are not necessarily indicative of the results that would have occurred if the acquisitions had been completed on the date indicated. Pro forma net sales, net income and diluted earnings per share would not have been materially different than the amounts reported in the consolidated statement of income for the year ended December 31, 2003.

	Pro Forma Results of Operations Year Ended December 31, 2002
	(In millions, except per share)
Net sales	\$1,150.2
Net income	\$ 87.6
Diluted earnings per share	\$ 1.30

Had the 2001 acquisitions been made at the beginning of 2001, pro forma net sales for 2001 would have been \$1,106.3 million. Pro forma net income, after giving effect to the amortization of goodwill, and diluted earnings per share would not have been materially different, as a result of the acquisitions, for the year.

5. Other Balance Sheet Information

	2003	2002
	(In thousands)	
INVENTORIES		
Finished goods and parts	\$ 29,334	\$ 26,819
Work in process	35,105	33,054
Raw materials and purchased parts	78,920	69,578
	<u>\$ 143,359</u>	<u>\$ 129,451</u>
PROPERTY, PLANT AND EQUIPMENT, at cost		
Land	\$ 13,584	\$ 9,224
Buildings	131,145	116,977
Machinery and equipment	495,196	461,130
	<u>639,925</u>	<u>587,331</u>
Less accumulated depreciation	<u>(426,303)</u>	<u>(383,002)</u>
	<u>\$ 213,622</u>	<u>\$ 204,329</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	2003	2002
(In thousands)		
OTHER ASSETS		
Other intangibles, at cost:		
Patents	\$ 24,018	\$ 23,176
Trademarks and tradenames	16,502	477
Other acquired intangibles	52,577	38,843
Less accumulated amortization	(58,651)	(59,582)
	<u>34,446</u>	<u>2,914</u>
Investments	14,475	13,658
Insurance company deposits	20,383	18,383
Other	42,891	48,206
	<u>\$ 112,195</u>	<u>\$ 83,161</u>
ACCRUED LIABILITIES		
Accrued employee compensation and benefits	\$ 27,260	\$ 25,328
Other	46,679	41,275
	<u>\$ 73,939</u>	<u>\$ 66,603</u>

	2003	2002	2001
(In thousands)			
ALLOWANCES FOR POSSIBLE LOSSES ON ACCOUNTS AND NOTES RECEIVABLE			
Balance at beginning of year	\$ 7,248	\$ 7,642	\$ 4,318
Additions charged to expense	2,293	2,377	4,135
Recoveries credited to allowance	74	69	143
Write-offs	(2,591)	(3,031)	(1,264)
Allowance acquired with new businesses	332	—	322
Currency translation adjustment and other	832	191	(12)
Balance at end of year	<u>\$ 8,188</u>	<u>\$ 7,248</u>	<u>\$ 7,642</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Goodwill

Effective January 1, 2002, the Company ceased the amortization of goodwill in accordance with SFAS No. 142. Results adjusted to exclude amounts no longer being amortized, are as follows (in thousands, except per share amounts):

	2003	2002	2001
Reported net income	\$87,815	\$83,698	\$66,111
Add back goodwill amortization, net of tax	—	—	10,182
Adjusted net income	\$87,815	\$83,698	\$76,293
Basic earnings per share as reported	\$ 1.32	\$ 1.27	\$ 1.01
Goodwill amortization, net of tax	—	—	0.15
Adjusted basic earnings per share	\$ 1.32	\$ 1.27	\$ 1.16
Diluted earnings per share as reported	\$ 1.30	\$ 1.24	\$ 0.99
Goodwill amortization, net of tax	—	—	0.15
Adjusted diluted earnings per share	\$ 1.30	\$ 1.24	\$ 1.14

As of December 31, 2003 and 2002, goodwill by segment was: Electronic Instrument Group (EIG) — \$309.0 million and \$244.1 million; Electromechanical Group (EMG) — \$197.9 million and \$147.8 million. Changes in the carrying value of goodwill during 2003 were the result of the three acquisitions, described in Note 4, and the translation effect of changes in foreign currency exchange rates during the year.

Goodwill is subject to annual impairment testing as required under SFAS No. 142. The Company conducts this review for impairment for all of its reporting units during the fourth quarter of its fiscal year. The results of this review in the fourth quarter of 2003 determined that the Company's goodwill was not impaired.

7. Debt

At December 31, 2003 and 2002, long-term debt consisted of the following:

	December 31,	
	2003	2002
	(In thousands)	
5.96% and 7.20% Senior Notes due in 2010 and 2008, respectively	\$ 314,295	\$ 225,000
Accounts receivable securitization due 2004	64,000	65,000
Revolving credit loans due 2006	36,000	88,000
Other, principally foreign	10,153	12,058
	424,448	390,058
Less: current portion	(106,774)	(110,422)
Total long-term debt	\$ 317,674	\$ 279,636

Maturities of long-term debt outstanding at December 31, 2003 are as follows: \$0.1 million in 2005; \$0.4 million in 2006; \$0.4 million in 2007; \$225.3 million in 2008; \$0.3 million in 2009; and \$91.1 million in 2010 and thereafter. The Company's senior notes and its revolving credit loans have equal priority with respect to liquidation preference.

In September 2003, the Company issued 50 million British pound sterling (approximately \$80 million) senior notes due in 2010.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company has an unsecured \$300 million Revolving Credit Facility which had an original expiration date of September 17, 2006. On February 25, 2004, the agreement was amended to change the expiration date to February 25, 2009. Except for the new 5-year term, the Credit Facility is essentially the same as the original agreement. Interest rates on outstanding loans under the Revolving Credit Facility are either at the London Interbank Offered Rate (LIBOR) plus a negotiated spread over LIBOR, or at the U.S. prime rate plus a spread. At December 31, 2003, the Company had \$36.0 million in revolving credit loans outstanding, at a blended rate of 2.4%, all of which is included in short-term borrowings. At December 31, 2003, \$239.1 million was unused and available under the Revolving Credit Facility. The Company also had outstanding letters of credit totaling \$24.9 million at December 31, 2003.

The Revolving Credit Facility places certain restrictions on allowable foreign debt, and the measurement of the pro forma effect of potential acquisitions in certain debt covenant compliance calculations. The Revolving Credit Facility also places certain restrictions on certain cash payments, including the payment of dividends. At December 31, 2003, retained earnings of approximately \$24.6 million were not subject to the dividend limitation.

The Company's accounts receivable financing agreement with a bank, which expires in 2004, provides for borrowings of up to \$75 million against its trade accounts receivable. At December 31, 2003 and 2002, \$64.0 million and \$65.0 million, respectively, was borrowed under this secured credit facility. The weighted average interest rate on the amount outstanding under the accounts receivable securitization at December 31, 2003 and 2002 was 1.8% and 2.1%, respectively.

Foreign subsidiaries of the Company had available credit facilities with local foreign lenders of approximately \$34.1 million, of which \$8.7 million was outstanding at December 31, 2003, including \$2.6 million reported in long-term debt.

The weighted average interest rate on total debt outstanding at December 31, 2003 and 2002 was 5.6% and 5.4%, respectively.

8. Stockholders' Equity

In 2003, the Company repurchased 380,000 shares (on a post-stock split basis) of its common stock, under a previous share repurchase authorization at a total cost of \$5.8 million. This compares with repurchases of 473,800 shares at a total cost of \$7.3 million in 2002. In March 2003, the Company's Board of Directors authorized a new \$50 million share repurchase program, adding to the remainder of the previous share repurchase program. At December 31, 2003, approximately \$52.4 million of the current share purchase authorization was unexpended. At December 31, 2003, the Company held approximately 2.1 million shares in its treasury at a cost of \$29.6 million compared with approximately 1.6 million shares at a cost of \$24.2 million at the end of 2002. The number of shares outstanding at December 31, 2003 was 67.0 million shares, compared with 66.1 million shares at December 31, 2002.

The Company has a Shareholder Rights Plan, under which the Company's Board of Directors declared a dividend of one-half of a Right for each share of Company common stock owned. The Plan provides, under certain conditions involving acquisition of the Company's common stock, that holders of Rights, except for the acquiring entity, would be entitled (i) to purchase shares of preferred stock at a specified exercise price, or (ii) to purchase shares of common stock of the Company, or the acquiring company, having a value of twice the Rights exercise price. The Rights under the Plan expire in 2007.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9. Stock Option and Award Plans

The information that follows gives effect to the two-for-one stock split in February 2004.

The Company's 2002 Stock Incentive Plan permits the grant of up to 4.0 million shares of common stock to eligible employees and nonemployee directors of the Company in the form of options, phantom stock awards, restricted stock awards and stock rights. The Company's 1999 Stock Incentive Plan permits the grant of up to 4.0 million shares of common stock. The Company's 1997 Stock Incentive Plan permits the grant of up to 7.6 million shares of common stock. Stock options may be granted as non-qualified stock options or as incentive stock options.

Restricted awards of the Company's common stock are made to eligible employees and non-employee directors at such cost to the grantee as the stock option committee of the Board of Directors may determine. Such shares are issued subject to certain conditions with respect to transfer and other restrictions as prescribed by the plan. Upon issuance of restricted stock, unearned compensation, equivalent to the excess of the market price of the shares awarded over the price paid by the grantee at the date of grant, is charged to stockholders' equity and is amortized to expense over the periods until the restrictions lapse. Three hundred thousand shares of restricted stock that were granted to the Company's Chairman and Chief Executive Officer in 2000 vested in the third quarter of 2003 and the unamortized compensation expense totaling \$2.1 million was charged to expense. There was no restricted stock outstanding at December 31, 2003. No restricted stock awards were granted in 2003 or 2002. Under the terms of the existing Stock Incentive Plans, at December 31, 2003, 777,106 additional shares of restricted stock may be granted. In January 2004, the Company adopted a change in its long-term incentive compensation program for officers and other senior managers to grant approximately 50% of its long-term incentive awards as restricted stock and 50% as stock options, rather than primarily stock options as it had previously. This change becomes effective in 2004.

In 2003, the Company reserved 17,094 shares of common stock, and there were reductions for retirements and terminations which totaled 5,414 shares, under a Supplemental Executive Retirement Plan ("SERP"), bringing the total number of shares reserved to 172,480 shares of common stock as of December 31, 2003. Charges to expense under the SERP, not significant in amount, are considered pension expense (see Note 12), with the offsetting credit reflected in stockholders' equity.

At December 31, 2003, 8,615,898 (9,938,132 in 2002) shares of common stock were reserved for issuance, including stock options outstanding, under the 2002, 1999 and 1997 plans. The options are exercisable at prices not less than market prices on dates of grant, and in installments over four- to ten-year periods from dates of grant. The Company had no stock appreciation rights outstanding at December 31, 2003 or 2002. Stock appreciation rights, if and when issued, are exercisable for cash and/or shares of the Company's common stock when the related option is exercised. A charge to income would be made for these rights and the related options.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

	2003		2002		2001	
	Shares	Price Range	Shares	Price Range	Shares	Price Range
Outstanding at beginning of year	5,128,948	\$ 7.07-\$19.34	5,107,216	\$ 7.07-\$15.32	5,913,190	\$ 5.80-\$15.17
Granted	1,129,900	\$18.06-\$18.06	1,074,200	\$18.82-\$19.34	1,011,300	\$13.14-\$15.32
Exercised	(1,322,234)	\$ 7.07-\$18.82	(940,612)	\$ 7.07-\$15.17	(1,640,424)	\$ 5.80-\$15.17
Canceled	(111,956)	\$ 9.97-\$19.34	(111,856)	\$10.00-\$18.82	(176,850)	\$ 9.97-\$14.55
Outstanding at end of year	<u>4,824,658</u>	<u>\$ 7.07-\$18.82</u>	<u>5,128,948</u>	<u>\$ 7.07-\$19.34</u>	<u>5,107,216</u>	<u>\$ 7.07-\$15.32</u>
Exercisable at end of year	<u>2,284,860</u>	<u>\$ 7.07-\$18.82</u>	<u>2,635,734</u>	<u>\$ 7.07-\$15.32</u>	<u>2,475,752</u>	<u>\$ 7.07-\$15.17</u>

The following table summarizes information pertaining to the Company's stock options outstanding at December 31, 2003:

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Options Exercisable	Weighted Average Exercise Price
\$ 7.07-\$11.60	1,374,920	\$ 9.32	2.7	1,187,970	\$ 9.20
\$11.61-\$15.47	1,358,782	\$13.53	3.3	872,482	\$13.79
\$15.48-\$18.82	2,090,956	\$18.42	5.9	224,408	\$18.82
	<u>4,824,658</u>	<u>\$14.45</u>	<u>4.3</u>	<u>2,284,860</u>	<u>\$11.90</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock option plans, which recognizes expense based on the intrinsic value of the award at the date of grant. Since stock options have been issued with the exercise price per share equal to the fair market value per share at the date of grant, no compensation expense has resulted. Had the Company accounted for stock options in accordance with the fair value method prescribed by SFAS No. 123 "Accounting for Stock-Based Compensation," the Company would have reported the following pro forma results for the years ended December 31, 2003, 2002, and 2001:

	2003	2002	2001
(In thousands, except per share data)			
Net income			
Net income, as reported	\$87,815	\$83,698	\$66,111
Add: Stock-based employee compensation expense included in reported net income	2,425	612	612
Deduct: Total stock-based compensation expense determined under the fair-value-based method for all awards, net of tax	(6,050)	(3,933)	(2,889)
Pro forma net income	<u>\$84,190</u>	<u>\$80,377</u>	<u>\$63,834</u>
Net income per share:			
Basic:			
As reported	\$ 1.32	\$ 1.27	\$ 1.01
Pro forma	1.27	1.22	0.97
Diluted:			
As reported	1.30	1.24	0.99
Pro forma	1.26	1.21	0.96

The weighted average fair value of each option grant on the grant date was \$6.19 for 2003, \$6.54 for 2002, and \$4.44 for 2001. The fair value of each option was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions for options granted in each of the last three years.

	2003	2002	2001
Expected life (years)	5.0	5.0	5.0
Expected volatility	37.0%	36.4%	35.3%
Dividend yield	0.66%	0.69%	0.85%
Risk-free interest rate	2.63%	3.25%	3.50%

10. Leases

Minimum aggregate rental commitments under non-cancellable leases in effect at December 31, 2003 (principally for production and administrative facilities and equipment) amounted to \$25.8 million, consisting of annual payments of \$6.3 million in 2004, \$5.3 million in 2005, \$4.3 million in 2006, \$2.9 million in 2007, \$2.5 million in 2008 and \$4.5 million in 2009 and thereafter. Rental expense was \$9.0 million in 2003, \$8.5 million in 2002 and \$8.9 million in 2001.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Income Taxes

The components of income before income taxes and the details of the provision for income taxes are as follows:

	2003	2002	2001
	(In thousands)		
Income before income taxes:			
Domestic	\$ 100,116	\$ 113,351	\$85,597
Foreign	29,971	9,547	(1,235)
Total	<u>\$ 130,087</u>	<u>\$ 122,898</u>	<u>\$84,362</u>
Provision for income taxes:			
Current:			
Federal	\$ 17,492	\$ 19,354	\$14,721
Foreign	11,105	4,942	2,519
State	1,605	3,950	(1,469)
Total current	<u>30,202</u>	<u>28,246</u>	<u>15,771</u>
Deferred:			
Federal	12,393	11,423	3,373
Foreign	(2,261)	(363)	(1,590)
State	1,938	(106)	697
Total deferred	<u>12,070</u>	<u>10,954</u>	<u>2,480</u>
Total provision	<u>\$ 42,272</u>	<u>\$ 39,200</u>	<u>\$18,251</u>

Significant components of the Company's deferred tax (asset) liability as of December 31 are as follows:

	2003	2002
	(In thousands)	
Current deferred tax asset:		
Reserves not currently deductible	\$ (5,520)	\$ (6,354)
Other	(4,152)	(3,651)
Net current deferred tax asset	<u>(9,672)</u>	<u>(10,005)</u>
Noncurrent deferred tax (asset) liability:		
Differences in basis of property and accelerated depreciation	28,276	26,102
Purchased tax benefits	-	3,383
Reserves not currently deductible	(4,939)	(7,486)
Pensions	14,861	13,941
Amortization of acquired intangible assets	15,325	4,706
Other	1,324	587
Noncurrent deferred tax liability	<u>54,847</u>	<u>41,233</u>
Net deferred tax liability	<u>\$45,175</u>	<u>\$ 31,228</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The effective rate of the provision for income taxes reconciles to the statutory rate as follows:

	2003(a)	2002(a)	2001(a)(b)
Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.8	2.0	(0.9)
Tax benefits from qualified export sales	(3.3)	(3.9)	(5.0)
Differences between U.S. and foreign tax rates	0.7	1.0	2.1
Goodwill amortization	-	-	2.8
Settlement of prior years' tax audits	(1.1)	-	(11.6)
Other	(0.6)	(2.2)	(0.8)
	<u>32.5%</u>	<u>31.9%</u>	<u>21.6%</u>

(a) Includes the reversal of certain prior years' excess federal and state income tax accruals.

(b) At year-end 2001, U.S. tax authorities closed several open years for which the Company's income tax returns were under examination. As a result, the Company recognized a tax benefit of \$10.5 million after tax. The benefit consisted of tax refunds received of \$4.4 million (including interest) and the reversal of certain federal and state tax accruals totaling \$6.1 million associated with the closed years.

During 2003, the Company fully utilized available operating loss carryforwards from prior years, which totaled \$0.9 million. At December 31, 2003, the Company had no net operating loss carryforwards to offset future taxable income.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$60.8 million at December 31, 2003. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. deferred taxes has been made. Upon distribution of those earnings to the United States, the Company would be subject to U.S. income taxes (subject to a reduction for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred income tax liability is not practicable.

12. Retirement and Pension Plans

The Company sponsors several retirement and pension plans in the U.S. and in certain foreign countries covering eligible salaried and hourly employees. The plans generally provide benefits based on participants' years of service and/or compensation. Following is a brief description of each of the Company's retirement and pension plans.

The Company maintains noncontributory defined benefit pension plans. Benefits for eligible U.S. and foreign salaried and hourly employees are funded through trusts established in conjunction with the plans. The Company's funding policy with respect to its defined benefit plans is to contribute amounts that provide for benefits in accordance with legal funding requirements. Assets of these plans are invested in a variety of equity and debt instruments and in pooled temporary funds, as well as in the Company's common stock.

The Company also sponsors a 401(k) retirement and savings plan for eligible employees. Participants in the savings plan may contribute a portion of their compensation on a before-tax basis. The Company matches employee contributions on a dollar-for-dollar basis up to 6% of eligible compensation or a maximum of \$1,200 per participant.

The Company's retirement and savings plan has a defined contribution retirement feature principally to cover U.S. salaried employees joining the Company after December 31, 1996. Under this retirement feature, the Company makes contributions for eligible employees based on a pre-established percentage of the covered

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

employee's salary. Employees of certain of the Company's foreign operations participate in various local plans that in the aggregate are not significant.

The Company also has a defined contribution retirement plan for most of its acquired businesses for the benefit of eligible employees. Company contributions are made for each participant up to a specified percentage, not to exceed 6% of the participant's base compensation.

The Company has nonqualified unfunded retirement plans for its Directors and certain retired employees. It also provides supplemental retirement benefits, through contractual arrangements and/or a SERP covering certain current and former employees of the Company. These supplemental benefits are designed to compensate the employee for retirement benefits that would have been provided under the Company's primary retirement plan, except for statutory limitations on compensation that may be taken into account under those plans. The projected benefit obligations of the SERP and the contracts will primarily be funded by a grant of shares of the Company's common stock upon retirement or termination of the employee. The Company is providing for these obligations by charges to earnings over the applicable periods.

The Company uses a measurement date of December 31 for its U.S. pension plans.

The following tables provide information on benefit obligations and fair value of plan assets for the funded and unfunded U.S. defined benefit plans for 2003 and 2002:

	2003	2002
	(In thousands)	
Change in projected benefit obligation ("PBO"):		
Net projected benefit obligation at beginning of year	\$302,595	\$285,570
Service cost	4,325	4,349
Interest cost	20,226	20,213
Plan amendments	—	1,212
Actuarial loss	20,883	10,457
Gross benefits paid	(19,572)	(19,206)
Net projected benefit obligation at end of year	<u>\$328,457</u>	<u>\$302,595</u>

The accumulated benefit obligation ("ABO") at the end of 2003 and 2002 consisted of the following:

	2003	2002
	(In thousands)	
Funded plans	\$311,765	\$288,319
Unfunded plans	4,671	4,481
Total	<u>\$316,436</u>	<u>\$292,800</u>

	2003	2002
	(In thousands)	
Change in plan assets:		
Fair value of plan assets at beginning of year	\$279,047	\$291,188
Actual return on plan assets	53,534	(23,185)
Employer contributions	5,179	30,250
Gross benefits paid	(19,572)	(19,206)
Fair value of plan assets at end of year	<u>\$318,188</u>	<u>\$279,047</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On an ABO basis, in the aggregate the Company's funded U.S. defined benefit pension plans were 102% funded at December 31, 2003, compared with 97% funded at December 31, 2002. For a presentation of the plans whose ABO exceeds the fair value of the plan assets, see page 50.

Weighted-average assumptions used to determine end-of-year benefit obligations:

	2003	2002
Discount rate	6.25%	6.75%
Rate of compensation increase (where applicable)	3.50%	3.50%

The asset allocation for the Company's U.S. defined benefit pension plans at December 31, 2003 and 2002, and the target allocation for 2004 by asset category, follows. The Company periodically reviews its asset allocation taking into consideration plan liabilities, plan benefit payment streams and the investment strategy of the pension plans. The actual asset allocation is monitored frequently relative to the established targets and ranges, and, when necessary, rebalancing will occur.

Asset Category	Target Allocation	Percent of Plan Assets at December 31	
	2004	2003	2002
Equity securities	50-70%	59%	54%
Debt securities	20-40%	30%	38%
Real estate	—	—	—
Other(a)	5-15%	11%	8%
Total		100%	100%

(a) Amount in 2003 includes a 9% investment in alternative assets consisting of diversified hedge funds. Amounts in 2003 and 2002 also include cash and cash equivalents.

The fair value of plan assets for these plans was \$318.2 million and \$279.0 million at December 31, 2003 and 2002, respectively. The expected long-term rate of return on these plan assets was 8.90% in 2003 and 9.25% in 2002. Equity securities include AMETEK, Inc. common stock in the amount of \$27.6 million (8.6% of total plan investments) and \$22.0 million (7.9% of total plan investments) at December 31, 2003 and 2002, respectively.

The objectives of the AMETEK, Inc. defined benefit plans' investment strategy are to maximize the plans' funded status over the long term and minimize Company contributions and plan expense. Because the goal is to optimize returns over the long term, an investment policy that favors equity holdings has been established. Since there may be periods of time where both equity and fixed-income markets provide poor returns, an allocation to alternative assets may be made to improve the overall portfolio's diversification and return potential.

The equity portfolio will be diversified by market capitalization and style. The equity portfolio may also include an international component.

The objective of the fixed-income portion of the pension assets is to provide interest rate sensitivity for a portion of the assets and to provide diversification. The fixed-income portfolio will be diversified within certain quality and maturity guidelines in an attempt to minimize the adverse effects of interest rate fluctuations.

Certain investments are prohibited, including venture capital, private placements, unregistered or restricted stock, margin trading, commodities, limited partnerships, short selling, and rights and warrants.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Swaps, options, forwards and futures may be used to avoid market exposure, and to manage foreign currency exposure.

Based on current economic conditions, AMETEK estimates that it will make cash contributions of approximately \$5 to \$6 million to its worldwide defined benefit pension plans in 2004.

The following table provides the amounts recognized in the consolidated balance sheets at December 31, 2003 and 2002 for the Company's U.S. plans:

	2003	2002
	(In thousands)	
Funded status asset (liability):		
Fair value of plan assets	\$ 318,188	\$ 279,047
Projected benefit obligation	(328,457)	(302,595)
Funded status at end of year (PBO basis)	(10,269)	(23,548)
Unrecognized net actuarial loss	62,224	74,912
Unrecognized prior service cost	2,935	4,027
Unrecognized net transition (asset) obligation	(31)	32
Net amount recognized at end of year	\$ 54,859	\$ 55,423
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	\$ 59,078	\$ 59,509
Accrued benefit cost	(4,219)	(4,086)
Additional minimum liability	(12,603)	(21,010)
Intangible asset	803	2,117
Accumulated other comprehensive loss (a)	7,670	12,280
Deferred tax benefit on (a) above	4,130	6,613
Net amount recognized at end of year	\$ 54,859	\$ 55,423

At the end of 2003 and 2002, the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets, and pension plans with an accumulated benefit obligation in excess of plan assets, were as follows (in thousands):

	Projected Benefit Obligation Exceeds Fair Value of Assets		Accumulated Benefit Obligation Exceeds Fair Value of Assets	
	2003	2002	2003	2002
Projected benefit obligation	\$89,645	\$266,496	\$77,649	\$84,889
Accumulated benefit obligation	87,599	256,678	76,894	84,074
Fair value of plan assets	73,491	242,241	61,946	66,513

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides the components of net periodic benefit expense (income) for the Company's U.S. based pension plans for the three years ended December 31:

	2003	2002	2001
	(In thousands)		
Defined benefit plans:			
Service cost	\$ 4,325	\$ 4,349	\$ 4,422
Interest cost	20,226	20,213	20,331
Expected return on plan assets	(23,979)	(26,365)	(28,257)
Net amortization:			
Transition obligation (asset)	23	(132)	(592)
Prior service cost	623	527	467
Actuarial loss (gain)	4,311	217	(1,047)
SFAS No. 87 expense	5,529	(1,191)	(4,676)
SFAS No. 88 curtailment charge	984	39	—
Total net periodic benefit expense (income)	6,513	(1,152)	(4,676)
Other plans:			
Defined contribution plans	6,721	6,674	5,390
Supplemental retirement plan	400	416	416
Foreign plans and other	1,781	1,415	2,009
Total other plans	8,902	8,505	7,815
Total net pension expense	\$ 15,415	\$ 7,353	\$ 3,139

The weighted-average assumptions used to determine the above net periodic expense (income) were:

	2003	2002	2001
Discount rate	6.75%	7.25%	8.00%
Expected return on plan assets	8.90%	9.25%	9.25%
Rate of compensation increase (where applicable)	3.50%	4.00%	4.75%

The expected return on plan assets assumption was developed based on a review of historical investment returns for the investment categories for the defined benefit pension assets. This review also considered current capital market conditions and expectations of projected future investment returns. The estimates of future capital market returns by asset category are lower than the actual long-term historical returns. The current low interest rate environment influences this outlook. Therefore, the assumed rate of return selected for 2004 of 8.90% is lower than the rate that would have been selected based solely on the fund's historical return.

Estimated future benefit payments (in thousands):	Funded Plans From Pension Trust Assets	Unfunded Plans From Company Assets
2004	\$ 19,915	\$ 295
2005	20,170	285
2006	20,537	275
2007	21,154	264
2008	21,546	252
2009-2013	114,238	1,060

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with its acquisition of United-Kingdom-based Airtechnology in January 2003, the Company acquired a contributory defined benefit pension plan covering eligible salaried and hourly employees, and former employees of Airtechnology.

Information relative to the Airtechnology pension plan, prepared in accordance with SFAS No. 87, is as follows:

	December 31, 2003
	(In thousands)
Funded status:	
Fair value of plan assets	\$ 12,155
Projected benefit obligation	(17,782)
	—————
Funded status and net amount recognized at end of year	\$ (5,627)
	—————
	Year Ended December 31, 2003
	(In thousands)
Pension expense:	
Service cost	\$ 840
Interest cost	784
Expected return on plan assets	(654)
	—————
Total	\$ 970
	—————

The above amounts were determined based on an assumed discount rate of 5.50% and an expected return on plan assets of 7.20%.

The Company has a deferred compensation plan, which allows employees whose compensation exceeds the statutory IRS limit for retirement benefits to defer a portion of earned bonus compensation. The plan permits deferred amounts to be deemed invested in either, or a combination of (a) an interest-bearing fund, benefits from which are payable out of the general assets of the Company, or (b) a fund which invests in shares of the Company's common stock on behalf of the employee. The amount deferred under the plan, including income earned, was \$4.3 million and \$2.8 million at December 31, 2003 and 2002, respectively. Initial employee deferrals began January 1, 2000. Administrative expense for the plan is borne by the Company and is not significant.

The Company provides limited postretirement benefits other than pensions for certain retirees and a small number of employees. Benefits under these arrangements are not significant. The Company also provides limited postemployment benefits for certain former or inactive employees after employment but before retirement. Those benefits, which are not significant in amount, are accounted for on the accrual basis of accounting.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. Financial Instruments

The Company makes limited use of derivative financial instruments, and does not use them for trading purposes. Such instruments are generally used to manage well-defined interest rate risks and to hedge firm commitments related to certain export sales denominated in a foreign currency.

Interest rate swap and cap agreements are used to reduce the potential impact of increases in interest rates on the Company's borrowings. Accordingly, the Company may enter into these agreements to effectively convert floating-rate loans to fixed-rate loans and to cap certain interest rates that are indexed to LIBOR rates to reduce the risk from rising interest rates. During 2003 and 2002, no such agreements were outstanding.

Cross-currency and interest rate agreements may be used to hedge a portion of the Company's net investment in certain foreign subsidiaries. During 2003 and 2002, no such agreements were outstanding.

Forward currency contracts may be entered into from time to time to hedge certain firm inventory purchases and export sales commitments denominated in foreign currencies. The purpose of such hedging activities is to protect the Company from the risk that the eventual net cash dollar inflows and outflows resulting from the purchase of certain inventories or the sales to foreign customers will be adversely affected by changes in exchange rates. The terms of the currency contracts are dependent on the firm commitment and generally do not exceed one year. Deferred gains and losses on such contracts are recognized in operations as the related purchases and sales occur. During 2003, the Company was party to one forward contract for the purchase of certain inventories in connection with one of its 2003 acquisitions. The amounts involved are not material to the Company. During 2002, the Company was not party to any forward currency contracts.

The estimated fair values of the Company's other financial instruments are compared below to the recorded amounts at December 31, 2003 and 2002. Cash, cash equivalents, and marketable securities are recorded at fair value at December 31, 2003 and 2002 in the accompanying balance sheet.

	Asset (Liability)			
	December 31, 2003		December 31, 2002	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Fixed-income and equity investments	\$ 15,038	\$ 15,038	\$ 13,657	\$ 13,657
Short-term borrowings	\$(105,328)	\$(105,328)	\$(108,557)	\$(108,557)
Long-term debt (including current portion)	\$(319,120)	\$(339,933)	\$(281,501)	\$(289,812)

The fair value of fixed-income investments is based on quoted market prices. The fair value of equity investments is based on amounts reported by the investee. The fair value of short-term borrowings is based on the carrying value at year-end. The fair value of the Company's long-term debt, which consists primarily of publicly traded notes, is based on the quoted market price for such notes and borrowing rates currently available to the Company for loans with similar terms and maturities.

14. Additional Income Statement and Cash Flow Information

Included in other income are interest and other investment income of \$1.0 million, \$0.9 million, and \$2.0 million for 2003, 2002, and 2001, respectively. Income taxes paid in 2003, 2002, and 2001 were \$25.1 million, \$26.9 million, and \$27.6 million, respectively. Cash paid for interest was \$24.1 million, \$24.0 million, and \$27.5 million in 2003, 2002, and 2001, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. **Business Segment and Geographic Information**

Descriptive Information About Reportable Segments

The Company has two reportable segments, the Electronic Instruments Group and the Electromechanical Group. The Company organizes its businesses primarily on the basis of product type, production processes, distribution methods, and management organizations.

The Electronic Instruments Group produces instrumentation for various electronic applications that service certain types of transportation industries, including aircraft cockpit instruments and displays, airborne electronics systems that monitor and record flight and engine data, and pressure, temperature, flow, and liquid-level sensors for commercial airlines and aircraft and jet engine manufacturers. The Group also produces analytical instrumentation for the laboratory and research markets, as well as instruments for food service equipment, measurement and monitoring instrumentation for various process industries, and instruments and complete instrument panels for heavy trucks and heavy construction and agricultural vehicles. The Group also manufactures high-temperature-resistant and corrosion-resistant materials, as well as thermoplastic compounds for automotive, appliance, and telecommunications applications.

The Electromechanical Group produces air-moving electric motors and motor-blower systems for manufacturers of floor care appliances and outdoor power equipment, fractional horsepower and brushless air-moving motors for aerospace, mass transit, medical equipment, computer and business machine applications. The Group also produces high-purity metal powders and alloys in powder, strip, and wire form for electronic components, aircraft and automotive products. Sales of electric motors, blowers, and fans represented 42.2% in 2003, 41.7% in 2002, and 44.1% in 2001 of the Company's consolidated net sales.

Measurement of Segment Results

Segment operating income represents sales, less all direct costs and expenses (including certain administrative and other expenses) applicable to each segment, but does not include an allocation of interest expense. Net sales by segment are reported after elimination of intra- and inter-segment sales, which are insignificant in amount. Such sales are generally based on prevailing market prices. Reported segment assets include allocations directly related to the segment's operations. Corporate assets consist primarily of investments, insurance deposits, and deferred taxes.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reportable Segment Financial Information

	2003	2002	2001
	(In thousands)		
Net sales:			
Electronic Instruments	\$ 561,879	\$ 539,448	\$ 499,528
Electromechanical	529,743	501,094	519,761
Total consolidated	<u>\$1,091,622</u>	<u>\$1,040,542</u>	<u>\$1,019,289</u>
Operating income and income before income taxes:			
Operating income:			
Electronic Instruments	\$ 94,976	\$ 87,485	\$ 57,035
Electromechanical	84,151	80,225	70,638
Total segment operating income	179,127	167,710	127,673
Corporate administrative and other expenses	(22,366)	(19,023)	(18,123)
Consolidated operating income	156,761	148,687	109,550
Interest and other expenses, net	(26,674)	(25,789)	(25,188)
Consolidated income before income taxes	<u>\$ 130,087</u>	<u>\$ 122,898</u>	<u>\$ 84,362</u>
Assets:			
Electronic Instruments	\$ 597,845	\$ 507,358	
Electromechanical	522,306	427,630	
Total segments	1,120,151	934,988	
Corporate	94,696	95,018	
Total consolidated	<u>\$1,214,847</u>	<u>\$1,030,006</u>	
Additions to property, plant and equipment:(1)			
Electronic Instruments	\$ 16,209	\$ 11,364	\$ 17,287
Electromechanical	18,053	7,239	16,229
Total segments	34,262	18,603	33,516
Corporate	893	873	1,888
Total consolidated	<u>\$ 35,155</u>	<u>\$ 19,476</u>	<u>\$ 35,404</u>
Depreciation and amortization:(2)			
Electronic Instruments	\$ 14,200	\$ 13,403	\$ 19,824
Electromechanical	21,013	19,238	26,435
Total segments	35,213	32,641	46,259
Corporate	260	309	191
Total consolidated	<u>\$ 35,473</u>	<u>\$ 32,950</u>	<u>\$ 46,450</u>

(1) Includes \$13.9 million in 2003, \$2.1 million in 2002, and \$6.0 million in 2001 from acquired businesses.

(2) 2001 includes goodwill amortization of \$11.9 million. Goodwill amortization is not permitted after 2001 in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets".

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Geographic Areas

Information about the Company's operations in different geographic areas for the years ended December 31, 2003, 2002, and 2001 is shown below. Net sales were attributed to geographic areas based on the location of the customer. Accordingly, U.S. export sales are reported in international sales.

	2003	2002	2001
	(In thousands)		
Net sales:			
United States	\$ 655,952	\$ 687,166	\$ 698,044
International(a):			
United Kingdom	66,068	35,966	31,172
European Union countries	160,424	122,821	119,566
Asia	96,256	99,710	74,197
Other foreign countries	112,922	94,879	96,310
Total international	435,670	353,376	321,245
Total consolidated	\$1,091,622	\$1,040,542	\$1,019,289
Long-lived assets:			
United States	\$ 584,837	\$ 523,291	
International(b):			
United Kingdom	90,985	6,485	
European Union countries	58,072	52,524	
Asia	6,080	5,106	
Other foreign countries	21,812	20,621	
Total international	176,949	84,736	
Total consolidated	\$ 761,786	\$ 608,027	

(a) Includes U.S. export sales of \$200.8 million in 2003, \$192.0 million in 2002, and \$170.0 million in 2001.

(b) Represents long-lived assets of foreign-based operations only.

16. Guarantees

The Company does not provide significant guarantees on a routine basis. The Company primarily issues guarantees, stand-by letters of credit and surety bonds in the ordinary course of its business to provide financial or performance assurance to third parties on behalf of its consolidated subsidiaries to support or enhance the subsidiary's stand-alone creditworthiness. The amounts subject to certain of these agreements vary depending on the covered contracts actually outstanding at any particular point in time. The maximum amount of future payment obligations relative to these various guarantees was approximately \$42.7 million, and the outstanding liability under those guarantees was approximately \$28.6 million, which is recorded in the consolidated balance sheet at December 31, 2003. These guarantees expire from 2004 through 2006.

Indemnifications

In conjunction with certain acquisition and divestiture transactions, the Company may agree to make payments to compensate or indemnify other parties for possible future unfavorable financial consequences resulting from specified events (e.g., breaches of contract obligations, or retention of previously existing

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

environmental, tax or employee liabilities) whose terms range in duration and often are not explicitly defined. Where appropriate, the obligation for such indemnifications is recorded as a liability. Because the amount of these types of indemnifications generally is not specifically stated, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Further, the Company indemnifies its directors and officers who are or were serving at the Company's request in such capacities. Historically, any such costs incurred to settle claims related to these indemnifications have been minimal for the Company. The Company believes that future payments, if any, under all existing indemnification agreements would not have a material impact on its results of operations, financial position, or cash flows.

Product Warranties

The Company provides limited warranties in connection with the sale of its products. The warranty periods for products sold vary widely among the Company's operations, but for the most part do not exceed one year. The Company calculates its warranty expense provision based on past warranty experience and adjustments are made periodically to reflect actual warranty expenses.

The change in the carrying amount of the Company's accrued product warranty obligation from December 31, 2002 to December 31, 2003 was as follows (in thousands):

Balance as of December 31, 2002	\$ 6,432
Accruals for warranties issued during the period	5,315
Settlements made during the period	(5,673)
Changes in liability for pre-existing warranties, including expirations during the period	(478)
Warranty accruals related to 2003 acquisitions	1,299
	<hr/>
Balance as of December 31, 2003	\$ 6,895
	<hr/>

Certain settlements of warranties made during the period were for specific non-recurring warranty obligations.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
(In thousands, except per share amounts)					
2003					
Net sales	\$267,531	\$276,870	\$267,781	\$279,440	\$1,091,622
Operating income	\$ 36,677	\$ 38,740	\$ 39,479	\$ 41,865	\$ 156,761
Net income	\$ 19,718	\$ 21,816	\$ 21,918	\$ 24,363	\$ 87,815
Basic earnings per share(a)(b)	\$ 0.30	\$ 0.33	\$ 0.33	\$ 0.36	\$ 1.32
Diluted earnings per share(a)(b)	\$ 0.29	\$ 0.32	\$ 0.32	\$ 0.36	\$ 1.30
Dividends paid per share(b)	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.12
Common stock trading range:(b)(c)					
High	\$ 20.05	\$ 19.62	\$ 22.38	\$ 24.43	\$ 24.43
Low	\$ 14.75	\$ 16.40	\$ 18.35	\$ 21.46	\$ 14.75
2002					
Net sales	\$263,558	\$267,426	\$256,995	\$252,563	\$1,040,542
Operating income	\$ 36,434	\$ 37,704	\$ 38,060	\$ 36,489	\$ 148,687
Net income	\$ 19,665	\$ 21,325	\$ 21,381	\$ 21,327	\$ 83,698
Basic earnings per share(a)(b)	\$ 0.30	\$ 0.32	\$ 0.32	\$ 0.32	\$ 1.27
Diluted earnings per share(a)(b)	\$ 0.29	\$ 0.32	\$ 0.32	\$ 0.32	\$ 1.24
Dividends paid per share(b)	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.12
Common stock trading range:(b)(c)					
High	\$ 20.10	\$ 20.36	\$ 18.70	\$ 19.45	\$ 20.36
Low	\$ 14.25	\$ 17.57	\$ 13.90	\$ 13.08	\$ 13.08

(a) The sum of quarterly earnings per share may not equal total year earnings per share due to the effect of the Company's purchasing shares of its outstanding common stock.

(b) Amounts were restated to reflect a two-for-one stock split effective February 27, 2004.

(c) Trading ranges are based on the New York Stock Exchange composite tape.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

The Company carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, on the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15, and has concluded that the Company's disclosure controls and procedures were effective for their intended purposes as of the end of the period covered by this report on Form 10-K. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

PART III

Item 10. Directors and Executive Officers of the Registrant

a) Directors of the Registrant.

Information with respect to Directors of the Company is set forth under the heading "Election of Directors" in the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders and is incorporated herein by reference.

b) Executive Officers of the Registrant.

Information with respect to executive officers of the company is set forth under the heading "Executive Officers" in the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders and is incorporated herein by reference.

c) Section 16(a) Compliance.

Information concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 is set forth under the heading "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders and is incorporated herein by reference.

d) Identification of the Audit Committee.

Information concerning the audit committee of the Company is set forth under the heading "Board Committees" in the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders and is incorporated herein by reference.

e) Audit Committee Financial Expert.

Information concerning the audit committee financial expert of the Company is set forth under the heading "Board Committees" in the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders and is incorporated herein by reference.

f) Code of Ethics for Chief Executive Officer and Senior Financial Officers.

The Company has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (“the Code”). The Code may be found on the Company’s Internet website at www.ametek.com. Any amendments to the Code or any grant of a waiver from the provisions of the Code requiring disclosure under applicable SEC rules will be disclosed on the Company’s website.

Item 11. Executive Compensation

Information regarding executive compensation appearing under “Compensation of Directors,” “Executive Compensation,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report on Executive Compensation,” and “Employment Contracts and Termination, Severance and Change of Control Arrangements” in the 2004 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2003 regarding all of the Company’s existing compensation plans pursuant to which shares of equity securities are authorized for issuance to employees and non-employee directors:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)
Equity compensation plans approved by security holders	3,421,674	\$15.60	3,785,208
Equity compensation plans not approved by security holders	1,402,984	\$11.66	6,032
Total	4,824,658	\$14.45	3,791,240

Information regarding security ownership of certain beneficial owners and management appearing under “Stock Ownership,” “Other Beneficial Ownership,” and “Stock Options and Stock Appreciation Rights” in the 2004 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Information appearing under “Certain Relationships and Transactions” in the 2004 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information appearing under “Independent Auditor Information” in the 2004 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) (1) and (2) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements:

	<u>Page</u>
Report of Independent Auditors	29
Consolidated Statement of Income for the years ended December 31, 2003, 2002 and 2001	30
Consolidated Balance Sheet at December 31, 2003 and 2002	31
Consolidated Statement of Stockholders' Equity for the years ended December 31, 2003, 2002 and 2001	32
Consolidated Statement of Cash Flows for the years ended December 31, 2003, 2002 and 2001	33
Notes to Consolidated Financial Statements	34

(2) Financial Statement Schedules:

Financial statement schedules have been omitted because either they are not applicable or the required information is included in the financial statements or the notes thereto.

Schedules other than that listed above are omitted because they are not required, are inapplicable or the information is otherwise shown in our Consolidated Financial Statements or notes thereto.

(3) Exhibits

Exhibits are shown in the index on pages 63-68 of this report.

(b) Reports on Form 8-K

During the quarter ended December 31, 2003, the Company furnished the following Current Report on Form 8-K:

On October 21, 2003, the Company furnished a Current Report on Form 8-K under items 7 and 12 reporting the Company's sales and earnings for the quarter and nine months ended September 30, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMETEK, Inc.

By

/s/FRANK S. HERMANCE

Frank S. Hermance, Chairman of the Board,
Chief Executive Officer and Director

Dated: March 11, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ FRANK S. HERMANCE	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2004
Frank S. Hermance		
/s/ JOHN J. MOLINELLI	Executive Vice President - Chief Financial Officer (Principal Financial Officer)	March 11, 2004
John J. Molinelli		
/s/ ROBERT R. MANDOS, JR.	Vice President & Comptroller (Principal Accounting Officer)	March 11, 2004
Robert R. Mandos, Jr.		
/s/ LEWIS G. COLE	Director	March 11, 2004
Lewis G. Cole		
/s/ HELMUT N. FRIEDLAENDER	Director	March 11, 2004
Helmut N. Friedlaender		
/s/ SHELDON S. GORDON	Director	March 11, 2004
Sheldon S. Gordon		
/s/ CHARLES D. KLEIN	Director	March 11, 2004
Charles D. Klein		
/s/ JAMES R. MALONE	Director	March 11, 2004
James R. Malone		
/s/ DAVID P. STEINMANN	Director	March 11, 2004
David P. Steinmann		
/s/ ELIZABETH R. VARET	Director	March 11, 2004
Elizabeth R. Varet		

Index to Exhibits

Item 15(a)3

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
2.1	Amended and Restated Agreement and Plan of Merger and Reorganization, dated as of February 5, 1997, by and among Culligan Water Technologies, Inc. ("Culligan"), Culligan Water Company, Inc. ("Culligan Merger Sub"), AMETEK, Inc. ("AMETEK") and AMETEK Aerospace Products, Inc. ("AMETEK Aerospace"), incorporated by reference to Appendix A to the Joint Proxy Statement/ Prospectus included in Culligan's Registration Statement on Form S-4 (Commission File No. 333-26953).	Exhibit 2 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
2.2	Amended and Restated Contribution and Distribution Agreement, dated as of February 5, 1997, by and between AMETEK and AMETEK Aerospace.	Appendix B to Preliminary Proxy Statement dated May 12, 1997, SEC File No. 1-168.	
2.3	Form of Tax Allocation Agreement among AMETEK, AMETEK Aerospace and Culligan.	Appendix D to Preliminary Proxy Statement dated May 12, 1997, SEC File No. 1-168.	
2.4	Form of Transition Services Agreement by and between Culligan Merger Sub and AMETEK Aerospace.	Appendix B to Preliminary Proxy Statement dated May 12, 1997, SEC File No. 1-168.	
2.5	Form of Indemnification Agreement among AMETEK, Culligan and AMETEK Aerospace.	Appendix B to Preliminary Proxy Statement dated May 12, 1997, SEC File No. 1-168.	
2.6	Form of Trademark Agreement between AMETEK and AMETEK Aerospace.	Appendix B to Preliminary Proxy Statement dated May 12, 1997, SEC File No. 1-168.	
3.1	Amended and Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
3.2	By-laws of the Company as amended to and including November 18, 1998.	Exhibit 3.2 to 1998 Form 10K, SEC File No. 1-12981.	
4.1	Rights Agreement, dated as of June 2, 1997, between the Company and American Stock Transfer & Trust Company.	Exhibit 4.1 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
4.2	Amendment No. 1 to Rights Agreement dated as of May 11, 1999, between AMETEK, Inc. and American Stock Transfer & Trust Company.	Exhibit 4 to Form 10-Q dated March 31, 1999, SEC File No. 1-12981.	
4.3	Indenture, dated as of July 17, 1998, between AMETEK, Inc., as Issuer, and Chase Manhattan Trust Company, National Association, as Trustee relating to the Notes, dated July 17, 1998.	Exhibit 4.1 to Form 10-Q dated June 30, 1998, SEC File No. 1-12981.	

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
4.4	Purchase Agreement between AMETEK, Inc. and Salomon Brothers Inc., BancAmerica Robertson Stephens and BT Alex. Brown Incorporated, as initial purchasers, dated July 14, 1998.	Exhibit 4.3 to Form S-4 dated August 11, 1998, SEC File No. 1-12981.	
10.1	AMETEK, Inc. Retirement Plan for Directors, as amended and restated to October 13, 1997.*	Exhibit 10.8 to 1997 Form 10-K, SEC File No. 1-12981.	
10.2	AMETEK, Inc. Death Benefit Program for Directors, pursuant to which the Company has entered into agreements, restated January 1, 1987, with certain directors and one former director of the Company (the "Directors Program").*	Exhibit(10)(y) to 1987 Form 10-K, SEC File No. 1-168.	
10.3	Amendment No. 1 to the Directors Program.*	Exhibit(10)(z) to 1987 Form 10-K, SEC File No. 1-168.	
10.4	The AMETEK Retirement and Savings Plan, as restated and amended to January 1, 2002 (the "Savings Plan").*		X
10.5	Amendment No. 1 to the Savings Plan.*		X
10.6	Reorganization and Distribution Agreement by and between the Company and Ketema, Inc. (the "Reorganization and Distribution Agreement").	Exhibit(2) to Form 8-K dated November 30, 1988, SEC File No. 1-168.	
10.7	Agreements between the Company and Ketema, Inc. amending certain provisions of the Reorganization and Distribution Agreement.	Exhibit 10.56 to 1991 Form 10-K, SEC File No. 1-168.	
10.8	Benefits Agreement by and between the Company and Ketema, Inc.	Exhibit(10)(ss) to 1988 Form 10-K, SEC File No. 1-168.	
10.9	Tax Agreement by and between the Company and Ketema, Inc.	Exhibit(10)(tt) to 1988 Form 10-K, SEC File No. 1-168.	
10.10	Support Services Agreement by and between the Company and Ketema, Inc.	Exhibit(10)(uu) to 1988 Form 10-K, SEC File No. 1-168.	
10.11	Form of Severance Benefit Agreement between the Company and certain executives of the Company.*	Exhibit(10)(ww) to 1989 Form 10-K, SEC File No. 1-168.	
10.12	Form of Supplemental Retirement Benefit Agreement between the Company and certain executives of the Company, dated as of May 21, 1991.*	Exhibit 10.61 to 1991 Form 10-K, SEC File No. 1-168.	
10.13	Supplemental Senior Executive Death Benefit Plan, effective as of January 1, 1992 (the "Senior Executive Plan").*	Exhibit 10.41 to 1992 Form 10-K, SEC File No. 1-168.	
10.14	Amendment No. 1 to the Senior Executive Plan.*	Exhibit 10.42 to 1992 Form 10-K, SEC File No. 1-168.	
10.15	Senior Executive Split Dollar Death Benefit Plan, dated as of December 15, 1992.*	Exhibit 10.43 to 1992 Form 10-K, SEC File No. 1-168.	

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.16	Credit Agreement dated August 2, 1995, amended and restated as of September 12, 1996, among the Company, Various Lending Institutions, Bank of Montreal, CoreStates Bank, N.A., and PNC Bank, National Association, as Co-Agents, and The Chase Manhattan Bank, N.A., as Administrative Agent (the "Credit Agreement").	Exhibit 4 to Form 10-Q dated September 30, 1996, SEC File No. 1-168.	
10.17	First Amendment and Consent to the Credit Agreement dated as of May 9, 1997.	Exhibit 10.1 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
10.18	Assumption Agreement, dated as of July 31, 1997, among the Company, AMETEK and The Chase Manhattan Bank.	Exhibit 10.2 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
10.19	Second Amendment to the Credit Agreement dated as of December 4, 1997.	Exhibit 10.30 to 1997 Form 10-K, SEC File No. 1-12981.	
10.20	Third Amendment to Credit Agreement, dated as of June 15, 1998.	Exhibit 10 to Form 10-Q dated June 30, 1998, SEC File No. 1-12981.	
10.21	Fourth Amendment and Consent to the Credit Agreement dated as of March 19, 1999.	Exhibit 10 to Form 10-Q dated March 31, 1999, SEC File No. 1-12981.	
10.22	Fifth Amendment and Consent to the Credit Agreement dated as of July 14, 1999.	Exhibit 10.2 to Form 10-Q dated June 30, 1999, SEC File No. 1-12981.	
10.23	Sixth Amendment and Consent to the Credit Agreement dated as of September 22, 2000.	Exhibit 10.35 to 2000 Form 10-K, SEC File No. 1-12981.	
10.24	The 1997 Stock Incentive Plan of AMETEK, Inc. (the "1997 Plan").*	Exhibit 10.31 to 1997 Form 10-K, SEC File No. 1-12981.	
10.25	Amendment No. 1 to the 1997 Plan.*	Exhibit 10.35 to 1999 Form 10-K, SEC File No. 1-12981.	
10.26	Amendment No. 2 to the 1997 Plan.*	Exhibit 10.36 to 1999 Form 10-K, SEC File No. 1-12981.	
10.27	Amendment No. 3 to the 1997 Plan.*	Exhibit 10.2 to Form 10-Q dated March 31, 2000, SEC File No. 1-12981.	
10.28	Amendment No. 4 to the 1997 Plan.*	Exhibit 10.1 to Form 10-Q dated September 30, 2002, SEC File No. 1-12981.	
10.29	1999 Stock Incentive Plan of AMETEK, Inc. (the "1999 Plan").*	Exhibit 4.1 to Form S-8 dated June 11, 1999, SEC File No. 333-80449.	
10.30	Amendment No. 1 to the 1999 Plan.*	Exhibit 4.1 to Form S-8 dated June 11, 1999, SEC File No. 333-80449.	

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.31	Amendment No. 2 to the 1999 Plan.*	Exhibit 10.3 to Form 10-Q dated March 31, 2000, SEC File No. 1-12981.	
10.32	Amendment No. 3 to the 1999 Plan.*	Exhibit 10.1 to Form 10-Q dated June 30, 2002, SEC File No. 1-12981.	
10.33	Amendment No. 4 to the 1999 Plan.*	Exhibit 10.2 to Form 10-Q dated September 30, 2002, SEC File No. 1-12981.	
10.34	2002 Stock Incentive Plan of AMETEK, Inc. (the "2002 Plan").*	Exhibit 10.81 to Form S-8 dated August 12, 2002, SEC File No. 333-97969.	
10.35	Amendment No. 1 to the 2002 Plan.*	Exhibit 10.3 to Form 10-Q dated September 30, 2002, SEC File No. 1-12981.	
10.36	Amendment No. 2 to the 2002 Plan.*		X
10.37	Supplemental Executive Retirement Plan.	Exhibit 10.3 to Form 8-K dated August 7, 1997, SEC File No. 1-12981.	
10.38	Amendment No. 1 to the Supplemental Executive Retirement Plan.	Exhibit 10.40 to 1999 Form 10-K, SEC File No. 1-12981.	
10.39	Amendment No. 2 to the Supplemental Executive Retirement Plan.	Exhibit 10.1 to Form 10-Q dated March 31, 2000, SEC File No. 1-12981.	
10.40	Amendment No. 3 to the Supplemental Executive Retirement Plan.	Exhibit 10.53 to 2002 Form 10-K, SEC File No. 1-12981.	
10.41	Stock Purchase Agreement by and between EG&G Holdings, Inc. and AMETEK, Inc. dated as of December 26, 1997.	Exhibit 10 to Form 8-K dated January 22, 1998, SEC File No. 1-12981.	
10.42	Employees' Retirement Plan of AMETEK, Inc., as restated to January 1, 2002.*	Exhibit 10.2 to Form 10-Q, dated March 31, 2003, SEC File No. 1-12981.	
10.43	Amendment No. 1 to the Retirement Plan.*	Exhibit 10.2 to Form 10-Q, dated September 30, 1999, SEC File No. 1-12981.	
10.44	AMETEK 401(K) Plan for Acquired Businesses, as restated to January 1, 2002.*	Exhibit 10.1 to Form 10-Q dated March 31, 2003, SEC File No. 1-12981.	
10.45	Amendment No. 1 to the AMETEK 401(K) Plan for Acquired Businesses.		X
10.46	Receivables Purchase Agreement dated as of October 1, 1999 among AMETEK, Inc., Rotron Incorporated and AMETEK Receivables Corp.	Exhibit 10.1 to Form 10-Q dated September 30, 1999, SEC File No. 1-12981.	
10.47	First Amendment to the Receivables Purchase Agreement dated as of March 31, 2001.	Exhibit 10.1 to Form 10-Q dated March 31, 2001, SEC File No. 1-12981.	

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.48	Second Amendment to the Receivables Purchase Agreement dated as of June 3, 2002.	Exhibit 10.2 to Form 10-Q dated June 30, 2002, SEC File No. 1-12981.	
10.49	Third Amendment to the Receivables Purchase Agreement dated as of June 28, 2002.	Exhibit 10.3 to Form 10-Q dated June 30, 2002, SEC File No. 1-12981.	
10.50	Receivables Sale Agreement dated as of October 1, 1999 among AMETEK Receivables Corp., AMETEK, Inc., ABN AMRO Bank N.V., and Amsterdam Funding Corporation.	Exhibit 10.2 to Form 10-Q dated September 30, 1999, SEC File No. 1-12981.	
10.51	First Amendment to the Receivables Sale Agreement dated as of September 29, 2000.	Exhibit 10.3 to Form 10-Q dated September 30, 2000, SEC File No. 1-12981.	
10.52	Second Amendment to the Receivables Sale Agreement dated as of October 31, 2000.	Exhibit 10.65 to 2000 Form 10-K, SEC File No. 1-12981.	
10.53	Third Amendment to the Receivables Sale Agreement dated as of November 28, 2000.	Exhibit 10.66 to 2000 Form 10-K, SEC File No. 1-12981.	
10.54	Fourth Amendment to the Receivables Sale Agreement dated as of March 31, 2001.	Exhibit 10.2 to Form 10-Q dated March 31, 2001, SEC File No. 1-12981.	
10.55	Fifth Amendment to the Receivables Sale Agreement dated as of September 28, 2001.	Exhibit 10.72 to 2001 Form 10-K, SEC File No. 1-12981.	
10.56	Sixth Amendment to the Receivables Sale Agreement dated as of November 30, 2001.	Exhibit 10.73 to 2001 Form 10-K, SEC File No. 1-12981.	
10.57	Seventh Amendment to the Receivables Sale Agreement dated as of June 3, 2002.	Exhibit 10.4 to Form 10-Q dated June 30, 2002, SEC File No. 1-12981.	
10.58	Eighth Amendment to the Receivables Sale Agreement dated as of June 28, 2002.	Exhibit 10.5 to Form 10-Q dated June 30, 2002, SEC File No. 1-12981.	
10.59	Ninth Amendment to the Receivables Sale Agreement dated as of November 29, 2002.	Exhibit 10.84 to 2002 Form 10-K, SEC File No. 1-12981.	
10.60	Tenth Amendment to the Receivables Sale Agreement dated as of December 27, 2002.	Exhibit 10.85 to 2002 Form 10-K, SEC File No. 1-12981.	
10.61	Eleventh Amendment to the Receivables Sale Agreement dated as of November 28, 2003.		X
10.62	Twelfth Amendment to the Receivables Sale Agreement dated as of December 23, 2003.		X
10.63	Thirteenth Amendment to the Receivables Sale Agreement dated as of January 6, 2004.		X
10.64	AMETEK, Inc. Deferred Compensation Plan.	Exhibit 10.3 to Form 10-Q dated September 30, 1999, SEC File No. 1-12981.	
10.65	1997 Stock Incentive Plan Restricted Stock Agreement dated December 15, 2000.	Exhibit 10.68 to 2000 Form 10-K, SEC File No. 1-12981.	

Exhibit Number	Description	Incorporated Herein by Reference to	Filed with Electronic Submission
10.66	1999 Stock Incentive Plan Restricted Stock Agreement dated December 15, 2000.	Exhibit 10.69 to 2000 Form 10-K, SEC File No. 1-12981.	
10.67	Termination and Change of Control Agreement between AMETEK, Inc. and a named executive dated December 15, 2000.	Exhibit 10.70 to 2000 Form 10-K, SEC File No. 1-12981.	
10.68	Employment agreement between AMETEK, Inc. and a former executive, dated January 1, 2001.	Exhibit 10.71 to 2000 Form 10-K, SEC File No. 1-12981.	
10.69	Credit Agreement dated as of September 17, 2001, among the Company, Various Lending Institutions, First Union National Bank and PNC Bank N.A., as Syndication Agents, Bankers Trust Company as Document Agent, and The Chase Manhattan Bank, as Administrative Agent.	Exhibit 10.1 to Form 10-Q dated September 30, 2001, SEC File No. 1-12981.	
10.70	First Supplemental Indenture to Credit Agreement dated as of September 17, 2001.	Exhibit 10.80 to 2001 Form 10-K, SEC File No. 1-12981.	
10.71	First Amendment to Credit Agreement dated as of April 23, 2003.	Exhibit 10.1 to Form 10-Q dated June 30, 2003, SEC File No. 1-12981.	
10.72	Second Amendment to Credit Agreement dated as of February 25, 2004.		X
31.1	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X
31.2	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X
32.1	Certification of Chief Executive Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
32.2	Certification of Chief Financial Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
12	Statement regarding computation of ratio of earnings to fixed charges.		X
21	Subsidiaries of the Registrant.		X
23	Consent of Independent Auditors.		X

* Management contract or compensatory plan required to be filed pursuant to Item 601 of Regulation S-K.

THE AMETEK RETIREMENT AND SAVINGS PLAN
Amended and Restated Effective January 1, 2002

THE AMETEK RETIREMENT AND SAVINGS PLAN

AMETEK, Inc. adopted The AMETEK Retirement and Savings Plan (the "Plan") (known prior to January 1, 1998 as The AMETEK Savings and Investment Plan), effective as of October 1, 1984, for the benefit of its eligible employees. The Plan was subsequently amended and restated in its entirety, effective October 1, 1992, effective January 1, 1997, and again, effective January 1, 2001. The document set forth as stated herein is an amendment and restatement of the Plan, generally effective as of January 1, 2002, except as otherwise required by law or provided herein. The Plan has been amended and restated in order to add Catch-up Contributions, to incorporate all prior amendments, and to bring the Plan into compliance with the requirements of applicable law as in effect on the Effective Date of this amendment and restatement.

The provisions of the Plan as set forth in this amendment and restatement supersede prior Plan provisions for all persons in the employment of the Employer or any Affiliate at any time on or after the Effective Date of this amendment and restatement and of all persons claiming through, under or against such persons. The provisions of the Plan as in effect immediately prior to the Effective Date of this amendment and restatement shall govern Participants who ceased to be employed, by retirement or otherwise, prior to the Effective Date of this amendment and restatement and of all persons claiming through, under or against such Participants. The preceding sentence shall not apply to the extent that applying the provisions of the Plan as in effect immediately prior to the Effective Date of this amendment and restatement to such Participants would violate the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or any other applicable law, would result in disqualification of this Plan, or would require inconsistent administrative practices, in which case the provisions of this Plan shall apply.

The provisions of the Plan are subject to a determination by the Internal Revenue Service that the Plan is "qualified" under Section 401(a) of the Internal Revenue Code of 1986, as amended. It is further intended that the Plan also conform to the requirements of Title I of ERISA.

TABLE OF CONTENTS

	PAGE	
ARTICLE I	DEFINITIONS AND CONSTRUCTION.....	1
ARTICLE II	PARTICIPATION.....	1
2.1	Prior Eligibility.....	1
2.2	Eligibility for Other Employees.....	1
2.3	Ineligible Employees.....	1
2.4	Participant Information.....	2
2.5	Employee Acceptance.....	2
ARTICLE III	SERVICE.....	3
3.1	Year of Service.....	3
3.2	Hours of Service.....	3
3.3	Severance From Service Date.....	3
3.4	Absence of Less Than Twelve Months.....	4
3.5	Severance From Service.....	4
ARTICLE IV	CONTRIBUTIONS.....	5
4.1	Deferral Election.....	5
4.2	Employer Deferral, Catch-up Contributions and Matching Contributions.....	6
4.3	Employer Contributions on Behalf of Retirement Participants.....	7
4.4	Reemployment Following a Period of Qualified Military Service.....	8
4.5	Limitation on Contributions.....	9
4.6	Limitation on Contributions on Behalf of Highly Compensated Employees.....	9
4.7	Nondiscrimination Requirements.....	10
4.8	Rollovers and Transfers.....	15
4.9	Non-Forfeitability of Certain Accounts.....	16
ARTICLE V	INDIVIDUAL ACCOUNTS.....	17
5.1	Participant Accounts.....	17
5.2	Valuation of Accounts.....	17
5.3	Employer Contributions Considered Made on Last Day of Plan Year.....	17
5.4	Valuation.....	17
5.5	Limitation on Annual Additions.....	18
5.6	Allocations Do Not Create Rights.....	20
ARTICLE VI	PAYMENT OF BENEFITS.....	21
6.1	Retirement, Death, Disability or Termination of Employment.....	21
6.2	Attainment of 59 1/2.....	22
6.3	Beneficiary Designation.....	22
6.4	Form of Payment.....	23
6.5	Limitations on Commencement or Duration of Benefit Payments.....	25
6.6	Cash-Out of Benefits.....	27
6.7	Qualified Domestic Relations Orders.....	27
ARTICLE VII	LOANS TO PARTICIPANTS AND WITHDRAWALS.....	28
7.1	Loans.....	28
7.2	Hardship Distribution.....	30

TABLE OF CONTENTS
(CONTINUED)

	PAGE
ARTICLE VIII	COMMITTEE AND PLAN ADMINISTRATOR..... 33
8.1	Committee - Authority..... 33
8.2	Appointment..... 33
8.3	Death, Resignation or Removal of Committee Member..... 33
8.4	Written Notice of Appointment, Resignation or Removal..... 33
8.5	Action By Committee..... 33
8.6	Employment of Agents..... 33
8.7	No Committee Member Compensation..... 33
8.8	Committee Powers..... 34
8.9	Claim for Benefits..... 34
8.10	Liability for Contributions..... 36
8.11	Plan Administrator..... 36
8.12	Compensation and Expenses of Plan Administrator..... 36
8.13	Allocation of Duties..... 36
8.14	Participation of Committee Members and Plan Administrator..... 36
8.15	Books and Records..... 36
8.16	Fiduciary Standard..... 37
8.17	Indemnification..... 37
ARTICLE IX	INVESTMENT OF PLAN ASSETS..... 38
9.1	Contributions Held in Trust..... 38
9.2	Investment Funds..... 38
9.3	Investment of Contributions..... 38
9.4	Changes in Investment Elections..... 38
9.5	Insurance Contract..... 39
9.6	Common Stock Fund..... 40
9.7	Appointment of Investment Manager..... 40
ARTICLE X	AMENDMENT, TERMINATION OR TRANSFER OF ASSETS..... 41
10.1	Amendment or Termination..... 41
10.2	Termination of Plan..... 41
10.3	Distribution of Assets..... 41
10.4	Affiliates..... 42
10.5	Amendment to Vesting Schedule..... 42
10.6	Merger of Plan..... 43
ARTICLE XI	TOP HEAVY PLANS..... 44
11.1	Definitions..... 44
11.2	Minimum Contributions..... 47
11.3	Coordination with Defined Benefit Plan..... 48
ARTICLE XII	MISCELLANEOUS..... 49
12.1	No Rights Implied..... 49
12.2	Assignment and Alienation..... 49
12.3	No Diversion of Trust Assets..... 49
12.4	Exclusive Benefit..... 49
12.5	No Employment Contract..... 49

TABLE OF CONTENTS
(CONTINUED)

	PAGE
12.6	Fiduciaries..... 49
12.7	Incapacity..... 50
12.8	Governing Law..... 50

ARTICLE I
DEFINITIONS AND CONSTRUCTION

The following words and phrases shall have the meanings set forth below unless the context clearly indicates otherwise:

1.1 "Accounts" shall mean the Catch-up Contribution Account, the Deferral Account, the Employer Matching Contribution Account, the Retirement Account and the Rollover Contribution Account, or as many Accounts as are applicable, maintained on behalf of a Participant or Retirement Participant in accordance with this Plan.

1.2 "Adjustment Factor" shall mean the cost-of-living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code and as applied to such items and in such manner as the Secretary shall provide.

1.3 "Affiliate" shall mean any corporation that is, along with the Company, a member of a controlled group of corporations (as defined in Section 414(b) of the Code) or any other trade or business (whether or not incorporated) that, along with the Company, is under common control (as defined in Section 414(c) of the Code) or any other trade or business that is a member of an "affiliated service group" (as such term is defined in Section 414(m) of the Code or in regulations under Section 414(o) of the Code) of which the Company is also a member.

1.4 "Alternate Payee" shall mean an "alternate payee" as defined in Section 414(p) of the Code.

1.5 "Average Contribution Percentage" shall mean the average of the Contribution Percentages of a group of Participants.

1.6 "Average Deferral Percentage" shall mean the average of the Deferral Percentages of a group of Participants.

1.7 "Beneficiary" shall mean the person or persons designated by a Participant, Former Participant, Retirement Participant or Former Retirement Participant, in accordance with Section 6.3, as the person or persons entitled to receive upon the death of such Participant, Former Participant, Retirement Participant or Former Retirement Participant any benefit under the provisions of this Plan.

1.8 "Board of Directors" shall mean the Board of Directors of the Company.

1.9 "Catch-up Contribution" shall mean the amount by which a Participant has reduced his Compensation pursuant to a Deferral Election described in Section 4.1(c).

1.10 "Catch-up Contribution Account" shall mean a separate Account maintained for each Participant who has elected to make a Deferral Election under Section 4.1(c), consisting of the amount contributed pursuant to such Deferral Election plus any earnings of the Trust and realized and unrealized gains and losses allocable to such Account, but less any amounts previously distributed to the Participant, Former Participant or Beneficiary for whom the Account is maintained.

1.11 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.12 "Committee" shall mean the Administrative Committee appointed and serving pursuant to Article VIII.

1.13 "Common Stock Fund" shall have the meaning set forth in Section 9.6.

1.14 "Company" shall mean AMETEK, Inc., a Delaware corporation.

1.15 "Compensation" shall mean "compensation" as such term is defined in Treas. Reg. Section 1.415-2(d)(11)(i), excluding reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, welfare benefits, sign-on bonuses, imputed income with respect to split dollar life insurance, severance benefits (paid in any form), and amounts described in Treas. Reg. Section 1.415-2(d)(3) but including amounts contributed to the Plan on behalf of a Participant pursuant to the Participant's Deferral Election under Section 4.1 hereof, amounts otherwise excludible from an Employee's gross income under Section 125 of the Code and, effective for Plan Years beginning on or after January 1, 2001, Section 132(f)(4) of the Code. Notwithstanding the foregoing, effective January 1, 1998, any amounts deducted from an Employee's earnings on a pre-tax basis for group health care coverage because the Employee is unable to certify that he or she has other health care coverage, shall be treated as an amount contributed by the Employer pursuant to a salary reduction agreement under Section 125 of the Code purposes of determining the Employee's Compensation, so long as the Employer does not otherwise request or collect information regarding the Employee's other health coverage as part of the enrollment process for the Employer's health care plan.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the annual Compensation of each Employee taken into account under the Plan shall not exceed the dollar limitation applicable under Section 401(a)(17) of the Code (effective January 1, 2002, \$200,000), adjusted in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12).

Any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the annual compensation limit set forth in this provision.

1.16 "Contribution Percentage" shall mean the ratio of the sum of Employer Matching Contributions and the Employer Incentive Retirement Contributions made on behalf of a Participant or a Retirement Participant for a Plan Year to the Participant's or the Retirement Participant's Compensation for such Plan Year.

1.17 "Deferral" shall mean the amount by which a Participant has reduced his Compensation pursuant to a Deferral Election described in Section 4.1(b).

1.18 "Deferral Account" shall mean a separate Account maintained for each Participant who has elected to make a Deferral Election under Section 4.1(b), consisting of the amount contributed pursuant to such Deferral Election plus any earnings of the Trust and realized and unrealized gains and losses allocable to such Account, but less any amounts previously distributed to the Participant, Former Participant or Beneficiary for whom the Account is maintained.

1.19 "Deferral Election" shall mean an election that a Participant has made to contribute to the Plan pursuant to Section 4.1(b) and/or Section 4.1(c).

1.20 "Deferral Percentage" shall mean the ratio of a Participant's Deferrals for the Plan Year to the Participant's Compensation for such Plan Year.

1.21 "Disability" shall mean a disability of a Participant or a Retirement Participant as determined under the terms of the defined benefit pension plan maintained by the Company or an Affiliate under which the Participant or Retirement Participant participated in immediately prior to his disability. If a Participant or Retirement Participant does not participate in a defined benefit pension plan immediately prior to his disability, Disability shall mean a disability that entitles the Participant or the Retirement Participant to disability benefits from Social Security; provided, however, that the Participant's or the Retirement Participant's disability occurs while he is employed by the Company or an Affiliate.

1.22 "Effective Date" shall mean January 1, 2002. The original Effective Date of the Plan was October 1, 1984.

1.23 "Employee" shall mean any person classified as a regular Employee who is on the payroll of the Employer or an Affiliate and whose wages from the Employer or Affiliate are subject to withholding for United States Federal income tax purposes. Except as otherwise provided in Article II, a person who is not otherwise employed by an Employer or an Affiliate will be deemed to be employed by any such company if he is a Leased Employee with respect to whose services such Employer or Affiliate is the recipient.

Notwithstanding the foregoing, the term "Employee" shall not include any person who is classified as an independent contractor or otherwise as a person who is not treated as an employee for purposes of withholding federal employment taxes, regardless of any contrary governmental or judicial determination relating to such employment status or tax withholding obligation. If a person described in the preceding sentence is subsequently reclassified as, or determined to be, an employee by the Internal Revenue Service, any other governmental agency or authority, or a court, or if an Employer or Affiliated Company is required to reclassify such an individual as an employee as a result of such reclassification or determination (including any reclassification by an Employer or Affiliated Company in settlement of any claim or action relating to such individual's employment status), such person, for purposes of this Plan, shall be deemed an Employee from the later of the actual or the effective date of such reclassification; provided, however that any person who is an Employee solely by reason of this paragraph shall not be eligible to participate in the Plan unless he otherwise meets the eligibility requirements of the Plan.

1.24 "Employer" shall mean the Company and any Affiliate of the Company that adopts this Plan pursuant to Section 10.4 hereof.

1.25 "Employer Contributions" shall mean the contributions made by the Employer pursuant to Section 4.2(b), Section 4.3(a) and 4.3(b).

1.26 "Employer Matching Contribution Account" shall mean a separate Account maintained for each Participant, consisting of the Participant's share of Employer Matching Contributions, plus any earnings of the Trust and any realized or unrealized gains and losses allocable to such Account, but less any amounts previously distributed to the Participant, Former Participant or Beneficiary for whom the Account is maintained.

1.27 "Employer Matching Contribution" shall mean a profit-sharing contribution made to a Participant's Employer Matching Contribution Account pursuant to Section 4.2(b).

1.28 "Employer Incentive Retirement Contribution" shall mean a profit-sharing contribution made to a Retirement Participant's Retirement Account pursuant to Section 4.3(b).

1.29 "Employer Retirement Contribution" shall mean a profit-sharing contribution made to a Retirement Participant's Retirement Account pursuant to Section 4.3(a).

1.30 "Employment Commencement Date" shall mean the date (whether before or after the Effective Date) on which the Employee first performs an Hour of Service as an Employee, except as otherwise provided in Section 3.5 with respect to a One Year Period of Severance.

1.31 "Entry Date" shall mean the first day of January, April, July and October of any Plan Year.

1.32 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.33 "Former Participant" shall mean a person who has ceased to be a Participant but who is entitled to immediate or deferred benefits under this Plan.

1.34 "Former Retirement Participant" shall mean a person who has ceased to be a Retirement Participant but who is entitled to immediate or deferred benefits under this Plan.

1.35 "Highly Compensated Employee" shall mean an Employee of the Company or an Affiliate who performs an Hour of Service and who:

(a) was at any time a Five Percent Owner (within the meaning of Section 11.1(c)) during the Plan Year or the Look-Back Year; or

(b) for the Look-Back Year received Total Compensation in excess of \$90,000 multiplied by the Adjustment Factor.

For purposes of this Section 1.35, the following definitions shall apply:

"Total Compensation" shall mean the Employee's "compensation" as defined in Subsection 5.5(d); and

"Look-Back Year" shall mean the twelve (12) month period immediately preceding the Plan Year.

1.36 "Hour of Service" shall have the meaning defined in Section 3.2.

1.37 "Insurance Contract" shall mean an insurance policy issued to the Trustee for the benefit of a Participant pursuant to Section 9.5.

1.38 "Intern" shall mean a student who is employed by the Company or Affiliate while attending school or during his or her breaks from school or any other individual who is classified as an "intern" in accordance with the Company's or Affiliate's regular employment practices and policies.

1.39 "Investment Funds" shall mean the funds comprising the Trust Fund.

1.40 "Leased Employee" shall mean any person who is not an employee of the recipient and who provides services to the recipient if (a) such services are provided pursuant to an agreement between the recipient and any other person (the 'leasing organization'), (b) such person has performed such services for the recipient (or for the recipient and related persons) on a substantially full-time basis for a period of at least one year, and (c) such services are performed under the primary direction or control by the recipient; provided, however, that if such individuals constitute 20% or less of such non-highly compensated work force of the Company or any Affiliate then the term 'Leased Employee' means only those individuals who are not covered by a plan that meets the following requirements:

(a) such plan is a money purchase pension plan with a nonintegrated employer contribution rate for each participant of at least 10% of compensation;

(b) such plan provides for full and immediate vesting;

(c) each employee of the leasing organization (other than employees who perform substantially all of their services for the leasing organization) immediately participates in such plan.

1.41 "Limitation Year" shall mean the Plan Year.

1.42 "Mandatory Distribution Date" shall have the meaning set forth in Section 6.5(a).

1.43 "Normal Retirement Age" shall mean a Participant's or Former Participant's 65th birthday. For purposes of a Retirement Participant, Normal Retirement Age shall mean the later of a Retirement Participant's 65th birthday or the fifth (5th) anniversary of the Retirement Participant's commencement of participation in the Plan.

1.44 "One Year Period of Severance" shall have the meaning set forth in Section 3.5.

1.45 "Participant" shall mean an Employee who has met the requirements for participation in this Plan, pursuant to the provisions of Article II.

1.46 "Period of Service" shall mean a period of service performed for an Employer by an Employee commencing on the Employee's Employment Commencement Date and ending on his Severance From Service Date.

1.47 "Period of Severance" shall mean the period commencing on an Employee's Severance From Service Date and ending on the date he again performs an Hour of Service for the Employer as an Employee.

1.48 "Plan" shall mean The AMETEK Retirement and Savings Plan (known prior to January 1, 1998 as The AMETEK Savings and Investment Plan), as it is embodied herein and as it may be amended from time to time.

1.49 "Plan Administrator" shall mean the person, group of persons, firm or corporation serving as plan administrator pursuant to Section 8.11.

1.50 "Plan Year" shall mean the twelve (12) consecutive month period commencing January 1st and ending the following December 31st.

1.51 "Qualified Domestic Relations Order" shall mean a judgment, decree or order (including approval of a property settlement agreement) made pursuant to a state domestic relations law (including a community property law) that:

(a) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant or a Retirement Participant (the "Alternate Payee");

(b) creates or recognizes the existence of the Alternate Payee's right to, or assigns to the Alternate Payee the right to receive all or a portion of the benefits payable to a Participant or a Retirement Participant under this Plan;

(c) specifies (i) the name and last known mailing address (if any) of the Participant or the Retirement Participant and each Alternate Payee covered by the order, (ii) the amount or percentage of the Participant's or the Retirement Participant's Plan benefits to be paid to the Alternate Payee, or the manner in which such amount or percentage is to be determined, and (iii) the number of payments or the period to which the order applies and each plan to which the order relates; and

(d) does not require the Plan to (i) provide any type or form of benefit, or any option not otherwise provided under the Plan, (ii) provide increased benefits, or (iii) pay benefits to the Alternate Payee under a prior Qualified Domestic Relations Order. A Qualified Domestic Relations Order may provide that distribution commence on or after the date on which the Participant or Retirement Participant attains, or would have attained the earlier of (i) the date on which the Participant or the Retirement Participant is entitled to a distribution under the Plan or (ii) the date on which the Participant or Retirement Participant attains age fifty (50), regardless of whether the Participant or Retirement Participant has incurred a Severance From Service Date. Notwithstanding the foregoing, a Qualified Domestic Relations Order may provide that distribution commence as soon as administratively practicable following its determination as a Qualified Domestic Relations Order regardless of whether the Participant or Retirement Participant has incurred a Severance From Service Date, if the Order directs (i) that the

payment of the benefits be determined as if the Participant or Retirement Participant had retired on the date on which payment is to begin under such Order, taking into account only the balance standing to the Participant's or Retirement Participant's credit in his Accounts on such date, and (ii) that the payment be made in a form in which such benefits may be paid under the Plan to the Participant or Retirement Participant other than in the form of a joint and survivor annuity with respect to the Alternate Payee and his subsequent spouse.

1.52 "Qualified Military Service" shall mean any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) where the Participant's right to reemployment is protected by law and shall apply to reemployments on or after December 12, 1994. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance Section 414(u) of the Code.

1.53 "Retirement Account" shall mean a separate Account maintained for each Retirement Participant or Former Retirement Participant, consisting of the Employer Retirement Contribution and the Employer Incentive Retirement Contribution made pursuant to Section 4.3 plus any earnings of the Trust and realized or unrealized gains or losses allocable to such Retirement Account, but less any amounts previously distributed to the Retirement Participant, Former Retirement Participant or Beneficiary for whom the Account is maintained.

1.54 "Retirement Participant" shall mean an Employee who has met the requirements set forth in Sections 2.2(b) and 2.3(b).

1.55 "Rollover Contribution" shall mean a contribution that meets the requirements of Section 4.8(b) as modified by Section 4.8(c).

1.56 "Rollover Contribution Account" shall mean a separate Account maintained for each Participant or Retirement Participant who has elected to make a Rollover Contribution pursuant to Section 4.8, consisting of the Rollover Contribution plus any earnings of the Trust and realized or unrealized gains or losses allocable to such Account, but less any amounts previously distributed to the Participant, Former Participant, Retirement Participant, Former Retirement Participant or Beneficiary for whom the Account is maintained.

1.57 "Severance From Service Date" shall have the meaning set forth in Section 3.3.

1.58 "Taxable Wage Base" for a Plan Year with respect to a Retirement Participant shall mean the contribution and benefit base in effect under Section 230 of the Social Security Act on the first day of the Plan Year for which allocations of Employer Contributions are made. The Taxable Wage Base level shall be deemed to be the full amount of such Taxable Wage Base even though (a) a Retirement Participant's Compensation may include less than a full year's Compensation because of either his participation commencing after the first day of the Plan Year or his experiencing a Severance From Service Date prior to the end of the Plan Year or (b) because a Retirement Participant's Compensation for a Plan Year does not exceed the Taxable Wage Base.

1.59 "Temporary Employee" shall mean an individual who is hired by the Company or Affiliate (rather than an agency) for a specific position for a designated length of time that is

normally not more than 24 consecutive months in duration and who is committed to leave the employment of the Company or Affiliate at the conclusion of such period.

1.60 "Trust" shall mean The AMETEK Retirement and Savings Trust, as amended from time to time.

1.61 "Trust Fund" shall mean the assets held by the Trustee for the benefit of the Participants, Retirement Participants, Former Participants, Former Retirement Participants and their Beneficiaries.

1.62 "Trustee" shall mean the trustee or trustees appointed by the Company to hold the assets of the Plan, as provided in Section 9.1 and the Trust, and any successor trustee or trustees as the Company from time to time may designate.

1.63 "Valuation Date" shall mean the last business day of each month, and any other date as determined by the Committee that is nondiscriminatory, that is closer to the event requiring valuation of a Participant's or Retirement Participant's Accounts under the Plan.

1.64 "Year of Service" shall have the meaning set forth in Section 3.1.

Except when otherwise indicated by the context, any masculine terminology used herein also includes the feminine and neuter, and vice versa, and the definition of any term herein in the singular shall also include the plural, and vice versa. The words "hereof," "herein," "hereunder," and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular provision or section. All references to Articles and Sections shall mean and refer to Articles and Sections contained in this Plan, unless otherwise indicated.

In determining time periods within which an event or action is to take place for purposes of the Plan, no fraction of a day shall be considered and any act, the performance of which would fall on a Saturday, Sunday, holiday or other non-business day, may be performed on the next following business day.

It is the intention of the Employer that the Plan be qualified under the provisions of Sections 401(a), 401(k), 401(m), 414(v) and 501(a) of the Code and under ERISA, and all provisions of this Plan shall be construed and interpreted in light of that intention.

The titles and headings of Articles and Sections are intended for convenience of reference only and are not to be considered in construction of the provisions hereof.

ARTICLE II

PARTICIPATION

2.1 Prior Eligibility. Each Employee who, as of December 31, 2001, was a Participant in the Plan, shall continue to be a Participant in the Plan as of January 1, 2002, and for so long as he continues to meet the eligibility requirements for being a Participant.

2.2 Eligibility for Other Employees.

(a) Participant. Any other Employee, who is not an ineligible employee as described in Section 2.3(a), shall become a Participant in the Plan as of the Entry Date that follows his date of hire by at least thirty-one (31) days and is on or after the date on which he first attains age eighteen (18) (age twenty-one (21) prior to January 1, 2001). In order to make a Deferral Election under Section 4.1, and become an active Participant in the Plan, a Participant must signify his acceptance of the Plan in accordance with Section 2.5. Any Employee who is an ineligible employee as described in Section 2.3(a), but who becomes an eligible employee and meets the requirements of the previous sentence, shall become a Participant on the next Entry Date that is at least thirty-one (31) days from his most recent date of hire. An Employee shall remain a Participant as long as he continues to meet the requirements of this Section 2.2(a).

(b) Retirement Participant. Any Employee hired on or after January 1, 1997 or rehired on or after January 1, 1997 following a Severance From Service Date, who (1) is not an ineligible employee as described in Section 2.3(b) and (2) does not have an accrued benefit under any defined benefit plan maintained by the Company or an Affiliate (including an accrued benefit that has been forfeited upon the Employee's severance from service and restored upon his reemployment), shall become a Retirement Participant in the Plan as of the Entry Date that follows his date of hire by at least thirty-one (31) days and is on or after the date on which he first attains age eighteen (18). Any Employee who is an ineligible employee as described in Section 2.3(b), but who becomes an eligible employee and meets the requirements of the previous sentence, shall become a Retirement Participant on the next Entry Date that is at least thirty-one (31) days from his most recent date of hire. An Employee shall remain a Retirement Participant as long as he continues to meet the requirements of this Section 2.2(b). A Retirement Participant shall also be considered a Participant under the terms of the Plan.

2.3 Ineligible Employees.

(a) Participant. Notwithstanding Sections 2.1 or 2.2, an Employee shall not be eligible to be a Participant in this Plan if (i) he is a Leased Employee, unless the participation of such Leased Employee in the Plan is required so that the Plan meets the applicable requirements of Section 414(n)(3) of the Code, (ii) he is eligible to participate in the AMETEK 401(k) Plan for Acquired Businesses, (iii) he is a Temporary Employee or Intern, or (iv) he is an Employee whose terms and conditions of employment are determined pursuant to the terms of a collective bargaining agreement; unless the collective bargaining agreement provides for the inclusion of such Employee in the Plan, in which case the Employee will be eligible to participate in the Plan, pursuant to Section 2.2, on the later of the date specified in the

collective bargaining agreement or the next January 1st that is on or after the date he completes the eligibility requirements set forth in Section 2.2.

(b) Retirement Participant. Notwithstanding Sections 2.1 and 2.2 above, an Employee shall not be eligible to be a Retirement Participant in this Plan if (i) he is a Leased Employee, unless the participation of such Leased Employee in the Plan is required so that the Plan meets the applicable requirements of Section 414(n)(3) of the Code, (ii) he is eligible to participate in the AMETEK 401(k) Plan for Acquired Businesses, (iii) he is an active participant in a defined benefit pension plan sponsored by Company or Affiliate, (iv) he is a Temporary Employee or Intern, or (v) he is an Employee whose terms and conditions of employment are determined pursuant to the terms of a collective bargaining agreement; unless the collective bargaining agreement provides for the inclusion of such Employee in the Plan, in which case the Employee will be eligible to participate in the Plan, pursuant to Section 2.2, on the later of the date specified in the collective bargaining agreement or the next January 1st that is on or after the date he completes the eligibility requirements set forth in Section 2.2.

2.4 Participant Information. The Employer shall from time to time furnish the Committee, the Trustee and the Plan Administrator with relevant information with respect to Employees who are or become eligible for participation in the Plan, Participants, Retirement Participants, Former Participants, Former Retirement Participants and Beneficiaries, including without limitation, information as to their names, compensation, dates of birth, Employment Commencement Dates, Hours of Service, Periods of Service, retirements and deaths or other causes for termination of employment. The Committee, the Trustee and the Plan Administrator may rely upon such information and shall be under no obligation to make inquiry with regard to the accuracy thereof.

2.5 Employee Acceptance. Each Employee who meets the requirements for participation in this Plan shall be so notified in writing by the Plan Administrator. An Employee shall become an active Participant if he signifies his acceptance of the Plan and the benefits hereof by filing with the Committee his written application for participation in the Plan on a form supplied by the Committee and by agreeing to make a Deferral Election pursuant to Section 4.1. If an Employee does not file his application when he is first eligible to make a Deferral Election, such Employee shall become an active Participant as of the Entry Date following or coinciding with the receipt by the Committee of such application, provided he continues to meet the eligibility requirements on such Entry Date. Notwithstanding the foregoing provisions of this Section 2.5, an Employee who is a Retirement Participant shall become an active Participant at the time described in Section 2.2(b).

ARTICLE III

SERVICE

3.1 Year of Service. An Employee shall be credited with a Year of Service for each twelve (12) consecutive month Period of Service beginning with his Employment Commencement Date and anniversaries thereof during which he completes at least one Hour of Service. For purposes of this Plan, any service performed by an Employee for the Company or any Affiliate shall be considered to be service performed by an Employee for an Employer. For any Employee of the Process & Analytical Instruments Division of the Company who was a participant in the AMETEK, Inc. Hourly Employees' Pension Plan and became a Retirement Participant as of September 1, 1997, Year of Service shall mean, solely for purposes of determining such Employee's Employer Retirement Contribution under Section 4.3, Periods of Service beginning on September 1, 1997.

3.2 Hours of Service. An Hour of Service shall mean an hour for which an Employee is directly or indirectly paid, or entitled to payment, by the Employer, for the performance of duties. Hours of Service shall include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer, and such hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made. Hours of Service shall also include each hour for which the Employee is directly or indirectly paid, or entitled to payment, by the Employer for reasons (such as vacation, sickness or temporary disability) other than for the performance of duties during the applicable computation period. Effective for reemployments on or after December 12, 1994, an Employee who is absent by reason of Qualified Military Service and who returns to employment within the time that his reemployment rights are protected by federal law shall be granted credit for each hour during any period of Qualified Military Service that would have constituted part of the Employee's customary work week if he had remained actively employed in the position he held immediately prior to the beginning of the period of Qualified Military Service.

3.3 Severance From Service Date. An Employee's Severance From Service Date shall mean the earlier of:

- (a) the date the Employee quits, retires, is discharged or dies; or
- (b) the later of:
 - (i) the first anniversary of the first date of a period during which the Employee remains continuously absent from service with the Employer, either with or without pay, for any reason other than those set forth in Section 3.3(a) (including, but not limited to, periods of sick leave or temporary layoff); or
 - (ii) the second anniversary of the first date of a period of continuous absence from service with the Employer, for reason of (A) the pregnancy of the Employee, (B) the birth of the Employee's child, (C) the placement of a child with the Employee in connection with the adoption of such child by the Employee or

(D) caring for such child for a period beginning immediately following such birth or placement.

(c) Notwithstanding anything contained in Section 3.3(b) to the contrary, if an Employee is continuously absent from service with the Employer for more than one year for a reason described in Section 3.3(b)(ii), the period between the first and second anniversaries of the Employee's first date of absence shall not be treated as a Year of Service for any purpose under this Plan.

3.4 Absence of Less Than Twelve Months. If a Participant's or a Retirement Participant's service as an Employee is severed pursuant to Section 3.3 but he resumes service as an Employee of the Employer within twelve (12) months of his Severance From Service Date, the intervening Period of Severance shall be deemed to be a Period of Service.

3.5 Severance From Service.

(a) One Year Period of Severance. A One Year Period of Severance shall occur when an Employee or former Employee does not perform an Hour of Service as an Employee within the twelve (12) month period beginning on his Severance From Service Date.

(b) Participation After a One Year Period of Severance. A Participant or a Retirement Participant who incurs a One-Year Period of Severance shall again become a Participant or a Retirement Participant on his new Employment Commencement Date. For this purpose, the new Employment Commencement Date shall be the date following the Participant's or a Retirement Participant's reemployment on which he first performs an Hour of Service for the Employer. Such Employee's Years of Service completed prior to his One Year Period of Severance shall be taken into account to determine the vested percentage of his Retirement Account, whether or not the Employee is again considered a Retirement Participant.

ARTICLE IV
CONTRIBUTIONS

4.1 Deferral Election.

(a) Election. For each Plan Year, a Participant may make a Deferral Election under subsection (b), relating to Deferrals, and/or subsection (c), relating to Catch-up Contributions, pursuant to which the Participant shall direct the Employer to reduce the Participant's Compensation and to contribute to the Plan, on the Participant's behalf, the amount by which the Participant's Compensation has been so reduced.

(b) Amount of Deferral. A Participant may make a Deferral Election in an amount (in multiples of one percent (1%)) equal to (i) in the case of an employee who is not a Highly Compensated Employee, not less than one percent (1%) and not more than 14 percent (14%) (50 percent (50%), effective with respect to Compensation payable on or after the first pay date on or after July 1, 2002) of his Compensation for a payroll period or (ii) in the case of a Highly Compensated Employee, not less than one percent (1%) and not more than ten percent (10%) of his Compensation for a payroll period; provided that the Committee may amend the Plan in accordance with Section 10.1(b) to modify the maximum percentage of Compensation that may be deferred by Highly Compensated Employees under this Section 4.1(b) for any Plan Year. Such contribution shall be made by payroll deduction at the regular payroll period applicable to the Participant, or deducted from any special, non-recurring payment of Compensation made to the Participant.

(c) Amount of Catch-up Contribution. Effective with respect to Compensation payable on or after the first pay date on or after July 1, 2002, a Participant who has attained, or will attain, age 50 prior to the end of the Plan Year may make an additional Deferral Election (in multiples of one percent (1%)) equal to not less than one percent (1%) and not more than 50 percent (50%) of his Compensation, or in any dollar amount specified by the Participant, for any payroll period during the Plan Year; provided, however that (1) Catch-up Contributions shall not be treated as contributed pursuant to this subsection (c) unless the Participant is unable to contribute additional Deferrals for the Plan Year under subsection (b) due to limitations imposed by Sections 4.1(b), 4.2(a), 4.7(a) or 5.5 of the Plan or corresponding provisions of the Code and (2) the amount contributed pursuant to this subsection (c) for any Plan Year and, to the extent required by Treasury regulations, any other elective deferrals contributed on the Participant's behalf pursuant to section 414(v) of the Code for a Plan Year shall not exceed the lesser of (A) \$1,000 (or such other amount as may be applicable under section 414(v) of the Code) or (B) the excess of the Participant's Compensation (as defined in Section 5.5(d)) for the Plan Year over the Deferrals contributed on the Participant's behalf under subsection (b) above for the Plan Year. Catch-up Contributions under this subsection (c) shall not be subject to the limitations described in Sections 4.2, 4.7, and 5.5. Such Catch-up Contribution shall be made by payroll deduction at the regular payroll period applicable to the Participant, or deducted from any special, non-recurring payment of Compensation made to the Participant.

(d) Committee's Approval. A Participant's Deferral Election shall be subject to the approval (or partial approval) of the Committee. The Committee's approval shall not be given:

(i) if the Participant's Deferrals, together with elective deferrals (as defined in Section 402(g) of the Code) under any other plan or arrangement maintained by the Company or an Affiliate, for the Plan Year would exceed the dollar amount as may apply under Section 402(g) of the Code (effective January 1, 2002, \$11,000), multiplied by the Adjustment Factor;

(ii) if the Deferral Election results in prohibited discrimination in favor of an Employee who is a Highly Compensated Employee;

(iii) if the Deferrals, taken together with the Employer Contributions made on behalf of the Participant for the Limitation Year under this Plan and any other defined contribution plan of the Employer or an Affiliate, exceeds 25 percent (25%) (effective January 1, 2002, 100 percent (100%)) of the Participant's "compensation" (as defined in Section 5.5(d) hereof) for the Limitation Year; or

(iv) if the Committee otherwise determines that the election is in excess of the amounts permitted by the Code.

In making its determination, the Committee shall apply the provisions of this Section 4.1(d) and the applicable provisions of the Code and the regulations and rulings promulgated thereunder. If, as a result of subsequent events, a Deferral Election that has been previously approved by the Committee would later result in contributions in excess of the amount permitted under this Section 4.1(d), the Committee may revoke, in whole or in part, its prior approval and may require the Participant to reduce his Deferral Election, in order to prevent such excess.

(e) Correction of Excess Deferral. If a Participant notifies the Plan Administrator by March 1 of any calendar year that his Deferrals under this Plan for the preceding calendar year, when added to his other elective deferrals under any other plan or arrangement (whether or not maintained by the Employer or an Affiliated Company) exceed the limit imposed by Section 402(g) of the Code for such preceding calendar year, the Plan Administrator shall distribute, by April 15 following receipt of notice by the Participant, the amount of Deferrals specified in the Participant's notice, plus income thereon determined in the manner described in Section 4.7(g), or shall recharacterize such excess Deferrals as Catch-up Contributions contributed pursuant to subsection (c) to the extent permitted by Section 414(v) of the Code and the regulations permitted thereunder, and any Employer Matching Contributions related to such excess Deferrals shall be forfeited and used to reduce future Employer Matching Contributions.

4.2 Employer Deferral, Catch-up Contributions and Matching Contributions.

(a) Deferrals and Catch-up Contributions. The Employer shall contribute to the Plan, on behalf of each Participant, the amount by which the Participant has elected to

reduce his Compensation pursuant to his Deferral Election in accordance with Section 4.1. Notwithstanding any other provisions of the Plan to the contrary, the maximum amount that the Employer shall contribute on behalf of any Participant pursuant to such Participant's Deferral Election (excluding Catch-up Contributions contributed pursuant to subsection (c)), together with elective deferrals (as defined in Section 402(g) of the Code) under any other plan or arrangement maintained by the Company or an Affiliate for any Plan Year, shall not exceed the dollar amount as may apply under Section 402(g) of the Code (effective January 1, 2002, \$11,000), multiplied by the Adjustment Factor.

(b) Employer Matching Contributions. The Employer shall contribute on behalf of each Participant who has a Deferral Election in effect during each payroll period, an amount equal to 33 percent (33%) of the amount contributed on behalf of such Participant pursuant to such Participant's Deferral Election (excluding a Deferral Election made under Section 4.1(c)) that does not exceed six percent (6%) of his Compensation for that payroll period. In no event shall the amount contributed, pursuant to this Section 4.2(b), on behalf of any Participant exceed \$1,200 in a Plan Year. The Employer may, in the sole discretion of its Board of Directors, make the Employer Matching Contribution hereunder at any time during the Plan Year, or, following the end of the Plan Year, within the time prescribed by law for filing the Employer's federal income tax return (including extensions thereof) for its taxable year that coincides with, or ends within, such Plan Year. In the event that a Participant receives a distribution of excess Deferrals under Section 4.7 or 5.5 and any Employer Matching Contributions allocated to the Participant by reason of such distributed Deferrals remain in the Participant's Accounts after application of Section 4.7(b) or (c), the Participant shall forfeit such Employer Matching Contributions (plus earnings thereon determined in the manner described in Section 4.7(g)). Employer Matching Contributions forfeited under this Section 4.2(b) shall be used to reduce future Employer Matching Contributions.

(c) Deferral Election - Discontinuance, Variation and Resumption. A Deferral Election, if approved by the Committee, shall continue in effect until changed or revoked by the Participant. A Participant may make, discontinue or change a Deferral Election, effective as of any Entry Date during the Plan Year, by filing a form with the Committee at least thirty (30) days prior to such date indicating his instructions with respect thereto; provided, however, that a Participant may completely discontinue a Deferral Election, effective as of the first day of any month by filing a form with the Committee at least thirty (30) days prior to such date. The Committee may modify or waive the thirty (30) day advance notice requirements of this Section 4.3 if it finds, in its sole discretion, that such modification or waiver is appropriate under the circumstances to further the purposes of this Plan. All changes in a Deferral Election are subject to approval by the Committee in accordance with Section 4.1(d).

4.3 Employer Contributions on Behalf of Retirement Participants. The following contributions shall be made by the Employer, effective January 1, 1997, solely for the benefit of Retirement Participants, regardless of whether the Employer has current or accumulated earnings or profits for the taxable year ending with or within the Plan Year:

(a) Employer Retirement Contributions. For each Plan Year, the Employer shall contribute on behalf of each Retirement Participant a percentage of the Compensation earned during the portion of the Plan Year that the Employee was a Retirement Participant based upon the table set forth below. Contributions shall be made for each payroll period.

Total of Employee's Age Plus Full Years of Service -----	Percentage of Compensation Up to Taxable Wage Base -----	Percentage of Compensation Exceeding Taxable Wage Base -----
Less than 50	3.00%	5.00%
50 or more, but less than 65	4.00%	6.00%
65 or more, but less than 75	5.00%	7.00%
75 or more	6.00%	8.00%

For purposes of this Section 4.3(a), a Retirement Participant's age and full Years of Service shall be the age and full Years of Service, not rounded, of the Retirement Participant on the first day of the Plan Year.

Employer Retirement Contributions forfeited under Section 6.1(b) shall be used to reduce future Employer Retirement Contributions.

(b) Employer Incentive Retirement Contributions. If a Retirement Participant has elected a Deferral Election (excluding a Deferral Election made under Section 4.1 (c)) equal to or greater than 6 percent (6%) of his Compensation during any payroll processing period, the Employer shall contribute on behalf of such Retirement Participant for such payroll processing period an amount equal to 1 percent (1%) of that Retirement Participant's Compensation to such Participant's Retirement Account.

Employer Incentive Retirement Contributions forfeited under Section 6.1(b) shall be used to reduce future Employer Incentive Retirement Contributions.

4.4 Reemployment Following a Period of Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, effective for reemployments on or after December 12, 1994, all contributions with respect to periods of Qualified Military Service shall be provided in a manner consistent section 414(u) of the Code, as follows:

(a) Deferrals and Catch-up Contributions. An Employee who is reemployed following a period of Qualified Military Service shall be permitted to contribute additional Deferrals and Catch-up Contributions under the Plan in an amount equal to the maximum amount of Deferrals and/or Catch-up Contributions that the Employee would have been permitted to make under the Plan during the period of Qualified Military Service if the Employee had continued to be employed during such period and received Compensation equal to:

(i) the Compensation the Employee would have received during such period if the Employee were not in Qualified Military Service, or

(ii) the Employee's average Compensation during the twelve (12) month period immediately preceding the Qualified Military Service, or

(iii) if the Employee was employed less than twelve (12) months prior to the Qualified Military Service, his average Compensation during the period of employment immediately preceding the Qualified Military Service,

or such lesser Deferrals and/or Catch-up Contributions as determined by the Employee. Proper adjustment shall be made to the amount determined under the preceding sentence for any Deferrals and/or Catch-up Contributions actually made during the period of such Qualified Military Service. The additional Deferrals and/or Catch-up Contributions shall be made during the period that begins on the date of the reemployment of the Employee and has the same length as the lesser of (i) the product of three (3) and the period of Qualified Military Service and (ii) five (5) years.

(b) Employer Matching Contributions. The Employer Matching Contribution, with respect to any additional Deferrals, will equal the Employer Matching Contribution that would have been required had such Deferral Election been made during the period of Qualified Military Service.

(c) Employer Retirement Contributions. The Employer shall contribute to the Plan, on behalf of each Retirement Participant who returns from Qualified Military Service, an amount equal to the Employer Retirement Contributions, if any, that would have been required under Section 4.3(a) had such Retirement Participant continued to be employed and received Compensation during the period of Qualified Military Service.

(d) Employer Incentive Retirement Contributions. The Employer Incentive Retirement Contribution, with respect to any additional Deferral Elections, will equal the Employer Incentive Retirement Contribution would have been required had such Deferral Election been made during the period of Qualified Military Service.

(e) Inapplicability of Certain Limitations. If any contributions are made by a Participant or the Employer in accordance with this Section 4.4:

(i) any such contribution shall not be subject to any otherwise applicable limitation contained in, and the Plan shall not be treated as failing to meet the requirements of, Section 4.5 or [Section 7], and shall not be taken into account in applying such limitations to other contributions or benefits under the Plan with respect to the year in which the contribution is made; and

(ii) any such contribution (excluding Catch-up Contributions contributed under Section 4.1(c)) shall be subject to the limitations referred to in Section 4.4(e)(i) with respect to the year to which the contribution relates (in accordance with rules prescribed by the Secretary of the Treasury).

4.5 Limitation on Contributions. Notwithstanding any other provision of the Plan to the contrary, the Employer shall not make any contributions (excluding Catch-up Contributions contributed under Section 4.1(c)) to the Plan pursuant to Section 4.2 or 4.3 on behalf of a Participant if such contributions would exceed the limitations of Section 5.5.

4.6 Limitation on Contributions on Behalf of Highly Compensated Employees. Notwithstanding any other provision of the Plan to the contrary, the Employer shall not make any contributions (excluding Catch-up Contributions contributed under Section 4.1(c)) to the Plan pursuant to Section 4.2 or Section 4.3 on behalf of a Participant who is a Highly Compensated Employee that would exceed the limitations of Section 4.7.

4.7 Nondiscrimination Requirements.

(a) Average Deferral Percentage Test. The Average Deferral Percentage in each Plan Year for all Participants who are Highly Compensated Employees shall not exceed the greater of:

(i) the Average Deferral Percentage for all Participants who are non-Highly Compensated Employees for the preceding Plan Year multiplied by 1.25; or

(ii) the lesser of: (A) the Average Deferral Percentage for all Participants who are non-Highly Compensated Employees for the preceding Plan Year multiplied by two or (B) the Average Deferral Percentage for all Participants who are non-Highly Compensated Employees plus two percentage points.

For purposes of the Average Deferral Percentage test, the Deferral Percentage of any Participant who is a Highly Compensated Employee and is eligible to receive qualified nonelective contributions (within the meaning of Section 401(m)(4)(C) of the Code) or elective deferrals (within the meaning of Section 401(m)(4)(B) of the Code) under two or more plans that are qualified under Section 401(a) and 401(k) of the Code and that are maintained by the Company or an Affiliate shall be determined as if all such contributions and elective deferrals were made under a single plan.

In accordance with Treas. Reg. section 1.401(k)-1(b)(4), an elective contribution will be taken into account under the Average Deferral Percentage test for a Plan Year only if (a) it relates to Compensation that either would have been received by the Participant in the Plan Year (but for the deferral election) or is attributable to services performed by the Participant in the Plan Year and would have been received by the Participant within 2-1/2 months after the close of the Plan Year (but for the deferral election); and (b) it is allocated to the Participant as of a date within that Plan Year, that is, if the allocation is not contingent on participation or performance of services after such date and the elective contribution is paid to the Trust Fund no later than 12 months after the Plan Year to which the contribution relates.

(b) Average Contribution Percentage Test. The Average Contribution Percentage in each Plan Year for all Participants who are Highly Compensated Employees shall not exceed the greater of:

(i) the Average Contribution Percentage for all Participants who are non-Highly Compensated Employees for the preceding Plan Year multiplied by 1.25; or

(ii) the lesser of (A) the Average Contribution Percentage for all Participants who are non-Highly Compensated Employees for the preceding Plan Year multiplied by two or (B) the Average Contribution Percentage for all Participants who are non-Highly Compensated Employees plus two percentage points.

For purposes of the Average Contribution Percentage test, the Contribution Percentage of any Participant who is a Highly Compensated Employee and is eligible to receive matching contributions (within the meaning of Section 401(m)(4)(A) of the Code) under two or more plans that are qualified under Sections 401(a) of the Code and that are maintained by the Company or any Affiliate shall be determined as if all such contributions were made under a single plan.

In accordance with Treas. Reg. section 1.401(m)-1(b)(1) and (4), in calculating the Average Contribution Percentage test for a Plan Year, Employer Matching Contributions is taken into account for a Plan Year only if it is (a) made on account of the Participant's elective contributions for the Plan Year, (b) allocated to the Participant's account as of a date within that year, (c) paid to the Trust Fund by the end of the 12th month following the close of that year.

(c) Aggregate Limit. For any Plan Year beginning before January 1, 2002 in which both the limitations in Sections 4.7(a) and (b) are exceeded, the sum of the Average Deferral Percentage and the Average Contribution Percentage for active Participants who are Highly Compensated Employees (determined after adjustments are made under Subsections 5.7(e)(i) and (ii) for purposes of satisfying the limitations described in Sections 5.7(a) and (b)) shall not exceed the greater of:

(i) the sum of (A) the greater of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants multiplied by 1.25, plus (B) the lesser of (1) two (2) multiplied by the greater of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants, or (2) two percent (2%) plus the greater of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants; or

(ii) the sum of (A) the lesser of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants multiplied by 1.25, plus (B) the lesser of (1) two (2) multiplied by the greater of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants, or (2) two percent (2%) plus the greater of the applicable Average Deferral Percentage or the Average Contribution Percentage for all other active Participants.

The application of this Section 4.7(c) shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

(d) Special Participant Rule. For purposes of Subsection (a), (b) and (c), the term "Participants" includes (1) Employees eligible to participate in the Plan in accordance with Article II whether or not they elected to participate in the Plan or make a Deferral Election, (2) Employees whose eligibility to make elective contributions has been suspended because of an election (other than certain one-time elections) not to participate, a distribution, or a loan, and (3) Employees who cannot defer because of the section 415 limits on annual additions. "Participants" shall not include Employees who are non-Highly Compensated Employees and who have not attained age twenty-one (21) and who have completed less than a Year of Service before the last day of the Plan Year. In accordance with Treas. Reg. section 1.401(k)-

1(a)(4)(iv), the availability of elective contributions does not discriminate in favor of Highly Compensated Employees.

(e) Corrections.

(i) In the event the Plan Administrator determines that the nondiscrimination requirement of Subsection (a) has not been satisfied in a Plan Year after Deferrals have been allocated to Participants' Accounts, the Plan Administrator shall:

(A) determine how much the Average Deferral Percentage for the Highly Compensated Employee with the highest Average Deferral Percentage for the Plan Year would need to be reduced to comply with the limit in Subsection (a) or to cause such Average Deferral Percentage to equal the Average Deferral Percentage of the Highly Compensated Employee with the next highest Average Deferral Percentage, and repeat this process until the Deferral Percentage Test described in Section 4.3(a) would be satisfied;

(B) convert the excess percentage amount determined under (A) into a dollar amount by first multiplying the hypothetical reductions described in (A) by the applicable Highly Compensated Employee's compensation, and then by adding together all such dollar amounts;

(C) reduce the Deferrals of the Highly Compensated Employee or Employees with the greatest dollar amount of Deferrals made on their behalf with respect to the Plan Year by the lesser of (1) the amount by which the dollar amount of the affected Highly Compensated Employee's Deferrals exceeds the dollar amount of the Highly Compensated Employee with the next highest dollar amount of Deferrals, or (2) the amount of the excess dollar amount determined under (B);

(D) repeat this reduction process until the Deferrals of Highly Compensated Employees have been reduced by an amount equal to the excess dollar amount determined under (B); and

(E) direct the Trustee to return the excess Deferrals, as adjusted in accordance with Subsection (g), to the individuals from whose Deferral Account the excess Deferrals were obtained within two and one-half months following the close of the Plan Year, if administratively practicable, but in no event later than the close of the following Plan Year.

The Deferrals of any Highly Compensated Employee that must be reduced pursuant to this Section 4.7(e) shall be reduced (i) first, by distributing Deferrals not taken into account in determining Employer Matching Contributions under Section 4.2(b) and (ii) then, by distributing Deferrals not described in (i), within 12 months of the close of the Plan Year with respect to which the distribution applies. The provisions of

Section 4.2(b) regarding the forfeiture of related Employer Matching Contributions will apply.

Notwithstanding the foregoing, at the election of the Plan Administrator and in accordance with rules uniformly applicable to all affected Participants, the reduction described in this Section may be accomplished, in whole or in part, by recharacterizing excess Deferrals as Deferrals contributed pursuant to Section 4.1(c) to the extent permitted by Section 414(v) of the Code and regulations issued thereunder. Matching Contributions related to Deferrals recharacterized as Deferrals under Section 4.1(c) shall be forfeited.

(ii) In the event the Plan Administrator determines that the nondiscrimination requirement of Subsection (b) has not been satisfied in a Plan Year after Employer Matching Contributions have been allocated to Participants' Accounts, the Plan Administrator shall:

(A) determine how much the Average Contribution Percentage for the Highly Compensated Employee with the highest Average Contribution Percentage for the Plan Year would need to be reduced to comply with the limit in Subsection (b) or to cause such Average Contribution Percentage to equal the Average Contribution Percentage of the Highly Compensated Employee with the next highest Average Contribution Percentage, and repeat this process until the Employer Contribution Percentage Test described in Section 4.3(b) would be satisfied;

(B) convert the excess percentage amount determined under (A) into a dollar amount by first multiplying the hypothetical reductions described in (A) by the applicable Highly Compensated Employee's compensation, and then by adding together all such dollar amounts;

(C) convert the excess percentage amount determined under (A) into a dollar amount;

(D) reduce the Employer Matching Contribution of the Highly Compensated Employee or Employees with the greatest dollar amount of Employer Matching Contributions made on their behalf with respect to the Plan Year by the lesser of (1) the amount by which the dollar amount of the affected Highly Compensated Employee's Employer Matching Contribution exceeds the dollar amount of the Highly Compensated Employee with the next highest dollar amount of Employer Matching Contributions, or (2) the amount of the excess dollar amount determined under (B);

(E) repeat this reduction process until the Employer Matching Contributions of Highly Compensated Employees have been reduced by an amount equal to the excess dollar amount determined under (B); and

(F) direct the Trustee to return the excess Employer Matching Contributions, as adjusted in accordance with Subsection (g), to the individuals from whose Employer Matching Contribution Account the excess Employer Matching Contributions were obtained within two and one-half months following the close of the Plan Year, if administratively practicable, but in no event later than the close of the following Plan Year.

(iii) In the event the Plan Administrator determines that the nondiscrimination requirement of Subsection (c) has not been satisfied in a Plan Year after Deferrals and Employer Matching Contributions have been allocated to Participants' Accounts, the Plan Administrator shall reduce the Average Deferral Percentage and/or the Average Contribution Percentage (as determined under Subsection 4.7(f) below) for the Highly Compensated Employees to the extent required to enable the Plan to satisfy the tests in Subsection (c). The reduction shall be accomplished in the same manner as is set forth in Sections 4.7(a) and 4.7(b), whichever is appropriate.

(f) Corrective Distributions. If the Plan Administrator determines that Deferrals or Employer Matching Contributions in excess of the amount permitted under Subsections (a), (b) or (c) were made to the Plan, then the Plan Administrator will cause the Trustee to make a corrective distribution of any such excess (and income allocable thereto as computed in accordance with Subsection (g)) to the Highly Compensated Employees within twelve (12) months of the close of the Plan Year to which the excess is attributed based on the excess dollar amounts determined under Subsection (e). Such a distribution is not subject to spousal consent.

In the case of a corrective distribution required hereunder because of an excess arising under Subsection (c), reductions shall first be made from the Highly Compensated Employees' Deferrals and then from their Employer Matching Contributions, if necessary.

(g) Income Attributable to Excess Contributions. The income attributable to excess Deferrals or Employer Matching Contributions as determined in accordance with Subsection (e) shall be an amount equal to the sum of:

(i) the earnings or losses allocated to Deferrals or Employer Matching Contributions, as applicable, for the preceding Plan Year multiplied by a fraction the numerator of which is the excess determined in accordance with Subsection (e), as applicable, on behalf of the Participant for the preceding Plan Year and the denominator of which is the portion of the Participant's Account attributable to Deferral Elections or Employer Matching Contributions, as applicable, as of the last day of the preceding Plan Year, reduced by earnings and increased by losses for the preceding Plan Year; plus

(ii) the earnings or losses allocated to Deferrals, or Employer Matching Contributions, as applicable for the period between the end of the preceding Plan Year and the last day of the month preceding the distribution date multiplied by a fraction determined under the method described in clause (i) above.

(h) Coordination Rule. Excess Deferrals determined with respect to a Plan Year that shall be distributed in accordance with Section (f) shall be reduced by any excess deferrals, previously distributed to such Participant for the Participant's taxable year ending with or within such Plan Year.

(i) Compensation - Defined. For purposes of this Section 4.7, Compensation shall mean "compensation" as such term is defined in Treas. Reg. Section 1.415-2(d)(11)(i), plus contributions made at the Participant's election to employee benefit plans but excluded from the Participant's gross income pursuant to Section 125, 401(k), 402(h)(i)(B), 403(b), 408(p) or 457 of the Code, and, for Plan Years beginning on or after January 1, 2001, Section 132(f)(4) of the Code. Notwithstanding the foregoing, effective January 1, 1998, any amounts deducted from a Participant's earnings on a pre-tax basis for group health care coverage because the Participant is unable to certify that he or she has other health care coverage, shall be treated as an amount contributed by the Employer pursuant to a salary reduction agreement under Section 125 of the Code purposes of determining the Participant's Compensation, so long as the Employer does not otherwise request or collect information regarding the Participant's other health coverage as part of the enrollment process for the Employer's health care plan.

4.8 Rollovers and Transfers.

(a) Rollover Contribution - General. Subject to such terms and conditions as the Committee may establish from time to time, a Participant or a Retirement Participant (or an Employee who is not eligible to participate in the Plan solely because he has failed to satisfy the age and service requirements of Section 2.2, and who, for purposes of his Rollover Contribution only, shall be considered a Participant or a Retirement Participant in the Plan) may at any time make a Rollover Contribution to this Plan of all or a portion of the amount payable to the Participant or Retirement Participant (a) as an eligible rollover distribution (as defined under Section 401(a)(31)(C) of the Code) from a qualified plan, or (b) from an individual retirement account or annuity that received a qualifying rollover contribution from a qualified plan; provided that the amount contributed to the Rollover Account shall exclude an amount equal to the Participant's after-tax contributions to the qualified plan. Any payment to the Plan pursuant to this Section 4.8 shall be made as a direct rollover that satisfies Section 401(a)(31) of the Code or shall be made to the Plan within 60 days after the Participant or Retirement Participant's receipt of the distribution from the plan or individual retirement arrangement in such manner as may be approved by the Committee. Notwithstanding the above, if the Committee subsequently determines that any Rollover Contribution previously made to the Plan by a Participant or Retirement Participant is not a valid Rollover Contribution, the Committee shall return to the Participant or the Retirement Participant, as soon as administratively possible, the amount of the invalid Rollover Contribution, together with earnings attributable to the Rollover Contribution.

(b) Rollover Contribution - Defined. A contribution shall qualify as a Rollover Contribution if:

(i) subject to subsection (c) below, it represents an Eligible Rollover Distribution to the Participant or a Retirement Participant under a retirement plan qualified under Section 401(a) of the Code;

(ii) it represents the balance to the credit of the Participant or Retirement Participant in an individual retirement account or annuity (as described in Section 408 of the Code) created solely to receive amounts described in Subsection (i) above, and to which no other contributions were made by the Employee; or

(iii) it represents a direct transfer to the Trustee from an Eligible Retirement Plan described in Subsection (i), above, of all or a portion of the benefit to which the Employee was entitled under such Eligible Retirement Plan.

For purposes of this Section 4.8, but subject to subsection (c) below, "Eligible Rollover Distribution" and "Eligible Retirement Plan" shall have the meanings set forth in Section 6.4(f).

(c) Limitation. A Rollover Contribution shall not include any amount that constituted an employee contribution, whether voluntary or mandatory, made by the Employee to a plan described in Subsection (b)(i).

4.9 Non-Forfeatability of Certain Accounts. A Participant's rights to his Catch-up Contribution Account, his Deferral Account, his Rollover Contribution Account, if any, and, effective January 1, 2001, his Matching Contribution Account shall, at all times, be 100 percent (100%) nonforfeitable. The forfeitability of a Retirement Participant's rights to his Retirement Account shall be determined in accordance with the provisions of Section 6.1(b).

ARTICLE V

INDIVIDUAL ACCOUNTS

5.1 Participant Accounts. The Committee shall maintain a Catch-up Contribution Account, a Deferral Account, an Employer Matching Contribution Account, a Retirement Account and a Rollover Contribution Account, if applicable, in the name of each Participant or Retirement Participant.

5.2 Valuation of Accounts. As of each Valuation Date, the Committee shall:

(a) First, add to each of the Participant's or Retirement Participant's Accounts the Catch-up Contributions, Deferrals and Employer Contributions made during the preceding month that are then allocable to each such Account and subtract all distributions made to Participants or Retirement Participants since the last preceding Valuation Date;

(b) Next, allocate to the Accounts of each Participant, Retirement Participant, Former Participant or Former Retirement Participant who has elected to invest in any Investment Fund, other than in an Insurance Contract each item of income, expense, gain and loss accruing to such Fund among the Accounts of Participants, Retirement Participants, Former Participant or Former Retirement Participant electing to invest, or having an investment, in such Fund in the same proportion to the value, as of the last preceding Valuation Date, that the portion of each such Account so invested bears to the value of the portion of all such Accounts that are invested in such Fund. If any portion of a Participant's, Retirement Participant's, Former Participant or Former Retirement Participant's Account is invested in an Insurance Contract, any item of income, expense, gain or loss attributable to such Insurance Contract shall be allocated to his Account or Accounts that is so invested.

(c) With respect to a Participant or Retirement Participant whose employment with the Employer terminates for any reason during a month, the Committee may (A) value such Participant's or Retirement Participant's Accounts, in accordance with the provisions of this Section 5.2, as of the last day of the month in which such termination occurs, and (B) value the portion of the Participant's or Retirement Participant's Accounts, if any, that is invested in the Common Stock Fund as of the date on which such shares are sold.

5.3 Employer Contributions Considered Made on Last Day of Plan Year. For purposes of this Article V, the Employer Contributions made pursuant to Section 4.2(b), 4.3(a) or 4.3(b) for any Plan Year will be considered to have been made on the last day of that Plan Year. Employer Contributions for any Plan Year will be made no later than the last date on which amounts so paid may be deducted for federal income tax purposes for the taxable year of the Employer in which the Plan Year ends. Each contribution made by the Employer pursuant to the provisions of Article IV is made expressly contingent on its deductibility for federal income tax purposes for the fiscal year with respect to which such contribution is made, and no such contribution will be made for any year to the extent it would exceed the deductible limit for such year as set forth in section 404 of the Code.

5.4 Valuation. The Trustee shall have prepared, on a daily basis, a valuation of each Investment Fund and each Participant's, Retirement Participant's, Former Participant's or

Former Retirement Participant's Accounts, the same to be available to each Participant, Retirement Participant, Former Participant or Former Retirement Participant. Within a reasonable time after the close of each month, the Trustee shall prepare or cause to be prepared a statement of the condition of the Trust Fund, setting forth all investments, receipts, disbursements, and other transactions effected during such month, and showing all the assets of the Trust Fund and the cost and fair market value thereof. The items of information in the statement shall be shown separately for each investment vehicle maintained in the Investment Fund. This statement shall be delivered to the Committee and the Plan Administrator. The Plan Administrator shall then cause to be prepared, and the Trustee shall deliver to each Participant, Retirement Participant, Former Participant or Former Retirement Participant, a quarterly report disclosing the status of his Accounts in the Trust Fund.

5.5 Limitation on Annual Additions.

(a) General. Notwithstanding any other provision of the Plan, the Annual Addition to a Participant's or Retirement Participant's Accounts for any Limitation Year may not exceed an amount equal to the lesser of:

(i) \$30,000 (effective January 1, 2002, \$40,000), adjusted in accordance with section 415(d) of the Code, or

(ii) 25 percent (25%) (effective January 1, 2002, 100 percent (100%)) of the Participant's or Retirement Participant's compensation for the Limitation Year.

(b) For Plan Years beginning prior to January 1, 2000, if an Employee is or was a Participant in any defined benefit plan required to be taken into account for purposes of applying the combined plan limitations contained in Section 415(e) of the Code, then for any Plan Year the sum of the defined benefit plan fraction and the defined contribution plan fraction, as such terms are defined in Section 415(e) of the Code, shall not exceed 1.0. If, for any year the foregoing combined plan limitation would be exceeded, the benefit provided under the defined benefit plan shall be reduced to the extent necessary to meet that limitation.

(c) Annual Additions - Defined. For purposes of this Section 5.5, the term "Annual Addition" means, for each Limitation Year, the sum of:

(i) the portion of the contribution (other than a contribution made pursuant to a Participant's or Retirement Participant's Deferral Election) made by the Employer (or a Related Employer) for such Limitation Year under this Plan and any defined contribution plan; plus

(ii) the amount, if any, contributed on behalf of the Participant pursuant to the Participant's Deferral Election (excluding Catch-up Contributions made under Section 4.1(c)) for such Limitation Year under this Plan or any other defined contribution plan maintained by the Employer or a Related Employer; plus

(iii) the amount of forfeitures, if any, allocated to the Participant's account for such Limitation Year under this Plan or any other defined contribution plan maintained by the Employer or a Related Employer; plus

(iv) the amount, if any, of the Participant's voluntary contributions made under a defined contribution plan maintained by the Employer or a Related Employer for such Limitation Year.

The term "Annual Addition" shall not include any Rollover Contribution or any earnings allocable to any Account thereunder.

(d) Compensation - Defined. Solely for purposes of this Section 5.5, Compensation shall mean "compensation" as such term is defined in Treas. Reg. Section 1.415-2(d)(11)(i), plus contributions made at the Employee's election to employee benefit plans but excluded from the Employee's gross income pursuant to Section 125, 401(k), 402(h)(i)(B), 403(b), 408(p) or 457 of the Code, and, for Plan Years beginning on or after January 1, 2001, Section 132(f)(4) of the Code. Notwithstanding the foregoing, effective January 1, 1998, any amounts deducted from an Employee's earnings on a pre-tax basis for group health care coverage because the Employee is unable to certify that he or she has other health care coverage, shall be treated as an amount contributed by the Employer pursuant to a salary reduction agreement under Section 125 of the Code purposes of determining the Employee's Compensation, so long as the Employer does not otherwise request or collect information regarding the Employee's other health coverage as part of the enrollment process for the Employer's health care plan.

(e) Other Plans. For purposes of applying the limitations of this Section 5.5, all defined benefit plans maintained by the Employer or a Related Employer (whether or not terminated) are to be treated as one defined benefit plan, and all defined contribution plans maintained by the Employer or a Related Employer (whether or not terminated) are to be treated as one defined contribution plan. Any contributions to the Employer's defined benefit plan made by an Employee shall be deemed to be made under a separate defined contribution plan.

(f) Related Employer - Defined. For purposes of this Section 5.5, the term "Related Employer" shall mean any other corporation that is, along with the Employer, a member of a controlled group of corporations (as defined in Section 414(b) of the Code, as modified by Section 415(h) thereof) or any other trades or businesses (whether or not incorporated) that, along with the Employer, are under common control (as defined in Section 414(c) of the Code as modified by Section 415(h) thereof) or any other employer that forms, along with the Employer, an "affiliated service group" (as such term is defined in Section 414(m) of the Code or in regulations under Section 414(o)).

(g) Return of Excess Annual Additions. If a Participant's or Retirement Participant's Annual Addition exceeds the amounts specified above as a result of the reallocation of forfeitures, a reasonable error in estimating the Participant's Compensation, a reasonable error in determining the amount of elective deferrals (within the meaning of Section 402(g) of the Code) that may be made under the limitations of Section 415 of the Code, or such other circumstances as permitted by law:

(i) The Plan shall distribute Deferrals to the Participant or Retirement Participant to the extent an excess exists, together with earning on such excess amounts. The Committee shall make such distribution in a lump sum as soon as administratively possible after the excess is determined. Any such excess Deferrals may instead be recharacterized as Catch-up Contributions contributed pursuant to Section 4.1(c) to the extent permitted by Section 414(v) of the Code and the regulations issued thereunder.

(ii) Employer Matching Contributions and Employer Incentive Retirement Contributions based on the Deferrals above shall be forfeited in the Plan Year in which the Deferrals are distributed. Employer Matching Contributions and Employer Incentive Retirement Contributions are based on distributed Deferrals to the extent that Employer Matching Contributions and Employer Incentive Retirement Contributions would have been reduced if the Participant or Retirement Participant had made Deferrals for the Plan Year equal to undistributed Deferrals.

(iii) Deferrals and Employer Matching Contributions that are distributed or recharacterized under (i) or forfeited under (ii), respectively, above shall not be counted in determining whether the limit in Section 402(g) of the Code has been exceeded or in performing the nondiscrimination tests in Section 4.7 of this Plan.

5.6 Allocations Do Not Create Rights. No Participant or Retirement Participant shall acquire any right to or interest in any specific asset of the Trust Fund merely as a result of the allocations provided for in the Plan.

ARTICLE VI

PAYMENT OF BENEFITS

6.1 Retirement, Death, Disability or Termination of Employment.

(a) Retirement, Death or Disability. A Participant or Retirement Participant shall be 100 percent (100%) vested in his Accounts upon reaching Normal Retirement Age, death, or Disability while employed by the Employer or an Affiliate. If any Participant or Retirement Participant retires (within the meaning of the preceding sentence) or dies, an amount equal to the value of his Accounts shall be payable to the Participant, Former Participant, Retirement Participant, Former Retirement Participant or his Beneficiary, as the case may be, in accordance with the provisions of Section 6.4.

(b) Termination of Employment (Other than Retirement, Death or Disability).

(i) Upon a Participant's termination of employment with the Employer, either voluntarily or involuntarily, prior to his Normal Retirement Age, death or Disability, he shall be entitled to 100 percent (100%) of the value of his Catch-up Contribution Account, his Deferral Account, his Employer Matching Contribution Account, and his Rollover Contribution Account, if any.

(ii) A Retirement Participant shall be entitled to 100 percent (100%) of the value of his Retirement Account if, as of the date of his termination of employment, he has completed five (5) Years of Service (effective January 1, 2002, three (3) Years of Service for Employer Incentive Retirement Contributions made on or after January 1, 2002 and, effective July 1, 2002, three (3) Years of Service for Employer Incentive Retirement Contributions made prior to January 1, 2002). If such Retirement Participant has not completed five (5) Years of Service (or 3 Years of Service, if applicable), he shall forfeit the entire applicable amount outstanding to his credit in his Retirement Account as of the earlier of (i) the date on which he receives a distribution of his Retirement Account or (ii) the date on which he incurs five consecutive One Year Periods of Severance.

(iii) Employer Retirement Contributions or Employer Incentive Retirement Contributions forfeited in any Plan Year pursuant to this Section 6.1(b) shall be applied to reduce future Employer Retirement Contributions or Employer Incentive Retirement Contributions, respectively, made pursuant to Section 4.2(b) or 4.3(b) for such Plan Year.

(c) Separation from Service. Notwithstanding the foregoing, prior to January 1, 2002, in the event a Participant is affected by a sale or other disposition involving an Employer, such Participant's Deferral Election Account may not be distributed before (i) he has experienced a "separation from service" in accordance with the principles set forth in Revenue Ruling 79-336 and subsequent related rulings by the Internal Revenue Service, as determined by the Committee in its sole discretion; (ii) the sale or other disposition by a corporation to an unrelated corporation of substantially all of the assets used in a trade or business (but only if such Participant continues employment with the acquiring corporation, the acquiring corporation

does not maintain the Plan after the disposition and the other applicable requirements of Section 401(k)(10) of the Code are satisfied); or (iii) the sale or other disposition by a corporation of its interest in a subsidiary to an unrelated entity (but only if such Participant continues employment with the subsidiary, the acquiring entity does not maintain the Plan after the disposition and the other applicable requirements of Section 401(k)(10) of the Code are satisfied).

(d) Restoration of Benefits. Any Employer Matching Contributions forfeited prior to January 1, 2001 and any amounts forfeited under subsection 6.1(b)(ii) will be restored if the Former Participant or Former Retirement Participant is reemployed with the Employer or an Affiliate before incurring five (5) consecutive One Year Periods of Severance. Such restored amounts shall be allocated to the Participant's Employer Matching Contribution Account or Retirement Participant's Retirement Account and his vested right to the amount so contributed shall be determined in accordance with Section 6.1(b) based upon his Years of Service completed both prior to and subsequent to his Period of Severance.

6.2 Attainment of 59 1/2. If a Participant attains age 59 1/2 and remains in the service of the Employer, he may elect to have the value of his Catch-up Contribution Account, his Deferral Account, his Employer Matching Contribution Account (determined in accordance with Sections 5.2 and 5.3 and valued as of the Valuation Date coincident with or next succeeding the date of his election or, pursuant to procedures that the Committee may, in its sole discretion, adopt, as of the last day of the month in which he files his election), and his Rollover Contribution Account paid to him (or his Beneficiary in the event of his death) in a lump sum as soon as practicable following the date as of which his Accounts are valued. The Participant (or Beneficiary) may make such an election by filing a written notice with the Committee, on a form acceptable to the Committee. Notwithstanding such withdrawal, the Participant may also elect to continue to participate in the Plan if he otherwise remains eligible.

6.3 Beneficiary Designation. If a Participant, Retirement Participant, Former Participant or Former Retirement Participant has a spouse, his spouse shall be his Beneficiary, unless the Participant, Retirement Participant, Former Participant or Former Retirement Participant designates someone other than his spouse as his Beneficiary (other than as a contingent Beneficiary) and his spouse consents to such designation pursuant to this Section 6.3. If the Participant, Retirement Participant, Former Participant, or Former Retirement Participant does not have a spouse, or if the spouse consents, the Participant, Retirement Participant, Former Participant or Former Retirement Participant shall have the right to designate someone other than his spouse as his Beneficiary. In all events, the Participant, Retirement Participant, Former Participant or Former Retirement Participant shall have the right to designate a contingent Beneficiary. Each such designation shall be in writing, filed with the Committee, and shall be in such form as may be required by the Committee. If a married Participant, Retirement Participant, Former Participant or Former Retirement Participant designates someone other than his spouse as his Beneficiary (other than as a contingent Beneficiary), such Beneficiary designation shall not be effective unless (a) the spouse consents to such Beneficiary designation, in writing, and her consent is witnessed by a Plan representative or notary public, or (b) the Participant, Retirement Participant, Former Participant or Former Retirement Participant demonstrates, to the satisfaction of the Committee, that he is not married or his spouse cannot be located. The Committee shall determine which Beneficiary, if any, shall have been validly designated. If no Beneficiary has been validly

designated, or if the designated Beneficiaries predecease the Participant, Retirement Participant, Former Participant or Former Retirement Participant, then the amount, if any, payable upon the Participant's Retirement Participant's, Former Participant's or Former Retirement Participant's death shall be paid:

(a) to the Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's surviving spouse; or, if there is none,

(b) to the Participant's, the Retirement Participant's, Former Participant's or Former Retirement Participant's children and issue of deceased children, in equal shares, per stirpes; or if there are none,

(c) to the Participant's, the Retirement Participant's the Former Participant's or Former Retirement Participant's parents, in equal shares, or to the survivor thereof; or if there are none,

(d) to the legal representative(s) of the Participant's, the Retirement Participant's, the Former Participant's or the Former Retirement Participant's estate.

6.4 Form of Payment.

(a) Normal Form of Payment. A Participant or a Retirement Participant who has a termination of employment may elect, in writing, in a form satisfactory to the Committee, to receive his benefit under the Plan in one lump sum payment.

(b) Normal or Disability Retirement. A Participant or a Retirement Participant who has a termination of employment on or after his Normal Retirement Age or on account of a Disability shall, as an alternative to the lump sum form of payment, be entitled to receive his benefit under the Plan by payment in equal monthly, quarterly or semi-annual installments over a period not in excess of fifteen (15) years in which event the remaining balance held in the Participant's or Retirement Participant's Accounts shall be held and invested in accordance with Section 9.2 pursuant to the instructions of the Participant or Retirement Participant. Notwithstanding the foregoing, installment payments shall not extend beyond the life expectancy of the Participant or Retirement Participant. Payment shall be made not less often than semi-annually to such Participant or Retirement Participant of the installments as they fall due, plus such earnings as may have been credited on the amount so deposited or invested less an annual administrative fee in an amount determined by the Trustee. In the event of the death of the Participant or the Retirement Participant prior to completion of the designated number of payments, such payments shall be paid to his Beneficiary until the designated number of payments has been completed.

(c) Time of Distribution. Any distribution hereunder shall be made as soon as administratively practicable after the Participant or Retirement Participant returns a completed benefit distribution form to the Plan Administrator; provided, however, that a Participant or Retirement Participant's Accounts must be distributed no later than his Mandatory Distribution Date as determined under Section 6.5. Until benefits are distributed, a Participant's or a Retirement Participant's Accounts shall be held and invested in accordance with Section 9.2 pursuant to the instructions of the Participant or Retirement Participant.

(d) Death of a Participant or Retirement Participant. If a Participant, Former Participant, Retirement Participant or Former Retirement Participant dies prior to the date payment of his benefit begins, the value of his Accounts shall be paid to his Beneficiary as soon as practicable following his death. Benefits shall be paid in a lump sum.

(e) Amount and Form of Payment. The present value of the payments to the Participant or Retirement Participant pursuant to this Section 6.5 must be greater than 50 percent (50%) of the present value of the total payments to be made to the Participant or Retirement Participant and his Beneficiary. Any distribution made pursuant to this Plan shall be made in cash except that if, as of the date the Participant or Retirement Participant terminates his employment, part of his Accounts is invested in the Common Stock Fund or in shares of any other Investment Fund, and if the Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's benefit is to be paid in the form of a lump sum pursuant to this Section 6.4 then the Participant, Retirement Participant, Former Participant or Beneficiary to whom such payment is made may elect to have that portion of the Accounts that is so invested paid in common stock or shares held in each such Fund; provided, however, that cash will be paid in lieu of any fractional shares allocated to the Participant's, or Retirement Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's Accounts.

(f) Direct Rollover. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Subsection, a Distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Participant or Retirement Participant in a Direct Rollover.

For purposes of Subsection (f) of this Section 6.4, the following definitions shall apply:

(i) An "Eligible Rollover Distribution" is any distribution from the Plan, excluding (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) over the life (or life expectancy) of the individual, the joint lives (or joint life expectancies) of the individual and the individual's designated Beneficiary, or a specified period of ten (10) or more years, (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code, (3) any hardship distribution; and

(ii) An "Eligible Retirement Plan" is (1) an individual retirement account described in Section 408(a) of the Code, (2) an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract), (3) an annuity plan described in Section 403(a) of the Code, (4) a qualified plan the terms of which permit the acceptance of rollover distributions, (5) an eligible deferred compensation plan described in Section 457(b) of the Code that is maintained by an eligible employer described in Section 457(e)(i)(A) of the Code that shall separately account for the distribution, or (6) an annuity contract described in Section 403(b) of the Code; provided, however, that (i) the eligible retirement plans described in clauses (3) and (4) shall not apply with respect to a distribution made prior to January 1, 2002 to a Beneficiary who is the surviving spouse of a Participant and (ii) with respect to a distribution (or portion of a distribution) consisting of after-tax employee contributions,

"Eligible Retirement Plan" shall mean a plan described in clause (4) that separately accounts for such amounts or a plan described in clause (1) or (2).

(iii) A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relation Order are Distributees with regard to the interest of the spouse or former spouse.

(iv) A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the distributee.

6.5 Limitations on Commencement or Duration of Benefit Payments.

(a) Commencement of Benefits. The form and timing of all distributions under the Plan shall be in accordance with section 401(a)(9) of the Code and regulations thereunder. Notwithstanding the foregoing, the payment of benefits to each Participant or Former Participant who is a 5% owner of the Employer (as determined under Section 416(i) of the Code) shall commence not later than the April 1st following the calendar year in which he attained age 70 1/2 (his "Mandatory Distribution Date"). Such payment shall be the required minimum distribution described under Section 401(a)(9) of the Code and the regulations thereunder. The payment of benefits to each Participant or Former Participant who is not a 5% owner of the Employer shall commence not later than the April 1st following the later of the calendar year in which the Participant or Former Participant attains age 70 1/2 or the calendar year in which he retires. Such payments shall be made:

(i) in a lump sum on or before such date;

(ii) in annual installments beginning by such date, over the life of such Participant or Former Participant or over the lives of the Participant or Former Participant and his Beneficiary; or

(iii) in annual installments beginning by such date, over a period that may not extend beyond the life expectancy of such Participant or Former Participant and the joint life expectancy of the Participant, Former Participant and his Beneficiary.

Notwithstanding the foregoing, a Retirement Participant who attains age 70 1/2 and who is not a five-percent (5%) owner shall be permitted to elect distribution of his Employer Retirement Contributions or Employer Incentive Retirement Contributions in a lump sum prior to the calendar year in which he has a termination of employment.

(b) Maximum Duration of Death Benefits. If a Participant, Retirement Participant, Former Participant or Former Retirement Participant dies before his entire interest is distributed to him or if a distribution has commenced to his surviving spouse and such surviving spouse dies but before the entire remaining interest is distributed to such surviving spouse, then if any benefit remains payable under this Plan with respect to such deceased Participant, Retirement Participant, Former Participant or Former Retirement Participant, such remaining benefit shall be distributed to his Beneficiary:

(i) within five years after the death of the Participant, Retirement Participant, Former Participant or Former Retirement Participant (or the death of his surviving spouse, as the case may be); or

(ii) over the life of such Beneficiary, or over a period no longer than the life expectancy of such Beneficiary (determined no more frequently than once during a Plan Year, if the Beneficiary is the surviving spouse, or, if not, calculated as of the date payments begin); provided, that if the Beneficiary is the surviving spouse of the deceased Participant, Retirement Participant, Former Participant or Former Retirement Participant, such payments begin on or before the date on which the Participant, Retirement Participant, Former Participant or Former Retirement Participant would have attained age 70 1/2 if he had lived; and, provided further, that if the Beneficiary is not the surviving spouse, such payments begin no later than within one (1) year of the Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's death, or the death of the surviving spouse, if the surviving spouse dies before benefit payments begin, as the case may be.

The provisions of this Subsection (b) shall not apply if distribution of the Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's interest had commenced prior to the death of the Participant, Retirement Participant, the Former Participant or Former Retirement Participant, or his spouse, as the case may be, in accordance with a form of benefit payment that satisfies Subsection (a)(iii) and payment of such interest continues to be made pursuant thereto.

Notwithstanding anything in the Plan to the contrary, the form and timing of all distributions under the Plan will be in accordance with Treasury regulations under section 401(a)(9) of the Code, including the incidental death benefit requirements of section 401(a)(9)(G) of the Code. With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Code in accordance with the Treasury Regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final Treasury Regulations under section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service. With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2003, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Code in accordance with the final Treasury Regulations under section 401(a)(9) that were published on April 17, 2002.

(c) Additional Limitations. Notwithstanding anything to the contrary contained in this Section 6.5, the payment of benefits hereunder to a Participant, Retirement Participant, Former Participant or Former Retirement Participant shall commence not later than the 60th day after the close of the Plan Year in which the latest of the following events occurs:

(i) his attainment of age sixty-five (65);

(ii) the tenth anniversary of the year in which the Participant or Retirement Participant began to participate in the Plan; or

(iii) the termination of the Participant's or Retirement Participant's service with the Employer or an Affiliate; provided, however, that the Participant, Retirement Participant, Former Participant or Former Retirement Participant may elect to defer the commencement of the payment of benefits hereunder until any time prior to the April 1st following the calendar year in which he attains age 70 1/2.

6.6 Cash-Out of Benefits. Notwithstanding anything contained in this Plan to the contrary, if the value of a Participant's, Retirement Participant's, Former Participant's or Former Retirement Participant's Accounts (calculated for distributions made on or after January 1, 2002, by excluding the portion of the Participant's Accounts attributable to his Rollover Contribution Account and rollover contributions made to a plan that was merged with and into the Plan) is \$5,000 or less (\$3,500 prior to January 1, 1999), the Committee shall pay such benefit in a single lump sum as soon as practicable after the retirement, termination, Disability or death of the Participant, Retirement Participant, Former Participant or Former Retirement Participant, and any such distribution to the Participant, Retirement Participant, Former Participant, Former Retirement Participant or his Beneficiary, as the case may be, shall be in complete discharge of the Plan's obligation with respect to such benefit. A Participant who terminated employment prior to being entitled to a nonforfeitable interest in any of his Accounts (including his Catch-up Contribution Account and his Deferral Account), shall be deemed to have received the entire distribution of such Accounts as of his termination of employment.

6.7 Qualified Domestic Relations Orders. If the Plan Administrator has determined that a domestic relations order that pertains to the benefits under this Plan of a Participant, Retirement Participant, Former Participant or Former Retirement Participant is a Qualified Domestic Relations Order, then the amount of benefits otherwise payable under this Plan to such Participant, Retirement Participant, Former Participant or Former Retirement Participant, or his Beneficiary, as the case may be, shall be reduced by the value of any amounts paid or payable pursuant to such Order.

ARTICLE VII

LOANS TO PARTICIPANTS AND WITHDRAWALS

7.1 Loans.

(a) General. The Committee shall be authorized to administer a loan program under the Plan, pursuant to this Section 7.1. A Participant may borrow a portion of his Accounts, not including any balance in his Retirement Account, in accordance with the following procedures, terms and conditions:

(i) In order to borrow any portion of his Accounts, but not including any balance in his Retirement Account, the Participant shall file a written application with the Committee and shall sign a written form, prescribed by the Committee, authorizing the Employer to deduct from such Participant's pay for each month during the term of the loan, amounts determined in accordance with such schedule of repayment as may be determined appropriate by the Committee in order to repay the principal and accrued interest due under the loan. In determining a schedule of repayment of any loan under this Plan, the Committee shall provide for substantially level amortization of such loan (with payments not less frequently than quarterly), over the term of the loan. Loan proceeds shall be distributed to the Participant as soon as administratively practicable following application.

(ii) The aggregate total of all outstanding loans to a Participant under this Plan shall be in an amount specified by the Participant, which amount shall not be less than \$1,000 nor more than 50 percent (50%) of the nonforfeitable value of such Participant's Accounts, but not including any balance in his Retirement Account, determined on the date of the loan application; provided, however, that any loan amount, when added to the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, shall not exceed \$50,000.

(iii) Any loan to a Participant under this Plan shall be made at an interest rate fixed by the Committee, determined as of the date of the loan application. The Committee shall ascertain a reasonable rate of interest each month, with respect to loans granted in the following month, that shall provide the Plan with a return commensurate with, and be determined on the basis of, the interest rates charged by commercial lending institutions for loans that would be made under similar circumstances.

(iv) The aggregate total of all outstanding loans to a Participant under this Plan shall be adequately secured by up to 50 percent (50%) of the non-forfeitable value of the Participant's Accounts, but not including any balance in his Retirement Account. In addition to said value of the Participant's Accounts, the Committee may require the Participant to post additional security if it believes such security is necessary or desirable in order to adequately secure the loan. If, because of a decrease in the value of the Participant's Accounts, but not

including any balance in his Retirement Account, or for any other reason, the Committee believes the loan to be inadequately secured, it shall either require the Participant to post security in addition to the value of such Accounts or demand accelerated repayment of the loan. The types of security that may be required to be posted shall include, but not be limited to, certificates of deposit, stocks, short-term bonds and other short-term securities and their cash equivalents.

(v) Any loan to a Participant under this Plan shall contain such default provisions as may be determined appropriate by the Committee, including the provision that if an event of default occurs and is not cured within thirty (30) days, the unpaid principal and accrued interest due under the loan shall be declared immediately payable in full and may be charged back against the Participant's Accounts as a distribution at the earliest time that the Participant is entitled to receive a distribution under this Plan. A failure to make a scheduled payment, or the filing of an application for a benefit distribution (other than a hardship withdrawal pursuant to Section 7.2) under this Plan, shall constitute events of default.

(vi) If a Participant is absent during a period of Qualified Military Service, repayment shall be waived during such period and, upon the Participant's reemployment by an Employer within the time during which the Participant's right to reemployment is protected by applicable law, the loan payment schedule shall resume with the original maturity date of the promissory note adjusted to reflect the period of Qualified Military Service.

(vii) If a Participant incurs a Disability or is on an approved unpaid leave of absence, the Committee may, in its sole discretion, waive payments for up to one (1) year and re-amortize the loan and establish a new loan payment schedule pursuant to which the loan will be repaid in full by the original maturity date of the Participant's note.

(viii) A loan origination fee, in an amount determined by the Committee annually, will be charged to each Participant obtaining a loan and will be deducted from the loan proceeds.

(ix) For all loans made on or after January 1, 1999, a loan maintenance fee, in an amount determined by the Committee, will be charged to each Participant and will be deducted from such Participant's Accounts for each Plan Year during which such loan is outstanding.

(b) Allocation of Loans. The written instrument evidencing any loan made pursuant to this Section 7.1 shall be held by the Trustee for the benefit of the Participant to whom the loan was made and not for the Trust Fund as a whole, and the Participant's interest in Investment Funds, other than an Insurance Contract or, for loans made prior to July 1, 2002, the Common Stock Fund will be reduced by a like amount, in the same proportion that his interest in each such Investment Fund bears to the amount of the loan.

(c) Aggregation of Loans. For purposes of determining whether the dollar limitations of Section 7.1(a) have been met, the Committee shall take into account the unpaid principal amount of any loan(s) made to the Participant under the provisions of any employee benefit plan to which contributions have been made on his behalf by the Employer or an Affiliate.

(d) Number of Outstanding Loans. A Participant may have up to two (2) outstanding loans from his Accounts at any given time. If a Participant already has an outstanding loan from his Accounts, he may request a second loan, provided that (i) the request is made no sooner than six (6) months after the initial loan request and (ii) the limits described in Subsection (a) are not exceeded by the total of the two loans.

(e) Maximum Term of Loans. The Committee may not permit a Participant to borrow any part of the value of the Participant's Accounts, but not including any balance in his Retirement Account, pursuant to Section 7.1 unless the Participant is required, by the terms of the loan, to repay the amount borrowed within five (5) years of the date of the loan. Notwithstanding the foregoing, if the Participant borrows from his Accounts, but not including any balance in his Retirement Account, under the provisions of this Section 7.1 and the proceeds of such loan will be used by the Participant to acquire any dwelling unit that, within a reasonable period of time, is to be used as a principal residence of the Participant, then the maximum term of the loan need not be restricted to five years and the loan shall be repaid within a reasonable period of time, as fixed by the Committee in the loan papers at the time the loan is made. At the time the loan is made, the Committee shall determine whether a dwelling unit will be used as a principal residence within a reasonable period of time. If the Participant is absent due to Qualified Military Service, loan repayments shall be suspended during such absence and shall resume following the completion of the period of Qualified Military Service. Any such resumed repayments shall be made, following the period of Qualified Military Service, at least as frequently as, and in an amount not less than, the original loan payments. In the event of Qualified Military Service, the terms of the loan may be extended by a period not to exceed the original term of the loan plus the period of Qualified Military Service.

(f) Allocation of Payments. Each payment by the Participant to the Trustee in repayment of any outstanding loan(s) shall be allocated (i) first, to repay any amount that may have been borrowed under the terms of any Insurance Contracts allocated to the Participants Accounts if such loan was originally charged against such Insurance Contracts and (ii) second, to the portion of the Participant's Accounts invested in the Investment Funds in the same proportion as any new contributions on behalf of the Participant would be allocated between the Investment Funds.

(g) Repayment of Loans. A Participant may repay any outstanding principal and accrued interest due under the loan without being charged with any prepayment penalty at any time after the six month period beginning on the date that the loan was made. No penalty will apply to prepayments.

7.2 Hardship Distribution.

(a) General. As of the last day of any month, a Participant shall be entitled to receive a hardship distribution from his Catch-up Contribution Account, his Deferral Account

and his Rollover Contribution Account if he establishes, to the satisfaction of the Committee or as provided in Subsection (b) or Subsection (c), that (i) he has an immediate and heavy financial need and (ii) the distribution is necessary to satisfy such financial need. In no event, however, shall the amount that is distributed to a Participant exceed the lesser of the amount required to meet such financial need, as determined by the Committee, or the balance of the Participant's Deferral Account as of December 31, 1988 plus the balance of his Rollover Contribution Account, the amount of the Participant's Deferrals made after December 31, 1988 and the amount of the Participant's Catch-up Contributions (reduced by any prior distributions of such amounts). The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution. In order to make a withdrawal pursuant to this Section 7.2, the Participant shall file with the Committee a written application, on a form acceptable to the Committee, at least thirty (30) days prior to the date on which the Participant wishes to make a withdrawal, setting forth the reasons for the withdrawal request, the amount he wishes to withdraw and such other information as the Committee may require. In administering the provisions of this Section 7.2, the Committee shall act in a uniform, non-discriminatory manner, and all Participants shall be treated similarly under similar circumstances.

(b) Immediate and Heavy Financial Need. For the purposes of this Section 7.2, a distribution will be deemed to be on account of an immediate and heavy financial need within the meaning of Subsection (a)(i) if it is for:

(i) Medical care expenses (within the meaning of Section 213(d) of the Code) previously incurred by the Participant, the Participant's spouse or the Participant's dependents or prepayment of medical care expenses necessary for such persons to obtain such care;

(ii) Costs directly related to the purchase (excluding mortgage payments) of the Participant's principal residence;

(iii) Payment of tuition, related educational fees, and room and board expenses, for the next 12 months of post-secondary education for the employee, or the employee's spouse, children, or dependents (as defined in Section 152 of the Code); or

(iv) Payments necessary to prevent eviction from, or foreclosure of a mortgage on, the Participant's principal residence.

(c) Distribution Deemed Necessary. For purposes of Subsection (a)(ii), a distribution shall be treated as necessary to satisfy an immediate and heavy financial need of a Participant, if, and only if, the Participant has obtained all distributions (other than hardship distributions) and all nontaxable loans available to him under this Plan (provided that such available loan amount equals or exceeds the financial need) and any other plan maintained by the Company or any Affiliate. Notwithstanding the preceding sentence, a Participant may satisfy Subsection (a)(ii), without obtaining all nontaxable loans available to him under the Plan, by demonstrating to the Committee that he lacks other resources that are reasonably available to satisfy his heavy and immediate financial need, provided, that the Committee determines that

requiring the Participant to obtain a loan under the Plan would impair the Participant's ability to obtain additional funds from other sources that are necessary to satisfy the same financial need, or in and of itself impose an additional hardship on the Participant.

(d) Suspension and Limitation of Deferral Elections. A Participant who receives a hardship distribution pursuant to this Section 7.2 shall have his Deferral Elections suspended for a one year period (or, with respect to withdrawals made on or after January 1, 2002, a six month period) commencing on the date of receipt of the hardship distribution, and, for hardship withdrawals made prior to January 1, 2001, the Participant's Deferral Election for the Plan Year following the Plan Year of the hardship distribution shall be limited to the amount described in Section 402(g) of the Code as in effect for such following year, reduced by the amount of the Participant's Deferral Elections made for the Plan Year of the hardship distribution prior to the beginning of the one year suspension.

(e) Members of Reserve Units. A Participant, who is a member of a reserve unit of the armed forces of the United States that is called to active duty, shall not be subject to the loan requirements deemed necessary to meet the requirements of Subsection (c) in order to receive a hardship distribution from the Plan.

ARTICLE VIII

COMMITTEE AND PLAN ADMINISTRATOR

8.1 Committee - Authority. The Administrative Committee (the "Committee") shall have the authority to control and manage the operation and administration of this Plan (other than the authority to manage and control the assets of the Plan), except to the extent such powers have been allocated to the Trustee or a Plan Administrator, or delegated to any other person pursuant to the Plan or the Trust. The Committee and the Plan Administrator shall be "named fiduciaries" within the meaning of Section 402 of ERISA.

8.2 Appointment. The Committee shall consist of at least 3 persons, all of whom shall be appointed by the Board of Directors, to serve at its pleasure. The members may, but need not be, officers or directors of the Company. If, at any time, there shall be fewer than 3 members, the Board of Directors shall appoint one or more new members so that there are at least 3 members. The appointment of a Committee member shall become effective upon delivery of his acceptance in writing of such appointment to the Company and to each other Committee member, if any, then acting under this Plan.

8.3 Death, Resignation or Removal of Committee Member. A Committee member shall cease to be such upon his death, resignation, removal by the Board of Directors or being declared legally incompetent. Any Committee member may resign by notice in writing mailed or delivered to the Company and to the remaining member or members. Any one or all of the Committee members may be removed by the Board of Directors by delivery to the affected member or members, with copies to the other members then acting, of an instrument executed by the Company evidencing the action taken by the Board of Directors to remove such member or members.

8.4 Written Notice of Appointment, Resignation or Removal. A copy of any instrument evidencing the acceptance of appointment, resignation or removal of a Committee member shall be filed with the records of this Plan and shall be deemed a part of this Plan.

8.5 Action By Committee. Any and all acts may be taken and decisions may be made hereunder by a majority of the Committee members then acting. The Committee may make any decision or take any action at a meeting duly called and held, or by written documents signed by the minimum number of Committee members empowered to take action or make decisions at that time, as hereinabove provided. The members may delegate to each or any of their number authority to perform ministerial acts or to sign documents on behalf of the Committee, and a document so signed shall be conclusively presumed to be the action of the Committee.

8.6 Employment of Agents. The Committee may enlist the services of such agents, representatives and advisers as they may deem advisable to assist them in the performance of their duties under this Plan, including, but not by way of limitation, custodial agents for the Trust Fund and attorneys and accountants.

8.7 No Committee Member Compensation. The Committee members shall serve without compensation, as such, but the reasonable expenses incurred by the Committee,

including reasonable fees and expenses of custodial agents, attorneys, accountants and other advisers, shall be paid from the Trust Fund; provided, however, that the Company may, in its own discretion, pay all or part of such expenses.

8.8 Committee Powers. The Committee shall have the specific powers elsewhere herein granted to it and shall have such other powers as may be necessary in order to enable it to discharge its responsibilities with respect to this Plan, including, but not by way of limitation, the sole discretionary authority to do the following:

(a) To interpret and construe this Plan and to determine all questions arising under this Plan, other than those specifically reserved elsewhere herein for determination by the Company or the Plan Administrator, and to correct any defect or supply any omission or reconcile any inconsistency in this Plan in such manner and to such extent as they shall deem expedient to effectuate the purposes and intent of this Plan;

(b) To determine all questions of eligibility and status and rights of Participants, Retirement Participants and others under this Plan, either directly or on appeal. The Committee shall have the exclusive discretionary authority to determine eligibility for benefits under the Plan, to construe the terms of the Plan, to make factual determinations and to determine any question that may arise in connection with the operation or the administration of the Plan. The actions and the decisions of the Committee shall be conclusive and binding upon the Employer and any and all Participants, Retirement Participants, Former Participants, Former Retirement Participants, spouses, Beneficiaries, Alternate Payees and their respective heirs, distributees, executors, administrators, or assignees; subject, however, to the right of Participants, Former Participants, Retirement Participants, Former Retirement Participants spouses, Beneficiaries, Alternate Payees and their respective heirs, distributees, executors, administrators, or assignees to file a written claim under the claims procedure as set forth in Section 8.9;

(c) To authorize and make, or cause to be made, payment of all benefits and expenses that become payable under this Plan;

(d) To adopt and to amend from time to time such by-laws and rules and regulations as they shall deem necessary for the administration of this Plan, which are not inconsistent with the terms and provisions of this Plan; and

(e) To establish reasonable procedures to determine whether a domestic relations order is a Qualified Domestic Relations Order and for payments to be made pursuant to such Order. Any payment made by the Committee pursuant to a Qualified Domestic Relations Order shall reduce, by a like amount, the amount otherwise payable under the Plan to the Participant, Retirement Participant, Former Participant or Former Retirement Participant to whom such Order relates or his Beneficiary, as the case may be.

8.9 Claim for Benefits. A Participant, Former Participant, Alternate Payee or Beneficiary ("Claimant") shall file a claim for benefits with the Committee at the time and in the manner prescribed by it. The Committee shall provide adequate notice in writing to any Claimant whose claim for benefits under the Plan has been denied. Such notice must be sent within 90 days of the date the claim is received by the Committee, unless special circumstances

warrant an extension of time for processing the claim. Such extension shall not exceed 90 days and no extension shall be allowed unless, within the initial 90 day period, the Claimant is sent a notice of extension indicating the special circumstances requiring the extension and specifying a date by which the Committee expects to render its final decision. The Committee's notice of denial to the Claimant shall set forth:

(a) The specific reason or reasons for the denial;

(b) Specific references to pertinent Plan provisions on which the Committee based its denial;

(c) A description of any additional material and information needed for the Claimant to perfect his claim and an explanation of why the material or information is needed;

(d) A statement that the Claimant may:

(i) Request a review upon written application to the Committee;

(ii) Review pertinent Plan documents; and

(iii) Submit issues and comments in writing;

(e) The name and address of the Committee's delegate to whom the Claimant may forward his appeal; and

(f) The procedure for the appeal of such denial and the time limits applicable for such procedure, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on appeal.

The Committee's notice must further advise the Claimant that his failure to appeal the action to the Committee in writing within the 60-day period will render the Committee's determination final, binding, and conclusive. Any appeal that the Claimant wishes to make from the adverse determination must be made, in writing, to the Committee, within 60 days after receipt of the Committee's notice of denial of benefits. The Claimant or the Claimant's authorized representative may examine the Plan and obtain, upon request and without charge, copies of all information relevant to the Claimant's appeal. If the Claimant should appeal to the Committee, he or his duly authorized representative may submit, in writing, whatever issues and comments he or his duly authorized representative feel are pertinent. The Committee shall re-examine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances. The Committee shall advise the Claimant, in writing, of its decision on his appeal. Such communication shall be written in a manner calculated to be understood by the Claimant and shall include the specific reasons for the decision, specific references to the Plan provisions on which the decision is based, the Claimant's rights to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits, and the Claimant's right to bring a civil action under Section 502(a) of ERISA. The notice of the decision shall be given within 60 days of the Claimant's written request for review, unless special circumstances (such as a hearing) would make the rendering of a decision within the 60-day period unfeasible, but in no event shall the Committee render a decision on an appeal

from the denial of a claim for benefits later than 120 days after receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the date the extension period commences.

8.10 Liability for Contributions. The Committee shall not be responsible for the determination or collection of any contributions that may be or become payable under this Plan.

8.11 Plan Administrator. The Board of Directors may designate in writing the Committee, or a person, who may but need not be a Committee member, or a corporation that may but need not be the Company, to act as the Plan Administrator hereunder. The appointment of a Plan Administrator shall be effective upon delivery of written acceptance of such appointment to the Company and the Committee. The Board of Directors may from time to time revoke such designation by notice in writing mailed or delivered to the Plan Administrator, and the Plan Administrator may resign by notice in writing mailed or delivered to the Company. Any designation, acceptance, resignation or removal of the Plan Administrator shall be deemed a part of this Plan. The Company shall be the Plan Administrator unless a Plan Administrator has been appointed pursuant to this Section 8.11. The Plan Administrator shall have those responsibilities assigned to the "plan administrator" by ERISA, the Code, any other applicable law, any regulations issued pursuant to any of the foregoing, and the provisions of this Plan.

8.12 Compensation and Expenses of Plan Administrator. Unless the Plan Administrator is a firm or corporation, the Plan Administrator shall serve without compensation; provided, however, that the reasonable expenses incurred by the Plan Administrator hereunder shall be paid from the Trust Fund except to the extent that the Company, in its own discretion, pays all or part of such expenses. If the Plan Administrator is a firm or corporation, its compensation shall be determined by written agreement between it and the Company and shall be paid from the Trust Fund unless the Company, in its own discretion, pays all or part of such compensation. If the Company is the Plan Administrator, it shall serve without compensation and shall bear its own expenses.

8.13 Allocation of Duties. The Committee and the Plan Administrator may further allocate their fiduciary responsibilities with respect to this Plan among themselves, and may designate one or more other persons, firms or corporations to carry out such fiduciary responsibilities under this Plan. Any allocation or designation pursuant to this Section 8.13 shall be in writing and shall constitute a part of this Plan.

8.14 Participation of Committee Members and Plan Administrator. Nothing contained in this Plan shall preclude a Committee member or Plan Administrator from becoming a Participant or a Retirement Participant in this Plan, if he be otherwise eligible, but he shall not be entitled to vote or to act upon or to sign any document relating to his own participation in this Plan.

8.15 Books and Records. The Committee shall maintain appropriate records of all actions taken. The Committee and the Plan Administrator shall submit, make available or deliver on request to governmental agencies or instrumentalities, the Company and other Employers, Participants, Former Participants, Retirement Participants, Former Retirement

Participants, Beneficiaries and other persons entitled thereto, such reports, documents or records as may be required by law, or as they may otherwise deem appropriate. The Company may, at any time, inspect the records of the Committee and the Plan Administrator.

8.16 Fiduciary Standard. The Committee and the Plan Administrator shall exercise their powers in accordance with rules applicable alike to all similar cases, and they shall discharge all their powers and duties hereunder in accordance with the terms of this Plan, solely in the interests of Participants, Retirement Participants, Former Participants, Former Retirement Participants and Beneficiaries, and for the exclusive purpose of providing benefits to such persons, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

8.17 Indemnification. To the extent permitted by law, the Company shall indemnify and save each Committee Member, each former Committee Member, the Plan Administrator and each former Plan Administrator if, while serving as such, he is or was an Employee (each such person being herein called an "Indemnitee"), and their respective heirs and legal representatives, harmless from and against any loss, cost or expense including reasonable attorney's fees (collectively, "liability") that any such person may incur individually, jointly, or jointly and severally, arising out of or in connection with the administration of this Plan, including, without limitation of the foregoing, any liability that may arise out of or in connection with the management and control of the Trust Fund, unless such liability is determined to be due to willful breach of the Indemnitee's responsibilities under this Plan, under ERISA, or other applicable law.

ARTICLE IX

INVESTMENT OF PLAN ASSETS

9.1 Contributions Held in Trust. All contributions under this Plan shall be paid to the Trustee. The Trustee shall have the exclusive authority and discretion to accept such sums of money and such other property as shall from time to time be paid or delivered to it pursuant to this Plan and, except to the extent provided in Sections 9.2 and 9.3, to hold, invest, reinvest and distribute the Trust Fund in accordance with the provisions of this Plan and the Trust.

9.2 Investment Funds. The Trust Fund shall consist of separate Investment Funds selected by the Committee. The Committee may, in its discretion, establish additional funds and may terminate any fund from time to time. The Investment Funds may include, but shall not be limited to, collective or commingled trust funds maintained by the Trustee or another bank or trust company acceptable to the Trustee or investment companies regulated under the Investment Company Act of 1940. The Investment Funds may, in whole or in part, be invested in any common, collective, or commingled trust fund maintained by the Trustee or another bank or trust company acceptable to the Trustee, that is invested principally in property of the kind specified for that particular Investment Fund and that is maintained for the investment of the assets of plans and trusts that are qualified under the provision of Section 401(a) of the Code and exempt from Federal taxation under provisions of Section 501(a) of the Code, and during such period of time as an investment through any such medium exists the declaration of trust of such trust shall constitute a part of the Trust. The Plan is intended to be a plan described in Section 404(c) of ERISA and Title 29 of the Code of Federal Regulations Section 2550.404c-1.

9.3 Investment of Contributions. Each Participant, Retirement Participant, Former Participant or Former Retirement Participant shall direct that his contributions be paid into and invested, in whole percentages, in any one or more of the Investment Funds, provided that the sum of such percentages does not exceed 100 percent (100%). In the event that a Participant or Retirement Participant elected prior to July 1, 1987 to invest part of his contributions in an Insurance Contract, the amount to be invested in accordance with the preceding sentence shall first be reduced by the dollar amount of his contributions to the Insurance Contract. Notwithstanding the foregoing, a Participant or Retirement Participant may not elect to have more than 25 percent (25%) of any future contributions made to the Plan on his behalf, which are not invested in Insurance Contracts, invested in the Common Stock Fund. At the time the Participant or Retirement Participant elects to make contributions to the Plan, he shall file an election with the Committee specifying the investment vehicle or vehicles in which his contributions will be invested.

9.4 Changes in Investment Elections. A Participant, Retirement Participant, Former Participant or Former Retirement Participant who has elected to have all or part of his Accounts invested in any vehicle maintained in the Investment Fund, other than an Insurance Contract, can change his election on a daily basis and elect to have his Accounts or any future contributions made to the Plan on his behalf that are not invested in an Insurance Contract, invested in any of the available Investment Funds, with such investment changes to be completed as soon as administratively practicable following the request. Notwithstanding the foregoing, a Participant or Retirement Participant may not elect to have amounts transferred from any Investment Fund to the AMETEK Common Stock Fund in an amount that would cause

the value of his Accounts allocated to the AMETEK Common Stock Fund to exceed 25 percent (25%) of the value of his Accounts allocated to all of the Investment Funds (except for those amounts that are invested in an Insurance Contract.) A Participant or Retirement Participant may elect to change the portion of each Account invested in an Insurance Contract and have such amounts invested in either of the investment vehicles maintained in the Investment Fund, within the limits specified in this Section 9.4, only at the times and to the extent permitted in the Insurance Contract. If a Participant does not elect to have all or part of his Accounts invested in an Insurance Contract at the time he becomes a Participant in the Plan, he may subsequently elect to have all or part of his Accounts invested in an Insurance Contract, but only if the insured party satisfies the insurance carrier's requirements for coverage. Whenever amounts have to be transferred because of a change in the Participant's election, the Trustee or the Investment Manager, as the case may be, shall make such transfer as soon as is practicable. Notwithstanding any other provision of the Plan, a Participant may not make an initial election on or after July 1, 1987 to have any part of his Accounts invested in an Insurance Contract. If any Employee makes a Rollover Contribution to the Plan of the distribution of his benefit under the AMETEK, Inc. Employee Stock Ownership Plan in connection with the termination and liquidation thereof, then, notwithstanding any other provision of this Section 9.4, the 25 percent (25%) limitations applicable to contributions and allocations of amounts to be invested in the Common Stock Fund shall be waived to such extent as may be necessary to enable the entire amount of any such Rollover Contribution to be invested in, and remain allocable to, the Common Stock Fund.

9.5 Insurance Contract. At the time he elects to participate in the Plan, the Participant may elect to have all or part of each of his Accounts invested in one or more Insurance Contracts, including, but not limited to, universal life insurance policies issued by a licensed insurance carrier. The premiums for such Insurance Contracts shall be paid from the amounts then allocated to the Participant's Accounts, as designated by the Participant, from future contributions made on behalf of the Participant and from any amounts paid with respect to the Insurance Contract. In the event that such amounts are insufficient to pay any premiums due on the Insurance Contract, the Committee shall notify the Participant and the Insurance Contract shall be surrendered to the insurance company and the proceeds shall be invested in either the Fixed Income Fund, the Equity Fund or the Common Stock Fund as the Participant so elects within the limitations specified in this Section 9.5, after being notified by the Committee that the Insurance Contract has been surrendered. Alternatively, the Participant may elect to have the Trustee pay the premiums on such Insurance Contract from the portion of the Participant's Accounts invested in the Fixed Income Fund or the Equity Fund or the Common Stock Fund.

Notwithstanding the preceding, in the case of each Participant, (i) the aggregate premiums paid for term life insurance under any Insurance Contract may not exceed 25 percent (25%), nor may the aggregate premiums paid for whole life insurance under any Insurance Contract exceed 50 percent (50%) of the aggregate contributions allocated to the Participant's Catch-up Contribution Account, his Deferral Account and his Employer Matching Contribution Account plus the amounts allocated to his Rollover Contribution Account, if any, at any particular time; and (ii) the Trustee, either on or before the Participant's termination of employment with the Employer, shall either convert the entire value of an Insurance Contract into cash or an annuity or distribute the Insurance Contract to the Participant, provided such contract is nontransferable.

9.6 Common Stock Fund. The Trustee shall invest and reinvest the assets of the Common Stock Fund in the common stock of the Company, par value \$1.00 (the "Common Stock"). Any dividends paid with respect to the Common Stock shall be reinvested in additional shares. Shares of Common Stock may be acquired from the Company, from other shareholders or on the open market; provided, however, that in no event shall the Trustee pay more than fair market value for the Common Stock. Notwithstanding any provision of the Plan or the Trust to the contrary, on all corporate matters requiring shareholder approval, each Participant, Former Participant, Retirement Participant or Former Retirement Participant who has elected to invest part of his Accounts in the Common Stock Fund shall have the right to direct the Trustee how to vote any Common Stock allocated to his Accounts. Prior to the holding of any special or annual meeting of the Company's shareholders, the Committee shall distribute to each Participant, Former Participant, Retirement Participant or Former Retirement Participant all proxy materials and a proxy form of ballot on which the Participant, Former Participant, Retirement Participant or Former Retirement Participant can direct the Trustee as to the voting of shares of Common Stock allocated to his Accounts. Any and all fractional shares of Common Stock allocated to the Participant's, Former Participant's, Retirement Participant's or Former Retirement Participant's Accounts shall be combined with other fractional shares of other Participants, Former Participants, Retirement Participants or Former Retirement Participants and shall be voted, to the extent possible, to reflect the direction of Participants, Former Participants, Retirement Participants or Former Retirement Participants holding such fractional shares. Shares of Common Stock for which no instructions are received shall be voted, for or against, by the Trustee in the same proportion as the shares for which the Trustee has received instructions from the Participant, Former Participant, Retirement Participant or Former Retirement Participant.

9.7 Appointment of Investment Manager. The Board of Directors may, from time to time, appoint one or more Investment Managers to manage, invest and reinvest the Trust Fund, or such part or parts of the Trust Fund as is specified in such appointment. Any appointment made pursuant to this Section 9.7 may be revoked or modified by the Board of Directors at any time and a new appointment made hereunder.

ARTICLE X

AMENDMENT, TERMINATION OR TRANSFER OF ASSETS

10.1 Amendment or Termination. The Board of Directors, at a regular meeting or by unanimous written consent, may amend, terminate or suspend this Plan at any time or from time to time by an instrument in writing duly executed in the name of the Company and delivered to the Committee; provided, however, that

(a) No amendment shall provide for the use of the assets of this Plan or any part thereof other than for the exclusive benefit of Participants, Retirement Participants, Former Participants, Former Retirement Participants and Beneficiaries;

(b) The Committee may amend the Plan, without action or approval by the Board of Directors, to modify the maximum percentage of Compensation that may be deferred by Highly Compensated Employees under Section 4.1(b);

(c) No amendment shall deprive any Participant, Former Participant, Retirement Participant, Former Retirement Participant or Beneficiary of any of the benefits that are vested in him or to which he is entitled under this Plan by reason of the prior Years of Service, death, Disability or termination of employment of such Participant, Retirement Participant, Former Participant or Former Retirement Participant; and

(d) Without limiting the generality of the foregoing and notwithstanding anything to the contrary in this Plan contained, this Plan may be amended at any time and from time to time in any respect so as to qualify this Plan as exempt pursuant to Sections 401 and 501(a) of the Code and like provisions of subsequent Revenue Acts, and to comply with the provisions of ERISA, regardless of whether any such amendment may change, alter or amend the relative benefits under this Plan of any Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary.

10.2 Termination of Plan. This Plan shall cease and come to an end, although the Trust Fund shall continue to be held by the Trustee for distribution in accordance with Section 10.3, if and when

(a) It is declared terminated in a writing executed in the name of the Company and delivered to the Trustees; or

(b) The Company is dissolved or liquidated or disposes of substantially all of its assets without provision for continuation of this Plan by any successor person, firm or corporation.

10.3 Distribution of Assets. Upon termination of this Plan, or complete discontinuance of contributions to this Plan, the proportionate interest of each Participant or Retirement Participant in the Trust Fund shall become nonforfeitable. Upon partial termination of this Plan the nonforfeitable rights shall be applicable only to the portion of this Plan that is terminated and only to those Participants or Retirement Participants affected by the partial termination. Except as otherwise provided by ERISA, there shall first be set aside amounts due to Former

Participants or Former Retirement Participants that were not previously paid pursuant to the provisions of Article VI, and the amount to which any such Former Participants or Former Retirement Participants is entitled as hereinabove provided shall be paid to him or his duly designated Beneficiary, as the case may be. The proportionate interest of each Participant or Retirement Participant in the remaining assets of the Trust Fund shall then be determined in accordance with Sections 5.2 and 5.3 except that the value of such proportionate interest shall be determined as of the date of termination of this Plan. There shall be paid to each Participant, Retirement Participant or his duly designated Beneficiary, as the case may be, the benefit thus determined pursuant to this Section 10.3, plus his proportionate share of any earnings thereon, or less his proportionate share of any losses thereon, if applicable. Provision for the payment of benefits pursuant to this Section 10.3 may be made at the direction of the Company, by continuing the Trust Fund in existence and making provision therefrom for benefit distributions in accordance with the terms of this Plan, by immediate and full distribution from the Trust Fund of Participants' or Retirement Participants' Accounts, or by any combination thereof. Notwithstanding the foregoing provisions of this Section 10.3, following the termination of the Plan, a distribution of a Participant's Deferral Election Account shall not occur if the Employer establishes or maintains a successor plan (as defined under Code Section 401(k) and the corresponding Treasury regulations).

10.4 Affiliates.

(a) Adoption by Affiliates. Any affiliate may, subject to the approval of the Company, adopt and become a party to this Plan by resolution of its Board of Directors, certified copies of which shall be delivered to the Company, the Committee, the Trustee and the Plan Administrator. The effective date of any such adoption shall be the first day of a calendar month as is fixed in the resolution of adoption.

(b) Withdrawal by Affiliate. Any one or more of the Employers shall be entitled to withdraw from this Plan without the consent or approval of any one or more of the remaining Employers. Any Employer shall be deemed to have withdrawn from this Plan in the event it loses its corporate or other legal existence by dissolution or merger. In the event of such withdrawal from this Plan of an Employer while this Plan continues for any one or more of the other Employers, if the obligations hereunder of the withdrawing Employer are not assumed by any one or more of the remaining Employers, it shall be deemed that this Plan has been terminated with respect to such withdrawing Employer and in such event the Committee or the Trustee, as the case may be, shall perform the acts set forth in Section 10.3 with respect to the part of the Trust Fund representing the Accounts of the Participants, Retirement Participants, Former Participants or Former Retirement Participants employed by the withdrawing Employer; provided, however, that if any Participant of a withdrawing Employer is immediately employed by any other Employer then he shall continue as a Participant or Retirement Participant under this Plan.

10.5 Amendment to Vesting Schedule. If any amendment changes the method for determining the nonforfeitable percentage of the value of a Participant's or Retirement Participant Accounts, the Committee shall give written notice thereof, within sixty (60) days of the later of the date on which such amendment was adopted or became effective, to each Participant or Retirement Participant who has completed three or more Years of Service prior to the sixtieth day following the later of (i) the date he receives notice of such amendment, (ii) the

date the amendment is adopted, or (iii) the date the amendment becomes effective. Such Participant or Retirement Participant may elect to have his nonforfeitable percentage determined without regard to the amendment by filing a written request with the Committee within sixty (60) days of the later of the dates specified in clauses (i), (ii) and (iii) of this Section 10.5. Such election shall be irrevocable.

10.6 Merger of Plan. This Plan shall not be merged or consolidated with, nor shall any assets or liabilities be transferred to, any other plan, unless the benefits payable to each Participant, Retirement Participant, Former Participant, Former Retirement Participant and Beneficiary, if the transferee plan were terminated immediately after such action, would be equal to or greater than the benefits to which he would have been entitled if this Plan had been terminated immediately before such action.

ARTICLE XI

TOP HEAVY PLANS

11.1 Definitions. For purposes of this Article XI, the following definitions shall apply unless the context clearly indicates otherwise:

(a) "Aggregation Group" shall mean a group of plans consisting of all plans of the Company or any Affiliate in which one or more Key Employees are participants, including any frozen or terminated plan that was maintained during the five-year period (effective January 1, 2002, the one-year period) ending on the Determination Date, and all other plans maintained by the Company or any Affiliate that enable any plan in which a Key Employee is a participant to comply with the coverage and nondiscrimination requirements of Sections 401(a)(4) or 410 of the Code; and all plans of the Company or an Affiliate that the Company designates as part of the Aggregation Group, provided the resulting Aggregation Group meets the coverage and nondiscrimination requirements of Sections 401(a)(4) and 410 of the Code.

(b) "Determination Date" shall mean the last day of the preceding Plan Year, and in the case of the first Plan Year, the last day of such Plan Year.

(c) "Five Percent Owner" shall mean:

(i) any person who owns, or is considered as owning, within the meaning of Section 318 of the Code, as modified by Section 416 thereof, more than 5 percent (5%) of the outstanding stock of the Company or any Affiliate or more than 5 percent (5%) of the total combined voting power of all of the stock of the Company or any Affiliate; or

(ii) if the Affiliate is not a corporation, any person who owns, or is considered as owning, within the meaning of Section 416 of the Code, more than 5 percent (5%) of the capital or profits of the Affiliate.

For purposes of this Subsection (c), the Company and each Affiliate shall not be treated as a single employer, and a person's ownership interest in the Company or any such Affiliate shall not be aggregated.

(d) "Key Employee" shall mean any individual who is, or was at any time during the Plan Year ending with the Determination Date or any of the four preceding Plan Years (or, effective January 1, 2002, during the Plan Year):

(i) an Officer, but only if the individual's Total Compensation exceeds (A) 50 percent (50%) of the dollar limit set forth in Section 415(b)(1)(A) of the Code, multiplied by the Adjustment Factor, for a Plan Year beginning before January 1, 2002, or (B) the dollar amount in effect under Section 416(i)(1)(A)(i) of the Code for a Plan Year beginning after December 31, 2001;

(ii) for periods prior to January 1, 2002, a Top Ten Owner, but only if the individual's Total Compensation exceeds the dollar limit set forth in Section 415(c)(1)(A) of the Code, as adjusted for increases in the cost-of-living;

(iii) a Five Percent Owner;

(iv) a One Percent Owner whose Total Compensation exceeds \$150,000; or

(v) the Beneficiary of any individual described in clauses (i) through (iv) of this Subsection (d).

(e) "Key Employee Ratio" shall mean the ratio (expressed as a percentage) for any Plan Year, calculated as of the Determination Date with respect to such Plan Year, determined by dividing the amount described in paragraph (i) hereof by the amount described in paragraph (ii) hereof, after deduction from both such amounts of the amount described in paragraph (iii) hereof.

(i) The amount described in this paragraph (i) is the sum of (A) the aggregate of the present value of all accrued benefits of Key Employees under all qualified defined benefit plans included in the Aggregation Group, (B) the aggregate of the balances in all of the accounts standing to the credit of Key Employees under all qualified defined contribution plans included in the Aggregation Group, and (C) either (i) prior to January 1, 2002, the aggregate amount distributed from all plans in such Aggregation Group to or on behalf of any Key Employee during the period of five (5) Plan Years ending on the Determination Date or (ii) effective January 1, 2002, the sum of the amount of any in-service distributions during the period of five (5) Plan Years ending on the Determination Date, and the amount of any other distributions during the one-year period ending on the Determination Date, to or on behalf of any Key Employee from all plans in the Aggregation Group.

(ii) The amount described in this paragraph (ii) is the sum of (A) the aggregate of the present value of all accrued benefits of all Participants under all qualified defined benefit plans included in the Aggregation Group, (B) the aggregate of the balances in all of the accounts standing to the credit of all Participants under all qualified defined contribution plans included in the Aggregation Group, and (C) either (i) prior to January 1, 2002, the aggregate amount distributed from all plans in such Aggregation Group to or on behalf of any Participant during the period of five (5) Plan Years ending on the Determination Date or (ii) effective January 1, 2002, the sum of the amount of any in-service distributions during the period of five (5) Plan Years ending on the Determination Date, and the amount of any other distributions during the one-year period ending on the Determination Date, to or on behalf of any Participant from all plans in the Aggregation Group.

(iii) The amount described in this paragraph (iii) is the sum of (A) all rollover contributions (or similar transfers) to plans included in the Aggregation Group initiated by an Employee from a plan sponsored by an employer that is not the Employer or an Affiliate, (B) any amount that would have been included under paragraph (1) or (2) hereof with respect to any person who has not rendered service to any Employer at any time during the five-year-period (or,

effective January 1, 2002, the one-year period) ending on the Determination Date, and (C) any amount that is included in paragraph (2) hereof for, on behalf of, or on account of, a person who is a Non-Key Employee as to the Plan Year of reference but who was a Key Employee as to any earlier Plan Year.

(iv) the aggregate of the present value of all accrued benefits under all qualified defined benefit plans included in the Aggregation Group is determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date except as provided in Section 416 of the Code and the regulations thereunder for the first and second plan years of a defined benefit plan.

(v) the aggregate of the balances in all of the accounts under all qualified defined contribution plans included in the Aggregation Group is determined as of the most recent Valuation Date occurring within a 12-month period ending on the Determination Date.

The present value of accrued benefits under any defined benefit plan will be determined under the method used for accrual purposes for all plans maintained by the Employer and all Affiliated Companies if a single method is used by all such plans, or otherwise, the slowest accrual method permitted under section 411(b)(1)(C) of the Code.

(f) "Non-Key Employee" shall mean each individual who is an employee of the Company or an Affiliate but who is not a Key Employee.

(g) "Officer" shall mean an individual who is an executive in the regular and continued service of the Company or an Affiliate; provided, however, that the number of employees who are considered Officers for purposes of this Section 11.1 shall not exceed:

(i) three (3), if the number of employees of the Company and Affiliates does not exceed thirty (30);

(ii) 10 percent (10%) of the number of employees of the Company and Affiliates, if the number of employees is more than thirty (30) but less than 500; and

(iii) fifty (50), if the number of employees of the Company and Affiliates is 500 or more.

If the number of Officers exceeds the limits set forth in this Subsection (f), then the Officers having the highest annual Total Compensation among all Officers, during the Plan Year ending with the Determination Date and the four preceding Plan Years, shall be considered Key Employees.

(h) "One Percent Owner" shall have the same meaning as Five Percent Owner, except that "1 percent (1%)" shall be substituted for "5 percent (5%)", wherever the latter term appears in Subsection (c).

(i) "Super Top-Heavy Plan" shall have the same meaning as "Top-Heavy Plan," except that "90 percent (90%)" shall be substituted for "60 percent (60%)" wherever the latter term appears in Subsection (j).

(j) "Top-Heavy Plan." This Plan shall be considered a Top-Heavy Plan for any Plan Year, if, as of the Determination Date:

(i) The Plan is not part of an Aggregation Group and the Key Employee Ratio, determined by substituting the "Plan" for the "Aggregation Group" each place it appears in Section 11.1(e), exceeds sixty percent (60%), or

(ii) The Plan is part of an Aggregation Group, and the Key Employee Ratio of such Aggregation Group exceeds sixty percent (60%).

(k) "Top Ten Owner" shall mean one of the ten employees owning, or considered as owning, within the meaning of Section 318 of the Code, the greatest interest in the Company or an Affiliate, but only if such employee owns at least a 0.5 percent (0.5%) interest in the Company or the Affiliate. For purposes of this Subsection (k), if two employees have the same ownership interest in the Company or the Affiliate, the employee with the greater Total Compensation shall be considered as owning the larger interest in the Company or the Affiliate.

(l) "Total Compensation" shall mean the Employee's 'compensation' as defined in Subsection 5.5(f).

11.2 Minimum Contributions. For each Plan Year during which the Plan is a Top Heavy Plan, the amount of Employer Contributions allocated to the Matching Contribution Account of each Non-Key Employee who has satisfied the eligibility requirements of Article II (other than the employee acceptance requirements of Section 2.5) and who is still in the service of the Employer as of the last day of the Plan Year, shall be an amount at least equal to the lesser of:

(a) 3% of the Non-Key Employee's Total Compensation for the Plan Year; or

(b) a percentage that is equal to the highest percentage of Total Compensation contributed by the Employer on behalf of any Key Employee for such Plan Year (including amounts allocated to the Deferral Account of such Key Employee under Section 4.1(c)).

For the purposes of determining whether or not the provisions of this Section have been satisfied, (a) the minimum contribution allocated to Non-Key Employees for the Plan Year shall be determined without regard to elective deferrals under all plans in the Aggregation Group, (b) the highest percentage of Total Compensation contributed by the Employer on behalf of any Key Employee for the Plan Year shall be determined by including elective deferrals under all plans in the Aggregation Group, (c) contributions or benefits under chapter 2 of the Code (relating to tax on self-employment income), chapter 21 of the Code (relating to Federal Insurance Contributions Act), title II of the Social Security Act, or any other Federal or state law are disregarded; (d) all defined contribution plans in the Aggregation Group shall be treated as

a single plan; and (e) employer matching contributions made with respect to periods beginning before January 1, 2002 shall be disregarded.

11.3 Coordination with Defined Benefit Plan. In the event that a Non-Key Employee who is entitled to receive a contribution under Section 11.2 is also entitled to receive a minimum benefit pursuant to Section 416 of the Code under a defined benefit pension plan maintained by the Employer, and the Non-Key Employee does not accrue a benefit under such defined benefit pension plan that, together with the Non-Key Employee's minimum contribution provided under Section 11.2 hereof, satisfies the requirements of Section 416 of the Code, the amount of Employer Matching Contributions allocated to the Employer Matching Contribution Account of such Non-Key Employee shall equal the lesser of:

(a) 5 percent (5%) of the Non-Key Employee's Total Compensation for the Plan Year; or

(b) the percentage necessary in order that the Non-Key Employee receive the minimum combined benefits under this Plan and such benefit pension plan to which he is entitled under Section 416 of the Code.

ARTICLE XII

MISCELLANEOUS

12.1 No Rights Implied. Nothing herein contained shall be deemed to give any Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary an interest in any specific property of this Plan or of the Trust Fund or any interest other than his right to receive payment in accordance with the provisions of this Plan.

12.2 Assignment and Alienation. The interest in this Plan of a Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary shall not be subject to assignment or transfer or otherwise be alienable either by voluntary or involuntary act of such person, or by operation of law, nor shall it be subject to attachment, execution, garnishment, sequestration or other seizure under any legal, equitable or other process other than pursuant to the terms of a Qualified Domestic Relations Order (pursuant to Section 6.7), in satisfaction of a federal tax levy or in accordance with certain judgments and settlements as set forth in Section 401(a)(13)(C) of the Code. If any Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary shall attempt to or shall alienate, sell, transfer, pledge or otherwise encumber any amount to which he is or might become entitled, or if by reason of the bankruptcy or insolvency of any such person or the issuance of any garnishment, writ of execution or other court process, or other event happening at any time, any amount otherwise payable hereunder to such person should devolve upon anyone else or would not be enjoyed by him, the Committee, in its absolute discretion, may terminate such interest and may hold or apply it to or for the benefit of such Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary, or as the case may be, the spouse, children or other dependents of such person, in such manner as the Committee may deem proper.

12.3 No Diversion of Trust Assets. Anything contained in this Plan to the contrary notwithstanding, it shall be impossible at any time for any part of the corpus or income of the Trust Fund or of any segregated share of the assets of this Plan to be used for or diverted to purposes other than for the exclusive benefit of Participants, Retirement Participants, Former Participants, Former Retirement Participants or Beneficiaries, and no part thereof shall ever revert to the Company or any of the Employers.

12.4 Exclusive Benefit. This Plan is created for the exclusive benefit of Participants, Retirement Participants, Former Participants, Former Retirement Participants and Beneficiaries and shall be interpreted in a manner consistent with its being an employees' trust as defined in Section 401 of the Code.

12.5 No Employment Contract. This Plan shall not be construed as creating any contract of employment between the Employer and any Employee; and the Employer shall have the same control over its employees as though this Plan had never been executed.

12.6 Fiduciaries. Any person or group of persons may serve in more than one fiduciary capacity with respect to this Plan.

12.7 Incapacity. In the event that the Committee finds that any Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary is unable to care for his affairs due to illness or accident, any payments due to such Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary under this Plan may be made to his duly appointed legal representative. The Committee may, in its discretion, make such payments to a child, parent or spouse of such Participant, Retirement Participant, Former Participant, Former Retirement Participant or Beneficiary, or to any other person with whom he resides or who is charged with his care. Any payment or payments so made shall be in complete discharge of the liability under this Plan therefor.

12.8 Governing Law. This Plan shall be construed according to the laws of the Commonwealth of Pennsylvania, where it is made and where it shall be enforced, except to the extent such laws have been superseded by ERISA.

IN WITNESS WHEREOF, AMETEK has caused these presents to be executed, in its corporate name, by its duly authorized officer on this 10th day of December, 2003.

AMETEK, Inc.

By: /s/ John J. Molinelli

Attest:

/s/ Kathryn E. Londra

AMENDMENT NO. 1

TO

THE AMETEK RETIREMENT AND SAVINGS PLAN
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2002)

WHEREAS, there was adopted and made effective as of October 1, 1984, The AMETEK Retirement and Savings Plan (the "Plan");

WHEREAS, the Plan was amended and restated in its entirety, effective January 1, 2002;

WHEREAS, Section 10.1 of the Plan provides that AMETEK, Inc. ("AMETEK") may amend the Plan at any time, and from time to time; and

WHEREAS, AMETEK now desires to amend the Plan to (1) clarify the authority of AMETEK to merge, consolidate or transfer assets held on behalf of Participants and their Beneficiaries from or to another plan meeting the requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended, and (2) increase the limit on catch-up contributions from 50% of a participant's compensation to 75% of a participant's compensation.

NOW THEREFORE, the Plan is hereby amended as follows:

FIRST: Section 10.6 of the Plan is hereby amended to read in its entirety as follows:

"10.6 Merger of Plan. Pursuant to action of the Board of Directors, the Plan may be merged or consolidated with, or a portion of its assets and liabilities may be transferred to, another plan meeting the requirements of Section 401(a) of the Code or any successor provision of law, or a portion of the assets and liabilities of another such plan may be transferred to the Plan, provided such merger, consolidation or transfer is accompanied by a transfer of such existing records and information as may be necessary to properly allocate such assets among Participants and to provide any tax or other necessary information to the persons administering the Plan or receiving the assets, and further provided that each Participant or Beneficiary shall be entitled to receive a benefit immediately after such merger, consolidation or transfer if this Plan or such other plan were then terminated which is at least equal to the benefit the Participant or Beneficiary would have been entitled to receive immediately before such merger, consolidation or transfer if this Plan or such other plan had been terminated."

SECOND: Section 4.1(c) of the Plan is hereby amended by replacing the phrase "and not more than 50 percent (50%) of his Compensation" with the phrase "and not more than 75 percent (75%) of his Compensation."

THIRD: The provisions of this Amendment No. 1 shall be effective as of January 1, 2004.

IN WITNESS WHEREOF, AMETEK has caused this Amendment to be executed, in its corporate name, by its duly authorized officer on this 10th day of December, 2003.

AMETEK, Inc.

By: /s/ John J. Molinelli

Attest: /s/ Kathryn E. Londra

AMENDMENT No. 2 TO THE
2002 STOCK INCENTIVE PLAN OF
AMETEK, INC.

WHEREAS, AMETEK, Inc. (the "Company") has adopted the 2002 Stock Incentive Plan of AMETEK, Inc. (the "Plan"); and

WHEREAS, Section 18 of the Plan permits the Board of Directors of the Company or the Committee (as defined in the Plan) to amend the Plan; and

WHEREAS, the Committee now desires to amend the Plan in certain respects;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The fourth sentence of Section 3 of the Plan is hereby deleted.

2. The provisions of this Amendment shall be effective as of January 16, 2004.

3. Except to the extent hereinabove set forth, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by a duly authorized officer of the Company as of the 16th day of January, 2004.

AMETEK, INC.

By: /s/ John J. Molinelli

Name: John J. Molinelli
Title: Executive Vice President &
Chief Financial Officer

Attest:

/s/ Kathryn E. Londra

Kathryn E. Londra
Corporate Secretary

AMENDMENT NO. 1

TO THE

AMETEK 401(k) PLAN FOR ACQUIRED BUSINESSES
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2002)

WHEREAS, the AMETEK 401(k) Plan for Acquired Businesses (the "Plan") was adopted effective May 1, 1999;

WHEREAS, the Plan was amended and restated effective January 1, 2002;

WHEREAS, Section 10.1 of the Plan provides that AMETEK, Inc. ("AMETEK") may amend the Plan at any time from time to time; and

WHEREAS, AMETEK now desires to amend the Plan to (1) clarify the authority of AMETEK to merge, consolidate or transfer assets held on behalf of Participants and their Beneficiaries from or to another plan meeting the requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended, and (2) increase the limit on catch-up contributions from 50% of a participant's compensation to 75% of a participant's compensation.

NOW THEREFORE, the Plan is hereby amended as follows:

FIRST: Section 10.6 of the Plan is hereby amended to read in its entirety as follows:

"10.6 Merger of Plan. Pursuant to action of the Board of Directors, the Plan may be merged or consolidated with, or a portion of its assets and liabilities may be transferred to, another plan meeting the requirements of Section 401(a) of the Code or any successor provision of law, or a portion of the assets and liabilities of another such plan may be transferred to the Plan, provided such merger, consolidation or transfer is accompanied by a transfer of such existing records and information as may be necessary to properly allocate such assets among Participants and to provide any tax or other necessary information to the persons administering the Plan or receiving the assets, and further provided that each Participant or Beneficiary shall be entitled to receive a benefit immediately after such merger, consolidation or transfer if this Plan or such other plan were then terminated which is at least equal to the benefit the Participant or Beneficiary would have been entitled to receive immediately before such merger, consolidation or transfer if this Plan or such other plan had been terminated."

SECOND: Section 4.1(c) of the Plan is hereby amended by replacing the phrase "and not more than 50 percent (50%) of his Compensation" with the phrase "and not more than 75 percent (75%) of his Compensation."

THIRD: The provisions of this Amendment No. 1 shall be effective as of January 1, 2004.

IN WITNESS WHEREOF, AMETEK has caused this Amendment to be executed, in its corporate name, by its duly authorized officer on this 10th day of December, 2003.

AMETEK, Inc.

By: /s/ John J. Molinelli

Attest: Kathryn E. Londra

ELEVENTH AMENDMENT
DATED AS OF NOVEMBER 28, 2003
TO
RECEIVABLES SALE AGREEMENT
DATED AS OF OCTOBER 1, 1999

THIS ELEVENTH AMENDMENT (the "Amendment"), dated as of November 28, 2003, is entered into among Ametek Receivables Corp. (the "Seller"), Ametek, Inc. (the "Initial Collection Agent"), Amsterdam Funding Corporation, a Delaware corporation ("Amsterdam"), ABN AMRO Bank N.V., as Amsterdam's program letter of credit provider (the "Enhancer"), the Liquidity Provider listed on the signature page hereof (the "Liquidity Provider") and ABN AMRO Bank N.V., as agent for Amsterdam, the Enhancer and the Liquidity Provider (the "Agent").

WITNESSETH:

WHEREAS, the Seller, Initial Collection Agent, Amsterdam, Enhancer, Liquidity Provider and Agent have heretofore executed and delivered a Receivables Sale Agreement, dated as of October 1, 1999 (as amended, supplemented or otherwise modified through the date hereof, the "Sale Agreement"),

WHEREAS, the parties hereto desire to amend the Sale Agreement as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that the Sale Agreement shall be and is hereby amended as follows:

Section 1. Upon execution by the parties hereto in the space provided for that purpose below, the Sale Agreement shall be, and it hereby is, amended as follows:

(a) The date "November 28, 2003" appearing in clause (d) of the defined term "Liquidity Termination" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "December 23, 2003."

(b) The date "November 28, 2003" appearing in clause (c)(ii) of the defined term "Termination Date" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "December 23, 2003."

Section 2. To induce the Agent and the Purchasers to enter into this Amendment, the Seller and Initial Collection Agent represent and warrant to the Agent and the Purchasers that: (a) the representations and warranties contained in the Transaction Documents, are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material

respects only as of such specified date); (b) no Potential Termination Event exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each of the Seller and the Initial Collection Agent, and the Sale Agreement, as amended by this Amendment, and each of the other Transaction Documents are the legal, valid and binding obligations of the Seller and the Initial Collection Agent, enforceable against the Seller and the Initial Collection Agent in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by the Seller or the Initial Collection Agent of this Amendment or the performance by the Seller or the Initial Collection Agent of the Sale Agreement, as amended by this Amendment, or any other Transaction Document to which they are a party.

Section 3. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

Section 4. Except as specifically provided above, the Sale Agreement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not operate as a waiver of any right, power, or remedy of any Agent or any Purchaser under the Sale Agreement or any of the other Transaction Documents, nor constitute a waiver or modification of any provision of any of the other Transaction Documents. All defined terms used herein and not defined herein shall have the same meaning herein as in the Sale Agreement. The Seller agrees to pay on demand all costs and expenses (including reasonable fees and expenses of counsel) of or incurred by the Agent and each Purchaser Agent in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 5. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ABN AMRO BANK N.V., as the Agent, as the
Liquidity Provider and as the Enhancer

By: /s/ Patricia Luken
Title: Group Vice President

By: /s/ Thomas J. Educate
Title: Senior V.P.

AMSTERDAM FUNDING CORPORATION

By: /s/ Bernard J. Angelo
Title: Vice President

AMETEK RECEIVABLES CORP.

By: /s/ Deirdre D. Saunders
Title: Treasurer

AMETEK, INC.

By: /s/ Deirdre D. Saunders
Title: VP & Treasurer

TWELFTH AMENDMENT
DATED AS OF DECEMBER 23, 2003
TO
RECEIVABLES SALE AGREEMENT
DATED AS OF OCTOBER 1, 1999

THIS TWELFTH AMENDMENT (the "Amendment"), dated as of December 23, 2003, is entered into among Ametek Receivables Corp. (the "Seller"), Ametek, Inc. (the "Initial Collection Agent"), Amsterdam Funding Corporation, a Delaware corporation ("Amsterdam"), ABN AMRO Bank N.V., as Amsterdam's program letter of credit provider (the "Enhancer"), the Liquidity Provider listed on the signature page hereof (the "Liquidity Provider") and ABN AMRO Bank N.V., as agent for Amsterdam, the Enhancer and the Liquidity Provider (the "Agent").

WITNESSETH:

WHEREAS, the Seller, Initial Collection Agent, Amsterdam, Enhancer, Liquidity Provider and Agent have heretofore executed and delivered a Receivables Sale Agreement, dated as of October 1, 1999 (as amended, supplemented or otherwise modified through the date hereof, the "Sale Agreement"),

WHEREAS, the parties hereto desire to amend the Sale Agreement as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that the Sale Agreement shall be and is hereby amended as follows:

Section 1. Upon execution by the parties hereto in the space provided for that purpose below, the Sale Agreement shall be, and it hereby is, amended as follows:

(a) The date "December 23, 2003" appearing in clause (d) of the defined term "Liquidity Termination" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "January 6, 2004."

(b) The date "December 23, 2003" appearing in clause (c)(ii) of the defined term "Termination Date" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "January 6, 2004."

Section 2. To induce the Agent and the Purchasers to enter into this Amendment, the Seller and Initial Collection Agent represent and warrant to the Agent and the Purchasers that: (a) the representations and warranties contained in the Transaction Documents, are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material

respects only as of such specified date); (b) no Potential Termination Event exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each of the Seller and the Initial Collection Agent, and the Sale Agreement, as amended by this Amendment, and each of the other Transaction Documents are the legal, valid and binding obligations of the Seller and the Initial Collection Agent, enforceable against the Seller and the Initial Collection Agent in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by the Seller or the Initial Collection Agent of this Amendment or the performance by the Seller or the Initial Collection Agent of the Sale Agreement, as amended by this Amendment, or any other Transaction Document to which they are a party.

Section 3. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

Section 4. Except as specifically provided above, the Sale Agreement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not operate as a waiver of any right, power, or remedy of any Agent or any Purchaser under the Sale Agreement or any of the other Transaction Documents, nor constitute a waiver or modification of any provision of any of the other Transaction Documents. All defined terms used herein and not defined herein shall have the same meaning herein as in the Sale Agreement. The Seller agrees to pay on demand all costs and expenses (including reasonable fees and expenses of counsel) of or incurred by the Agent and each Purchaser Agent in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 5. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ABN AMRO BANK N.V., as the Agent, as the
Liquidity Provider and as the Enhancer

By: /s/Patricia Luken
Title: Group Vice President

By: /s/ Therese Gremley
Title: Vice President

AMSTERDAM FUNDING CORPORATION

By: /s/ Bernard J. Angelo
Title: Vice President

AMETEK RECEIVABLES CORP.

By: /s/ John J. Molinelli
Title: EVP & CFO

AMETEK, INC.

By: /s/ John J. Molinelli
Title: EVP & CFO

THIRTEENTH AMENDMENT
DATED AS OF JANUARY 6, 2004
TO
RECEIVABLES SALE AGREEMENT
DATED AS OF OCTOBER 1, 1999

THIS THIRTEENTH AMENDMENT (the "Amendment"), dated as of January 6, 2004, is entered into among Ametek Receivables Corp. (the "Seller"), Ametek, Inc. (the "Initial Collection Agent"), Amsterdam Funding Corporation, a Delaware corporation ("Amsterdam"), ABN AMRO Bank N.V., as Amsterdam's program letter of credit provider (the "Enhancer"), the Liquidity Provider listed on the signature page hereof (the "Liquidity Provider") and ABN AMRO Bank N.V., as agent for Amsterdam, the Enhancer and the Liquidity Provider (the "Agent").

WITNESSETH:

WHEREAS, the Seller, Initial Collection Agent, Amsterdam, Enhancer, Liquidity Provider and Agent have heretofore executed and delivered a Receivables Sale Agreement, dated as of October 1, 1999 (as amended, supplemented or otherwise modified through the date hereof, the "Sale Agreement"),

WHEREAS, the parties hereto desire to amend the Sale Agreement as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that the Sale Agreement shall be and is hereby amended as follows:

Section 1. Upon execution by the parties hereto in the space provided for that purpose below, the Sale Agreement shall be, and it hereby is, amended as follows:

(a) The date "January 6, 2004" appearing in clause (d) of the defined term "Liquidity Termination Date" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "December 21, 2004."

(b) The date "January 6, 2004" appearing in clause (c)(ii) of the defined term "Termination Date" appearing in Schedule I of the Sale Agreement is deleted and replaced with the date "December 21, 2004."

Section 2. To induce the Agent and the Purchasers to enter into this Amendment, the Seller and Initial Collection Agent represent and warrant to the Agent and the Purchasers that: (a) the representations and warranties contained in the Transaction Documents, are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material

respects only as of such specified date); (b) no Potential Termination Event exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each of the Seller and the Initial Collection Agent, and the Sale Agreement, as amended by this Amendment, and each of the other Transaction Documents are the legal, valid and binding obligations of the Seller and the Initial Collection Agent, enforceable against the Seller and the Initial Collection Agent in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by the Seller or the Initial Collection Agent of this Amendment or the performance by the Seller or the Initial Collection Agent of the Sale Agreement, as amended by this Amendment, or any other Transaction Document to which they are a party.

Section 3. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

Section 4. Except as specifically provided above, the Sale Agreement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not operate as a waiver of any right, power, or remedy of any Agent or any Purchaser under the Sale Agreement or any of the other Transaction Documents, nor constitute a waiver or modification of any provision of any of the other Transaction Documents. All defined terms used herein and not defined herein shall have the same meaning herein as in the Sale Agreement. The Seller agrees to pay on demand all costs and expenses (including reasonable fees and expenses of counsel) of or incurred by the Agent and each Purchaser Agent in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 5. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ABN AMRO BANK N.V., as the Agent, as the
Liquidity Provider and as the Enhancer

By: /s/ Patricia Luken
Title: Group Vice President

By: /s/ Therese M. Gremley
Title: Vice President

AMSTERDAM FUNDING CORPORATION

By: /s/ Bernard J. Angelo
Title: Vice President

METEK RECEIVABLES CORP.

By: /s/ Deirdre D. Saunders
Title: Treasurer

AMETEK, INC.

By: /s/ Deirdre D. Saunders
Title: VP & Treasurer

SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of February 25, 2004, among AMETEK, INC. (the "Borrower"), the lending institutions party to the Credit Agreement referred to below (the "Banks"), PNC BANK, NATIONAL ASSOCIATION, SUNTRUST BANK, FLEET NATIONAL BANK and WACHOVIA BANK, N.A. (f/k/a First Union National Bank), as Syndication Agents (the "Syndication Agents"), and JPMORGAN CHASE BANK (f/k/a The Chase Manhattan Bank), as Administrative Agent (the "Administrative Agent"). All capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Credit Agreement.

WITNESSETH:

WHEREAS, the Borrower, the Banks, the Syndication Agents and the Administrative Agent are parties to a Credit Agreement, dated as of September 17, 2001 (as amended, modified and supplemented prior to the date hereof, the "Credit Agreement"); and

WHEREAS, the parties hereto wish to amend the Credit Agreement as herein provided;

NOW, THEREFORE, it is agreed:

I. Amendment.

1. Section 2.01(b)(i) of the Credit Agreement is hereby amended by deleting the text "\$30,000,000" appearing in said Section and inserting the text "\$40,000,000" in lieu thereof.

2. The definition of "Final Maturity Date" appearing in Section 10 of the Credit Agreement is hereby amended by deleting said definition in its entirety and inserting the following new definition in lieu thereof:

"Final Maturity Date" shall mean February 25, 2009."

3. The Credit Agreement is hereby further amended by deleting Part A of Schedule I thereto in its entirety and inserting Part A of Schedule I hereto in lieu thereof.

II. Miscellaneous.

1. In order to induce the Banks to enter into this Amendment, the Borrower hereby represents and warrants that:

(a) on the Second Amendment Effective Date (as defined below), no Default or Event of Default exists, both before and after giving effect to this Amendment;

(b) on and as of the Second Amendment Effective Date, all representations and warranties contained in the Credit Agreement or the other Credit Documents are true and correct in all material respects, both before and after giving effect to this Amendment; and

(c) on and as of the Second Amendment Effective Date, there are no Competitive Bid Loans Outstanding.

2. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Credit Agreement or any other Credit Document.

3. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

4. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

5. This Amendment shall become effective on the date (the "Second Amendment Effective Date") when each of the following conditions shall have been satisfied; provided that the Second Amendment Effective Date may occur concurrently with the last of such conditions to be satisfied:

(i) the Borrower and each Bank shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile transmission) the same to the Administrative Agent at its Notice Office;

(ii) the Borrower shall have paid to the Administrative Agent and the Banks all fees, costs and expenses (including legal fees and expenses but excluding the Amendment Fee referred to Section 6 below) payable to the Administrative Agent and the Banks to the extent then due;

(iii) the Administrative Agent shall have received from counsel to the Credit Parties satisfactory to the Administrative Agent, an opinion addressed to the Administrative Agent, each Co-Agent, each Syndication Agent, the Documentation Agent and each of the Banks and dated the Second Amendment Effective Date, which opinion shall cover such matters incident hereto and the other transactions contemplated in connection herewith as the Administrative Agent may reasonably request; and

(iv) the Borrower shall have repaid all Loans and shall have paid all accrued but unpaid interest and Fees.

6. The Borrower hereby covenants and agrees that, so long as the Second Amendment Effective Date occurs, it shall pay to each Bank a non-refundable cash fee (the "Amendment Fee") in an amount equal to a percentage to be agreed of an amount equal to the Commitment of such Bank (as in effect on the Second Amendment Effective Date immediately after giving effect to this Amendment), which Amendment Fee shall not be subject to counterclaim or set-off, or be otherwise affected by, any claim or dispute relating to any other matter and shall be paid by the Borrower to the Administrative Agent for distribution to the Banks not later than the second Business Day following the Second Amendment Effective Date.

7. From and after the Second Amendment Effective Date, all references in the Credit Agreement and each of the other Credit Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

AMETEK, INC.

By: /s/Deirdre D. Saunders

Name: Deirdre D. Saunders
Title: VP and Treasurer

JPMORGAN CHASE BANK (f/k/a The Chase
Manhattan Bank),
Individually and as Administrative Agent

By: /s/ Randolph Cates

Name: Randolph Cates
Title: Vice President

PNC BANK, National Association,
Individually and as a Syndication Agent

By: /s/ Denise D. Killen

Name: Denise D. Killen
Title: Vice President

FLEET NATIONAL BANK,
Individually and as a Syndication Agent

By: /s/ Michael J. Ziegler

Name: Michael J. Ziegler
Title: Senior Vice President

SUNTRUST BANK,
Individually and as a Syndication Agent

By: /s/ Stephen Derby

Name: Stephen Derby
Title: Director

WACHOVIA BANK, N.A. (f/k/a First Union
National Bank),
Individually and as a Syndication Agent

By: /s/ Sarah T. Warren

Name: Sarah T. Warren
Title: Director

THE BANK OF NEW YORK

By: /s/ David S. Csatari

Name: David S. Csatari
Title: Vice President

CITIZENS BANK OF PENNSYLVANIA

By: /s/ Megan L. Soltys

Name: Megan L. Soltys
Title: Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Suzannah Harris

Name: Suzannah Harris
Title: Asst. Vice President

MANUFACTURERS AND TRADERS
TRUST COMPANY

By: /s/ Theodore K. Oswald

Name: Theodore K. Oswald
Title: Vice President

ABN AMRO BANK N.V.

By: /s/ Alexander M. Blodi

Name: Alexander M. Blodi
Title: Managing Director

By: /s/ Eric Oppenheimer

Name: Eric Oppenheimer
Title: Vice President

BANCA INTESA

By: /s/ F. Maffei

Name: F. Maffei
Title: Vice President

By: /s/ A.F. Giobbi

Name: A.F. Giobbi
Title: First Vice President

COMERICA BANK

By: /s/ Richard C. Hampson

Name: Richard C. Hampson
Title: Vice President

DEUTSCHE BANK TRUST COMPANY
AMERICAS

By: /s/ Diane F. Rolfe

Name: Diane F. Rolfe
Title: Vice President

SCHEDULE I

PART A

COMMITMENTS

JPMorgan Chase Bank	\$ 35,000,000
PNC Bank, National Association	\$ 35,000,000
Fleet National Bank	\$ 30,000,000
SunTrust Bank	\$ 30,000,000
Wachovia Bank, N.A.	\$ 30,000,000
The Bank of New York	\$ 20,000,000
Citizens Bank of Pennsylvania	\$ 20,000,000
KeyBank National Association	\$ 20,000,000
Manufacturers and Traders Trust Company	\$ 20,000,000
ABN Amro Bank N.V.	\$ 15,000,000
Banca Intesa	\$ 15,000,000
Comerica Bank	\$ 15,000,000
Deutsche Bank Trust Company Americas	\$ 15,000,000
	=====
TOTAL	\$300,000,000

AMETEK, INC.
STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLARS IN THOUSANDS)

	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----
EARNINGS:					
Net income	\$ 87,815	\$ 83,698	\$ 66,111	\$ 68,532	\$ 60,768
Income tax expense	42,272	39,200	18,251	37,606	33,693
Interest expense - gross	26,063	25,498	28,505	29,460	25,396
Capitalized interest	(46)	(317)	(592)	(257)	(620)
Interest portion of rental expense	2,998	2,839	2,982	2,713	2,307
	-----	-----	-----	-----	-----
Adjusted earnings	\$ 159,102	\$ 150,918	\$ 115,257	\$ 138,054	\$ 121,544
	=====	=====	=====	=====	=====
FIXED CHARGES:					
Interest expense, net of capitalized interest	\$ 26,017	\$ 25,181	\$ 27,913	\$ 29,203	\$ 24,776
Capitalized interest	46	317	592	257	620
Interest portion of rental expense	2,998	2,839	2,982	2,713	2,307
	-----	-----	-----	-----	-----
Fixed charges	\$ 29,061	\$ 28,337	\$ 31,487	\$ 32,173	\$ 27,703
	=====	=====	=====	=====	=====
Ratio of adjusted earnings to fixed charges	-----	-----	-----	-----	-----
	5.5x	5.3x	3.7x	4.3x	4.4x
	=====	=====	=====	=====	=====

SUBSIDIARIES OF AMETEK, INC.

NAME OF SUBSIDIARY AND NAME UNDER WHICH IT DOES BUSINESS -----	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION -----	PERCENTAGE OF VOTING SECURITIES OWNED BY ITS IMMEDIATE PARENT* -----
Advanced Measurement Technology, Inc.....	Delaware	100%
AMELON, Inc.	Delaware	100%
John Chatillon & Sons, Inc.....	New York	100%
AMETEK (Bermuda), Ltd.....	Bermuda	100%
AMETEK (Canada), Ltd.....	Canada	100%
AMETEK (FSC), Inc.....	U. S. Virgin Islands	100%
AMETEK GmbH.....	Germany	100%
AMETEK IMTSA, S.A. de C.V.	Mexico	100%
AMETEK Lamb Motores de Mexico, S.A. de C.V.....	Mexico	100%
AMETEK Mexicana, S.A.	Mexico	100%
AMETEK Motors Holding, Inc.....	Delaware	100%
AMETEK Precision Instruments France, SARL.....	France	100%
AMETEK Precision Instruments (UK) Ltd.	England	100%
AMETEK Receivables Corp.....	Delaware	100%
Chandler Instruments Company L.L.C.	Texas	100%
Petrolab L.L.C.....	Delaware	100%
Chandler Instruments GmbH.....	Austria	100%
Grabner Instruments Messtechnik Gesellschaft m.b.h. ..	Austria	100%
Controls Holding Corporation.....	Delaware	100%
Patriot Sensors & Controls Corporation.....	Delaware	100%
Nihon Drexelbrook Co., Ltd.....	Japan	100%
EDAX Inc.	Delaware	100%
EDAX Japan K.K.	Japan	100%
EDAX B.V.	Netherlands	100%
EDAX Ltd.	England	100%
EMA Corp.	Delaware	100%
AMEKAI (BVI), Ltd.....	British Virgin Islands	50%
AMETEK Do Brasil Ltda.....	Brazil	99%
AMETEK Motors Hong Kong Ltd.....	Hong Kong	100%
AMETEK Holdings B.V.	Netherlands	100%
AMETEK Denmark A/S.....	Denmark	100%
AMETEK Elektomotory CR S.R.O.	Czech Republic	100%
AMETEK (Italia) S.r.l.	Italy	99.98%
AMETEK Singapore Private Ltd.....	Singapore	100%
Amekai Singapore Private Ltd.....	Singapore	50%
Amekai Meter (Xiamen) Co., Ltd.....	China	100%
Amekai Taiwan Co., Ltd.....	Taiwan	50%
AMETEK Motors Asia Private Ltd.....	Singapore	100%
AMETEK Motors (Shanghai) Co., Ltd.....	China	100%
AMETEK Holdings (UK) Ltd.....	England	100%
Lloyd Instruments Ltd.....	England	100%
Lloyd Instruments S.A.....	France	99.9%
Neue Elektromotoren GmbH - Schleusingen.....	Germany	100%
WEBAK, B.V.....	Netherlands	100%
EMA Holdings UK Limited.....	England	100%
Airtechnology Holdings Limited.....	England	100%
Airtechnology Group Limited.....	England	100%
Aircontrol Technologies Limited.....	England	100%
Airscrew Limited.....	England	100%
Airtechnology Pension Trustees Ltd.....	England	100%
Thermol Control Company Ltd.....	England	100%
Clifford Edwards Limited.....	England	100%

NCC Holdings, Inc.....	Delaware	100%
AMETEK National Controls Corporation.....	Delaware	100%
Prestolite Asia Ltd.....	Korea	50%
Rotron Incorporated.....	New York	100%
Seiko EG&G Co. Ltd.....	Japan	49%
Solidstate Controls, Inc.....	Delaware	100%
HDR Power Systems, Inc.....	Delaware	100%
Solidstate Controls, Inc. de Argentina.....	Argentina	99.9%
Solidstate Controls Mexico, S.A. de C.V.....	Mexico	100%

* Exclusive of directors' qualifying shares and shares held by nominees as required by the laws of the jurisdiction of incorporation.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (File Nos. 333-34789, 333-80449, 333-97969, 333-87491 and 333-91507) pertaining to the 1997 Stock Incentive Plan of AMETEK, Inc., the 1999 Stock Incentive Plan of AMETEK, Inc., the 2002 Stock Incentive Plan of AMETEK, Inc., the AMETEK Retirement and Savings Plan and AMETEK 401(k) Plan for Acquired Businesses, and the AMETEK, Inc. Deferred Compensation Plan, respectively, and to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-75892), and in the related Prospectuses, of our report dated January 27, 2004 (except for the fourth paragraph of Note 7, pertaining to the Company's extension of its Revolving Credit Facility, as to which the date is February 25, 2004), with respect to the consolidated financial statements of AMETEK, Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 8, 2004

CERTIFICATIONS

I, Frank S. Hermance, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of AMETEK, Inc. (the "registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - c) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2004

/s/ Frank S. Hermance

 Frank S. Hermance
 Chairman and Chief Executive Officer

CERTIFICATIONS

I, John J. Molinelli, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of AMETEK, Inc. (the "registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - c) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2004

/s/ John J. Molinelli

 John J. Molinelli
 Executive Vice President and
 Chief Financial Officer

AMETEK, Inc.

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of AMETEK, Inc. (the "Company") on Form 10-K for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank S. Hermance, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank S. Hermance

Frank S. Hermance
Chairman and Chief Executive Officer

Date: March 11, 2004

A signed original of this written statement required by Section 906 has been provided to AMETEK, Inc. and will be retained by AMETEK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

AMETEK, Inc.

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of AMETEK, Inc. (the "Company") on Form 10-K for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Molinelli, Executive Vice-President - Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John J. Molinelli

John J. Molinelli
Executive Vice President - Chief Financial Officer

Date: March 11, 2004

A signed original of this written statement required by Section 906 has been provided to AMETEK, Inc. and will be retained by AMETEK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.