
**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, 2016

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.)

1100 Cassatt Road
Berwyn, Pennsylvania
(Address of principal executive offices)

19312-1177
(Zip Code)

Registrant's telephone number, including area code: **(610) 647-2121**

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

<u>Title of each class</u> Common Stock, \$0.01 Par Value (voting)	<u>Name of each exchange on which registered</u> New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$10.8 billion as of June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter.

The number of shares of the registrant's Common Stock outstanding as of January 31, 2017 was 229,472,920.

Documents Incorporated by Reference

Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Stockholders on May 9, 2017.

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AMETEK, Inc.
2016 Form 10-K Annual Report
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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 American Machine and Metals, Inc. AMETEK is a leading global manufacturer of electronic instruments and electromechanical devices with operations in North America, Europe, Asia and South America. AMETEK maintains its principal executive offices in suburban Philadelphia at 1100 Cassatt Road, Berwyn, Pennsylvania, 19312. Listed on the New York Stock Exchange (symbol: AME), the common stock of AMETEK is a component of the Standard and Poor’s 500 and the Russell 1000 Indices.

Website Access to Information

AMETEK’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 website at www.ametek.com in the “Investors — Financial News and Information” section as soon as reasonably practicable after such material is electronically filed with, or furnished to, the U.S. Securities and Exchange Commission. AMETEK has posted free of charge on the investor information portion of its website its corporate governance guidelines, Board committee charters and codes of ethics. Those documents also are available in published form free of charge to any stockholder who requests them by writing to the Investor Relations Department at AMETEK, Inc., 1100 Cassatt Road, Berwyn, Pennsylvania, 19312.

Products and Services

AMETEK’s products are marketed and sold worldwide through two operating groups: Electronic Instruments (“EIG”) and Electromechanical (“EMG”). Electronic Instruments is a leader in the design and manufacture of advanced instruments for the process, power and industrial, and aerospace markets. Electromechanical is a differentiated supplier of precision motion control solutions, thermal management systems, specialty metals and electrical interconnects. Its end markets include aerospace and defense, medical, automation, mass transit, petrochemical and other industrial markets.

Competitive Strengths

Management believes AMETEK has significant competitive advantages that help strengthen and sustain its market positions. Those advantages include:

Significant Market Share. AMETEK maintains significant market share in a number of targeted niche markets through its ability to produce and deliver high-quality products at competitive prices. EIG has significant market positions in niche segments of the process, power and industrial, and aerospace markets. EMG holds significant positions in niche segments of the aerospace and defense, precision motion control, automation, medical and mass transit markets.

Technological and Development Capabilities. AMETEK believes it has certain technological advantages over its competitors that allow it to maintain its leading market positions. Historically, it has demonstrated an ability to develop innovative new products that anticipate customer needs and to bring them to market successfully. It has consistently added to its investment in research, development and engineering and improved its new product development efforts with the adoption of Design for Six Sigma and Value Analysis/Value Engineering methodologies. These have improved the pace and quality of product innovation and resulted in the introduction of a steady stream of new products across all of AMETEK’s lines of business.

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Efficient and Low-Cost Manufacturing Operations. Through its Operational Excellence initiatives, AMETEK has established a lean manufacturing platform for its businesses. In its effort to achieve best-cost manufacturing, AMETEK has established plants in Brazil, China, the Czech Republic, Malaysia, Mexico, and Serbia. These plants offer proximity to customers and provide opportunities for increasing international sales. Acquisitions also have allowed AMETEK to reduce costs and achieve operating synergies by consolidating operations, product lines and distribution channels, benefitting both of AMETEK's operating groups.

Experienced Management Team. Another component of AMETEK's success is the strength of its management team and that team's commitment to improving Company performance. AMETEK senior management has extensive industry experience and an average of approximately 24 years of AMETEK service. The management team is focused on achieving results, building stockholder value and continually growing AMETEK. Individual performance is tied to financial results through Company-established stock ownership guidelines and equity incentive programs.

Business Strategy

AMETEK is committed to achieving earnings growth through the successful implementation of a Corporate Growth Plan. The goal of that plan is double-digit annual percentage growth in earnings per share over the business cycle and a superior return on total capital. In addition, other financial initiatives have been or may be undertaken, including public and private debt or equity issuance, bank debt refinancing, local financing in certain foreign countries and share repurchases.

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

Operational Excellence. Operational Excellence is AMETEK's cornerstone strategy for improving profit margins and strengthening its competitive position across its businesses. Operational Excellence focuses on cost reductions, improvements in operating efficiencies and sustainable practices. It emphasizes team building and a participative management culture. AMETEK's Operational Excellence strategies include lean manufacturing, global sourcing, Design for Six Sigma and Value Engineering/Value Analysis. Each plays an important role in improving efficiency, enhancing the pace and quality of innovation and cost reduction. Operational Excellence initiatives have yielded lower operating and administrative costs, shortened manufacturing cycle times, and resulted in higher cash flow from operations and increased customer satisfaction. They also have played a key role in achieving synergies from newly acquired companies.

Strategic Acquisitions. Acquisitions are a key to achieving the goals of AMETEK's Corporate Growth Plan. Since the beginning of 2012 through December 31, 2016, AMETEK has completed 22 acquisitions with annualized sales totaling approximately \$1.2 billion, including five acquisitions in 2016 (see "Recent Acquisitions"). AMETEK targets companies that offer the right strategic, technical and cultural fit. It seeks to acquire businesses in adjacent markets with complementary products and technologies. It also looks for businesses that provide attractive growth opportunities, often in new and emerging markets. Through these and prior acquisitions, AMETEK's management team has developed considerable skill in identifying, acquiring and integrating new businesses. As it has executed its acquisition strategy, AMETEK's mix of businesses has shifted toward those that are more highly differentiated and, therefore, offer better opportunities for growth and profitability.

Global & Market Expansion. AMETEK has experienced dramatic growth outside the United States, reflecting an expanding international customer base and the attractive growth potential of its businesses in overseas markets. While Europe remains its largest overseas market, AMETEK has pursued growth opportunities worldwide, especially in key emerging markets. It has grown sales in Latin America and Asia by strategically building, acquiring and expanding manufacturing facilities. AMETEK also has expanded its

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sales and service capabilities in China and enhanced its sales presence and engineering capabilities in India. Elsewhere in Asia and in the Middle East, it has expanded sales, service and technical support. Recently acquired businesses have further added to AMETEK's international presence.

New Products. New products are essential to AMETEK's long-term growth. As a result, AMETEK has maintained a consistent investment in new product development and engineering. In 2016, AMETEK added to its highly differentiated product portfolio with a range of new products across many of its businesses. They included:

- Creaform's HandyPROBE Next 3D scanner represents the latest advancement in optical-based, non-contact inspection for quality control, offering a rugged design, accuracy and ease of use;
- TMC's Everstill™ K-400 benchtop platform offers patented vibration cancellation technology for highly sensitive devices such as optical and scanning probe microscopes and metrology instruments;
- Sensors and Fluid Management Systems' jet engine exhaust gas thermocouple is made of an advance ceramic matrix composite that extends the thermocouple's life and performance;
- Vision Research's Phantom® VEO high-speed camera is built into a five-inch cube that is packed with full-size camera features and has the ability to withstand up to 100Gs of force;
- Solartron Analytical's Apps-XM (extreme measurement) Series instruments were developed for such highly targeted research applications as the testing of energy storage devices and solar cell materials;
- Grabner Instruments' MINIVAP VP Vision vapor pressure tester offers portability and versatility in testing the vapor pressure of gasolines, jet fuels, crude oils, and volatile solvents;
- Rotron's SemiCool precision fans and custom cooling systems offer precise temperature control in a compact package for semiconductor-specific applications;
- Programmable Power's Asterion™ AC/DC Power Platform established new industry benchmarks in terms of power density performance, versatility, adaptability and ease of use;
- Chandler Engineering's Model 5400 AUTO Shear History Simulator simplifies preparation and loading of water-based fracturing fluids used by the oil and gas industry to enhance production;
- Zygo's latest Verifire optical testing products incorporate software and hardware technology enhancements that help to ensure the production of more precise optical components and systems;
- Pittman Motor's 22mm DC022C Series motors are highly customizable for such high-tech applications as medical devices, process equipment and laboratory instruments; and
- CAMECA's EIKOS™ atom probe microscope brings state-of-art atom probe tomography cost effectively to academic and industrial researchers conduction nanoscale materials research.

2016 OVERVIEW

Operating Performance

In 2016, AMETEK achieved sales of \$3,840.1 million, a decrease of 3.4% from 2015. The Company was impacted by a weak global economy and the effects of a continued strong U.S. dollar. Specifically, the Company experienced lower sales in its process businesses that have exposure to oil and gas markets and in its engineered materials, interconnects and packaging businesses that have exposure to metals markets. In 2016, AMETEK established record operating cash flow.

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Financing

In March 2016, the Company along with certain of its foreign subsidiaries amended and restated its credit agreement dated as of September 22, 2011 (the "Credit Agreement"). The Credit Agreement amends and restates the Company's existing \$700 million revolving credit facility, which was due to expire in December 2018. The Credit Agreement consists of a five-year revolving credit facility in an aggregate principal amount of \$850 million with a final maturity date in March 2021. The revolving credit facility total borrowing capacity excludes an accordion feature that permits the Company to request up to an additional \$300 million in revolving credit commitments at any time during the life of the Credit Agreement under certain conditions. The revolving credit facility provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy.

In October 2016, the Company completed a private placement agreement to sell 500 million Euros and 225 million British pounds in senior notes to a group of institutional investors (the "2016 Private Placement"). There were two funding dates under the 2016 Private Placement. The first funding occurred in October 2016 for 500 million Euros (\$546.8 million) and the second funding occurred in November 2016 for 225 million British pounds (\$274.1 million). The proceeds from the first funding of the 2016 Private Placement were used to pay down domestic borrowings under the Company's revolving credit facility. The proceeds from the second funding of the 2016 Private Placement were used to pay down, at maturity, a 40 million British pound (\$48.7 million) 5.99% senior note in November 2016 and provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy. See Note 9 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

Recent Acquisitions

AMETEK spent \$391.4 million in cash, net of cash acquired, to acquire five businesses in 2016.

In January 2016, AMETEK acquired Brookfield Engineering Laboratories ("Brookfield"), a manufacturer of viscometers and rheometers, as well as instrumentation to analyze texture and powder flow. Brookfield is part of EIG.

In January 2016, AMETEK acquired ESP/SurgeX, a manufacturer of energy intelligence and power protection, monitoring and diagnostic solutions. ESP/SurgeX is part of EIG.

In July 2016, AMETEK acquired HS Foils, a developer and manufacturer of key components used in radiation detectors including ultra-thin radiation windows, silicon drift detectors and x-ray filters. HS Foils is part of EIG.

In July 2016, AMETEK acquired Nu Instruments, a provider of magnetic sector mass spectrometers used for elemental and isotope analysis. Nu Instruments is part of EIG.

In October 2016, AMETEK acquired Laserage Technology Corporation ("Laserage"), a provider of laser fabrication services for the medical device market. Laserage is part of EMG.

Financial Information About Reportable Segments, Foreign Operations and Export Sales

Information with respect to reportable segments and geographic areas is set forth in Note 15 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

AMETEK's international sales decreased 2.1% to \$2,010.7 million in 2016. International sales represented 52.4% of consolidated net sales in 2016 compared with 51.7% in 2015. The decrease in international sales was primarily driven by a weak global economy and the effects of a continued strong U.S. dollar noted above.

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Description of Business

Described below are the products and markets of each reportable segment:

EIG

EIG is a leader in the design and manufacture of advanced instruments for the process, power and industrial, and aerospace markets. Its growth is based on the four strategies outlined in AMETEK's Corporate Growth Plan. In many instances, its products differ from or are technologically superior to its competitors' products. It has achieved competitive advantage through continued investment in research, development and engineering to develop market-leading products that serve niche markets. It also has expanded its sales and service capabilities globally to serve its customers.

EIG is a leader in many of the specialized markets it serves. Products supplied to these markets include process control instruments for the oil and gas, petrochemical, pharmaceutical, semiconductor and automation industries. It provides a growing range of instruments to the laboratory equipment, ultraprecision manufacturing, medical, and test and measurement markets. It is a leader in power quality monitoring and metering, uninterruptible power systems, programmable power equipment, electromagnetic compatibility ("EMC") test equipment, sensors for gas turbines, and dashboard instruments for heavy trucks and other vehicles. It supplies the aerospace industry with aircraft and engine sensors, monitoring systems, power supplies, fuel and fluid measurement systems, and data acquisition systems.

In 2016, 53% of EIG's net sales was to customers outside the United States. At December 31, 2016, EIG employed approximately 8,300 people, of whom approximately 1,100 were covered by collective bargaining agreements. At December 31, 2016, EIG had 84 operating facilities: 53 in the United States, nine in the United Kingdom, eight in Germany, three in Canada, two each in China and France and one each in Argentina, Austria, Denmark, Finland, Mexico, Switzerland and Taiwan. EIG also shares operating facilities with EMG in Brazil, China and Mexico.

Process and Analytical Instrumentation Markets and Products

Process and analytical instrumentation sales represented 65% of EIG's 2016 net sales. These sales include process analyzers, emission monitors, spectrometers, elemental and surface analysis instruments, level, pressure and temperature sensors and transmitters, radiation measurement devices, level measurement devices, precision pumping systems, materials- and force-testing instruments, and contact and non-contact metrology products. Among the industries it serves are oil, gas and petrochemical refining, power generation, pharmaceutical manufacturing, specialty gas production, water and waste treatment, natural gas distribution, and semiconductor manufacturing. Its instruments are used for precision measurement in a number of applications, including radiation detection, trace element and materials analysis, nanotechnology research, ultraprecise manufacturing, and test and measurement.

Acquired in July 2016, HS Foils develops patented silicon nitride window technology that significantly expands the limits of x-ray window performance and areas of application. HS Foils also has extensive expertise in silicon PIN diode and silicon drift detector manufacturing.

Acquired in July 2016, Nu Instruments offers a full suite of magnetic sector mass spectrometers used in advanced laboratory analysis across demanding research applications in earth and environmental sciences, material characterization, and nuclear isotope analysis. Nu Instruments' customers include leading universities and research institutions, and technical manufacturing and materials analysis companies.

Acquired in July 2015, Surface Vision is a global leader in non-destructive process inspection. Surface Vision's in-line image processing technology detects, classifies, filters and accurately maps specific defects over an entire surface area. End markets include the metals, paper, nonwovens, plastics and glass industries.

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Power and Industrial Instrumentation Markets and Products

Power and industrial instrumentation sales represented 27% of EIG's 2016 net sales. This business provides power monitoring and metering instruments, uninterruptible power supply systems and programmable power supplies used in a wide range of industrial settings. It is a leader in the design and manufacture of power measurement, quality monitoring and event recorders for use in power generation, transmission and distribution. It provides uninterruptible power supply systems, multifunction electric meters, annunciators, alarm monitoring systems and highly specialized communications equipment for smart grid applications. It also offers precision power supplies and power conditioning products and electrical immunity and EMC test equipment.

Acquired in January 2016, Brookfield is the global leader in viscosity measurement instrumentation and offers a complete range of viscometers and rheometers, as well as instrumentation to analyze texture and powder flow. Its products are used primarily for quality control applications in a broad range of markets including food and beverage, pharmaceuticals, oil and gas, paints, solvents, chemicals, coatings and packaging.

Acquired in January 2016, ESP/SurgeX is a leader in power protection, monitoring, and diagnostic solutions. ESP/SurgeX is the leading industry provider of on-site and remote power protection products used by industries to lower service costs and ensure reliable electric power to critical equipment. Its patented technology is widely used by the business equipment, imaging, audio visual, information technology, gaming and vending industries.

Aerospace Instrumentation Markets and Products

Aerospace instrumentation sales represented 8% of EIG's 2016 net sales. AMETEK's aerospace products are designed to customer specifications and manufactured to stringent operational and reliability requirements. These products include airborne data systems, turbine engine temperature measurement products, vibration-monitoring systems, cockpit instruments and displays, fuel and fluid measurement products, sensors and switches. It serves all segments of the commercial and military aerospace market, including commercial airliners, business jets, regional aircraft and helicopters.

AMETEK operates in highly specialized aerospace market segments in which it has proven technological or manufacturing advantages versus its competition. Among its more significant competitive advantages is its 50-plus years' experience as an aerospace supplier. It has long-standing relationships with the world's leading commercial and military aircraft, jet engine and original equipment manufacturers and aerospace system integrators. AMETEK also provides the commercial aerospace aftermarket with spare part sales and repair and overhaul services.

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 6% of EIG's 2016 net sales was made to its five largest customers.

EMG

EMG is a differentiated supplier of precision motion control solutions, thermal management systems, specialty metals and electrical interconnects. EMG is a leader in many of the niche markets in which it competes. Products supplied to these markets include its highly engineered electrical connectors and electronics packaging used in aerospace and defense, medical, and industrial applications, as well as its advanced technical motor and motion control products, which are used in a wide range of medical devices, office and business equipment, automation and other applications.

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EMG supplies high-purity powdered metals, strip and foil, specialty clad metals and metal matrix composites. Its blowers and heat exchangers provide electronic cooling and environmental control for the aerospace and defense industries. Its motors are widely used in commercial appliances, fitness equipment, food and beverage machines, hydraulic pumps, industrial blowers and vacuum cleaners. Additionally, it operates a global network of aviation maintenance, repair and overhaul (“MRO”) facilities.

EMG designs and manufactures products that, in many instances, are significantly different from or technologically superior to competitors’ products. It has achieved competitive advantage through continued investment in research, development and engineering, cost reductions from operational improvements, acquisition synergies and improved supply chain management.

In 2016, 51% of EMG’s net sales was to customers outside the United States. At December 31, 2016, EMG employed approximately 7,200 people, of whom approximately 2,400 were covered by collective bargaining agreements. At December 31, 2016, EMG had 65 operating facilities: 37 in the United States, ten in the United Kingdom, four in France, three in China, two each in Germany, Italy and Mexico and one each in Brazil, the Czech Republic, Malaysia, Serbia and Taiwan.

Technical Motors and Systems Markets and Products

Technical motors and systems sales represented 65% of EMG’s 2016 net sales. Technical motors and systems primarily consist of precision motion control solutions, brushless motors, blowers and pumps, heat exchangers and other electromechanical systems. These products are used in aerospace and defense, semiconductor equipment, computer equipment, mass transit, medical equipment and power industries among others. Additionally, technical motors and systems includes floor care and specialty motors which are used in a wide range of products, such as household, commercial and personal care appliances, fitness equipment, food and beverage machines, lawn and garden equipment, material handling equipment, hydraulic pumps, industrial blowers, vacuum cleaners, and other household and commercial floor care products.

EMG produces motor-blower systems and heat exchangers used in thermal management and other applications on a variety of military and commercial aircraft and military ground vehicles. In addition, EMG provides the commercial and military aerospace industry with third-party MRO services on a global basis with facilities in the United States, Europe and Asia.

Engineered Materials, Interconnects and Packaging Markets and Products

Engineered materials, interconnects and packaging sales represented 35% of EMG’s 2016 net sales. AMETEK is a leader in highly engineered electrical connectors and electronics packaging used to protect sensitive devices and mission-critical electronics. Its electrical connectors, terminals, headers and packaging are designed specifically for harsh environments and highly customized applications. In addition, AMETEK is an innovator and market leader in specialized metal powder, strip, wire and bonded products used in medical, aerospace and defense, telecommunications, automotive and general industrial applications.

Acquired in October 2016, Laserage offers precision tube fabrication of minimally invasive surgical devices, stents and catheter-based delivery systems. Laserage’s expertise includes laser fabrication of flat stock and tube for medical devices and specialty catheters.

Acquired in May 2015, Global Tubes manufactures highly customized metal tubing from a wide variety of metals and alloys, including stainless steel, nickel, zirconium and titanium. Its products are used in highly engineered applications in the aerospace, energy, power generation and medical industries.

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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 9% of EMG's 2016 net sales was made to its five largest customers.

Marketing

AMETEK's marketing efforts generally are organized and carried out at the business unit level. EIG makes use of distributors and sales representatives to market its products along with a direct sales force for its more technically sophisticated products. Within aerospace, the specialized customer base of aircraft and jet engine manufacturers is served primarily by direct sales engineers. Given the technical nature of many of its products, as well as its significant worldwide market share, EMG conducts much 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 AMETEK's markets are highly competitive with competition based on technology, performance, quality, service and price.

In EIG's markets, AMETEK believes it ranks as a leader in certain analytical measuring and control instruments and in the U.S. heavy-vehicle and power and industrial markets. It also is a major instrument and sensor supplier to commercial aviation. Competition is strong and may become intense for certain EIG products. In process and analytical instruments, numerous companies compete in each market on the basis of product quality, performance and innovation. In power and industrial and aerospace, AMETEK competes with a number of diversified companies depending on the specific market segment.

EMG's differentiated businesses compete with a limited number of companies in each of its markets. Competition is generally based on product innovation, performance and price. There also is competition from alternative materials and processes.

Availability of Raw Materials

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

Backlog and Seasonal Variations of Business

AMETEK's backlog of unfilled orders by reportable segment was as follows at December 31:

	2016	2015	2014
		(In millions)	
Electronic Instruments	\$ 587.0	\$ 581.4	\$ 623.2
Electromechanical	569.5	566.4	574.1
Total	<u>\$1,156.5</u>	<u>\$1,147.8</u>	<u>\$1,197.3</u>

Of the total backlog of unfilled orders at December 31, 2016, approximately 88% is expected to be shipped by December 31, 2017. The Company believes that neither its business as a whole, nor either of its reportable segments, is subject to significant seasonal variations, although certain individual operations experience some seasonal variability.

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Research, Development and Engineering

AMETEK is committed to, and has consistently invested in, research, development and engineering activities to design and develop new and improved products. Research, development and engineering costs before customer reimbursement were \$200.8 million in both 2016 and 2015 and \$208.3 million in 2014, respectively. Customer reimbursements in 2016, 2015 and 2014 were \$7.2 million, \$6.9 million and \$8.9 million, respectively. These amounts included research and development expenses of \$112.0 million, \$116.3 million and \$119.3 million in 2016, 2015 and 2014, respectively. All such expenditures were directed toward the development of new products and processes and the improvement of existing products and processes.

Environmental Matters

Information with respect to environmental matters is set forth in Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations section entitled "Environmental Matters" and in Note 13 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Patents, Licenses and Trademarks

AMETEK owns numerous unexpired U.S. and foreign patents, including counterparts of its more important U.S. patents, in the major industrial countries of the world. It 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. AMETEK, however, does not consider any single patent or trademark, or any group of them, essential either to its business as a whole or to either one of its reportable segments. The annual royalties received or paid under license agreements are not significant to either of its reportable segments or to AMETEK's overall operations.

Employees

At December 31, 2016, AMETEK employed approximately 15,700 people at its EIG, EMG and corporate operations, of whom approximately 3,508 employees were covered by collective bargaining agreements. AMETEK has two collective bargaining agreements that expire in 2017 that covers fewer than 100 employees. It expects no material adverse effects from the pending labor contract negotiations.

Working Capital Practices

AMETEK does not have extraordinary working capital requirements in either of its reportable segments. Its customers generally are billed at normal trade terms that may include extended payment provisions. Inventories are closely controlled and maintained at levels related to production cycles and normal delivery requirements of customers.

Item 1A. Risk Factors

You should consider carefully the following risk factors and all other information contained in this Annual Report on Form 10-K and the documents we incorporate by reference in this Annual Report on Form 10-K. Any of the following risks could materially and adversely affect our business, financial condition, results of operations and cash flows.

A downturn in the economy generally or in the markets we serve could adversely affect our business.

A number of the industries in which we operate are cyclical in nature and therefore are affected by factors beyond our control. A downturn in the U.S. or global economy, and, in particular, in the aerospace and defense, oil and gas, process instrumentation or power markets could have an adverse effect on our business, financial condition and results of operations.

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Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience cyclical.

Our growth depends in part on the growth of the markets which we serve and visibility into our markets is limited (particularly for markets into which we sell through distribution). Our quarterly sales and profits depend substantially on the volume and timing of orders received during the fiscal quarter, which are difficult to forecast. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our financial statements. Certain of our businesses operate in industries that may experience periodic, cyclical downturns. In addition, in certain of our businesses, demand depends on customers' capital spending budgets, as well as government funding policies, and matters of public policy and government budget dynamics, as well as product and economic cycles can affect the spending decisions of these entities. Demand for our products and services is also sensitive to changes in customer order patterns, which may be affected by announced price changes, changes in incentive programs, new product introductions and customer inventory levels. Any of these factors could adversely affect our growth and results of operations in any given period.

Our growth strategy includes strategic acquisitions. We may not be able to consummate future acquisitions or successfully integrate recent and future acquisitions.

A portion of our growth has been attributed to acquisitions of strategic businesses. Since the beginning of 2012, through December 31, 2016, we have completed 22 acquisitions. We plan to continue making strategic acquisitions to enhance our global market position and broaden our product offerings. Although we have been successful with our acquisition strategy in the past, our ability to successfully effectuate acquisitions will be dependent upon a number of factors, including:

- Our ability to identify acceptable acquisition candidates;
- The impact of increased competition for acquisitions, which may increase acquisition costs and affect our ability to consummate acquisitions on favorable terms and may result in us assuming a greater portion of the seller's liabilities;
- Successfully integrating acquired businesses, including integrating the financial, technological and management processes, procedures and controls of the acquired businesses with those of our existing operations;
- Adequate financing for acquisitions being available on terms acceptable to us;
- U.S. and foreign competition laws and regulations affecting our ability to make certain acquisitions;
- Unexpected losses of key employees, customers and suppliers of acquired businesses;
- Mitigating assumed, contingent and unknown liabilities; and
- Challenges in managing the increased scope, geographic diversity and complexity of our operations.

The process of integrating acquired businesses into our existing operations may result in unforeseen operating difficulties and may require additional financial resources and attention from management that would otherwise be available for the ongoing development or expansion of our existing operations. Furthermore, even if successfully integrated, the acquired business may not achieve the results we expected or produce expected benefits in the time frame planned. Failure to continue with our acquisition strategy and the successful integration of acquired businesses could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.

Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will protect us fully or at all, and as a result we may face unexpected liabilities that adversely affect our financial statements.

We may not properly execute, or realize anticipated cost savings or benefits from, our cost reduction initiatives.

Our success is partly dependent upon properly executing and realizing cost savings or other benefits from our ongoing production and procurement initiatives. These initiatives are primarily designed to make the company more efficient, which is necessary in the company's highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, adversely affect our business and operations.

Foreign and domestic economic, political, legal, compliance and business factors could negatively affect our international sales and operations.

International sales for 2016 and 2015 represented 52.4% and 51.7% of our consolidated net sales, respectively. As a result of our growth strategy, we anticipate that the percentage of sales outside the United States will increase in the future. Approximately half of our international sales are of products manufactured outside the United States. We have manufacturing operations in 17 countries outside the United States, with significant operations in China, the Czech Republic and Mexico. A prolonged disruption of our ability to obtain a supply of goods from these countries or a change in the effective cost of these products could have a material adverse effect on our sales and operations. International sales and operations are subject to the customary risks of operating in an international environment, including:

- Imposition of trade or foreign exchange restrictions, including in the United States;
- Overlap of different tax structures;
- Unexpected changes in regulatory requirements, including in the United States;
- Trade protection measures, such as the imposition of or increase in tariffs and other trade barriers, including in the United States;
- The difficulty and/or costs of designing and implementing an effective control environment across diverse regions and employee bases;
- Restrictions on currency repatriation;
- General economic conditions;
- Unstable political situations;
- Nationalization of assets; and
- Compliance with a wide variety of international and U.S. laws and regulatory requirements.

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Furthermore, fluctuations in foreign currency exchange rates, including changes in the relative value of currencies in the countries where we operate, subject us to exchange rate exposure and may adversely affect our financial statements. For example, increased strength in the U.S. dollar will increase the effective price of our products sold overseas, which may adversely affect sales or require us to lower our prices. In addition, our consolidated financial statements are presented in U.S. dollars, and we must translate our assets, liabilities, sales and expenses into U.S. dollars for external reporting purposes. As a result, changes in the value of the U.S. dollar due to fluctuations in currency exchange rates or currency exchange controls may materially and negatively affect the value of these items in our consolidated financial statements, even if their value has not changed in their local currency.

Our international sales and operations may be adversely impacted by compliance with export laws.

We are required to comply with various import, export, export control and economic sanctions laws, which may affect our transactions with certain customers, business partners and other persons, including in certain cases dealings with or between our employees and subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies and in other circumstances, we may be required to obtain an export license before exporting a controlled item. In addition, failure to comply with any of these regulations could result in civil and criminal, monetary and non-monetary penalties, disruptions to our business, limitations on our ability to import and export products and services and damage to our reputation.

Our reputation, ability to do business and financial statements may be impaired by improper conduct by any of our employees, agents or business partners.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by employees, agents or business partners of ours (or of businesses we acquire or partner with) that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import compliance, money laundering and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions or allegations of such acts could damage our reputation and subject us to civil or criminal investigations in the U.S. and in other jurisdictions and related shareholder lawsuits could lead to substantial civil and criminal, monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees. In addition, we rely on our suppliers to adhere to our supplier standards of conduct and material violations of such standards of conduct could occur that could have a material effect on our financial statements.

Any inability to hire, train and retain a sufficient number of skilled officers and other employees could impede our ability to compete successfully.

If we cannot hire, train and retain a sufficient number of qualified employees, we may not be able to effectively integrate acquired businesses and realize anticipated results from those businesses, manage our expanding international operations and otherwise profitably grow our business. Even if we do hire and retain a sufficient number of employees, the expense necessary to attract and motivate these officers and employees may adversely affect our results of operations.

If we are unable to develop new products on a timely basis, it could adversely affect our business and prospects.

We believe that our future success depends, in part, on our ability to develop, on a timely basis, technologically advanced products that meet or exceed appropriate industry standards. Although we believe we have certain technological and other advantages over our competitors, maintaining such advantages will require

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us to continue investing in research and development and sales and marketing. There can be no assurance that we will have sufficient resources to make such investments, that we will be able to make the technological advances necessary to maintain such competitive advantages or that we can recover major research and development expenses. We are not currently aware of any emerging standards or new products which could render our existing products obsolete, although there can be no assurance that this will not occur or that we will be able to develop and successfully market new products.

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

Many of our products rely on proprietary technology; therefore, we endeavor to protect our intellectual property rights through patents, copyrights, trade secrets, trademarks, confidentiality agreements and other contractual provisions. Despite our efforts to protect proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use our products or technology. In addition, our ability to protect and enforce our intellectual property rights may be limited in certain countries outside the U.S. Actions to enforce our rights may result in substantial costs and diversion of resources and we make no assurances that any such actions will be successful.

A shortage of, or price increases for, our raw materials could increase our operating costs.

While we manufacture certain parts and components used in our products, we require substantial amounts of raw materials and purchase some parts and components from suppliers. The availability and prices for raw materials, parts and components may be subject to curtailment or change due to, among other things, supplier's allocation to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. In addition, certain items, including base metals and certain steel components, are available only from a limited number of suppliers and are subject to commodity market fluctuations. Shortages in raw materials or price increases therefore could affect the prices we charge, our operating costs and our competitive position, which could adversely affect our business, financial condition, results of operations and cash flows.

Certain environmental risks may cause us to be liable for costs associated with hazardous or toxic substance clean-up which may adversely affect our financial condition.

Our businesses, operations and facilities are subject to a number of federal, state, local and foreign environmental and occupational health and safety laws and regulations concerning, among other things, air emissions, discharges to waters and the use, manufacturing, generation, handling, storage, transportation and disposal of hazardous substances and wastes. Environmental risks are inherent in many of our manufacturing operations. Certain laws provide that a current or previous owner or operator of property may be liable for the costs of investigating, removing and remediating hazardous materials at such property, regardless of whether the owner or operator knew of, or was responsible for, the presence of such hazardous materials. In addition, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for clean-up costs, without regard to fault, on parties contributing hazardous substances to sites designated for clean-up under the Act. We have been named a potentially responsible party at several sites, which are the subject of government-mandated clean-ups. As the result of our ownership and operation of facilities that use, manufacture, store, handle and dispose of various hazardous materials, we may incur substantial costs for investigation, removal, remediation and capital expenditures related to compliance with environmental laws. While it is not possible to precisely quantify the potential financial impact of pending environmental matters, based on our experience to date, we believe that the outcome of these matters is not likely to have a material adverse effect on our financial position or future results of operations. In addition, new laws and regulations, new classification of hazardous materials, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that future environmental liabilities will not occur or that environmental damages due to prior or present practices will not result in future liabilities.

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We are subject to numerous governmental regulations, which may be burdensome or lead to significant costs.

Our operations are subject to numerous federal, state, local and foreign governmental laws and regulations. In addition, existing laws and regulations may be revised or reinterpreted and new laws and regulations, including with respect to climate change, may be adopted or become applicable to us or customers for our products. We cannot predict the form any such new laws or regulations will take or the impact any of these laws and regulations will have on our business or operations.

We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our financial statements.

We are subject to a variety of litigation and other legal and regulatory proceedings incidental to our business (or the business operations of previously owned entities), including claims for damages arising out of the use of products or services and claims relating to intellectual property matters, employment matters, tax matters, commercial disputes, competition and sales and trading practices, environmental matters, personal injury, insurance coverage and acquisition-related matters, as well as regulatory investigations or enforcement. These lawsuits may include claims for compensatory damages, punitive and consequential damages and/or injunctive relief. The defense of these lawsuits may divert our management's attention, we may incur significant expenses in defending these lawsuits, and we may be required to pay damage awards or settlements or become subject to equitable remedies that could adversely affect our operations and financial statements. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against such losses. In addition, developments in proceedings in any given period may require us to adjust the loss contingency estimates that we have recorded in our financial statements, record estimates for liabilities or assets previously not susceptible of reasonable estimates or pay cash settlements or judgments. Any of these developments could adversely affect our financial statements in any particular period. We cannot assure you that our liabilities in connection with litigation and other legal and regulatory proceedings will not exceed our estimates or adversely affect our financial statements and reputation. However, based on our experience, current information and applicable law, we do not believe that any amounts we may be required to pay in connection with litigation and other legal and regulatory proceedings in excess of our reserves as of the date of this information statement will have a material effect on our financial statements.

We operate in highly competitive industries, which may adversely affect our results of operations or ability to expand our business.

Our markets are highly competitive. We compete, domestically and internationally, with individual producers, as well as with vertically integrated manufacturers, some of which have resources greater than we do. The principal elements of competition for our products are product technology, quality, service, distribution and price. EMG's competition in specialty metal products stems from alternative materials and processes. In the markets served by EIG, although we believe EIG is a market leader, competition is strong and could intensify. In the aerospace and heavy-vehicle markets served by EIG, a limited number of companies compete on the basis of product quality, performance and innovation. Our competitors may develop new or improve existing products that are superior to our products or may adapt more readily to new technologies or changing requirements of our customers. There can be no assurance that our business will not be adversely affected by increased competition in the markets in which it operates or that our products will be able to compete successfully with those of our competitors.

Restrictions contained in our revolving credit facility and other debt agreements may limit our ability to incur additional indebtedness.

Our existing revolving credit facility and other debt agreements (each a "Debt Facility" and collectively, "Debt Facilities") contain restrictive covenants, including restrictions on our ability to incur indebtedness. These restrictions could limit our ability to effectuate future acquisitions, limit our ability to pay dividends, limit our

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ability to make capital expenditures or restrict our financial flexibility. Our Debt Facilities contain covenants requiring us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to meet the financial covenants or requirements in our Debt Facilities may be affected by events beyond our control, and we may not be able to satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the financial ratios, tests or other restrictions contained in a Debt Facility could result in an event of default under one or more of our other Debt Facilities. Upon the occurrence of an event of default under a Debt Facility, and the expiration of any grace periods, the lenders could elect to declare all amounts outstanding under one or more of our other Debt Facilities, together with accrued interest, to be immediately due and payable. If this were to occur, our assets may not be sufficient to fully repay the amounts due under our Debt Facilities or our other indebtedness.

Our business and financial performance may be adversely affected by information technology and other business disruptions.

Our facilities, supply chains, distribution systems and information technology systems may be impacted by natural or man-made disruptions, including information technology attacks or failures, threats to physical security, armed conflict, as well as damaging weather or other acts of nature, pandemics or other public health crises. For example, our information technology systems may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, employee error or malfeasance, power outages, hardware failures, telecommunications or utility failures, or other unforeseen events, and in any such circumstances our disaster recovery planning may be ineffective or inadequate. A shutdown of, or inability to utilize, one or more of our facilities, our supply chain, our distribution system, or our information technology, telecommunications or other systems, could significantly disrupt our operations, delay production and shipments, damage customer relationships and our reputation, result in lost sales, result in the misappropriation or corruption of data, or result in legal exposure and large repair and replacement expenses.

Our goodwill and other intangible assets represent a substantial amount of our total assets and the impairment of such substantial goodwill and intangible assets could have a negative impact on our financial condition and results of operations.

Our total assets include substantial amounts of intangible assets, primarily goodwill. At December 31, 2016, goodwill and other intangible assets, net of accumulated amortization, totaled \$4,553.0 million or 64% of our total assets. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the net tangible and other identifiable intangible assets we have acquired. At a minimum, we assess annually whether there has been impairment in the value of our intangible assets. For the year ended December 31, 2016, the Company recorded a \$13.9 million non-cash impairment charge related to certain of the Company's trade names. For further discussion, see "Critical Accounting Policies" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 6 to the Consolidated Financial Statements in this Annual Report on Form 10-K. If future operating performance at one or more of our reporting units were to fall significantly below current levels, we could record, under current applicable accounting rules, a non-cash charge to operating income for goodwill or other intangible asset impairment. Any determination requiring the impairment of a significant portion of goodwill or other intangible assets would negatively affect our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

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At December 31, 2016, the Company had 149 operating facilities in 25 states and 17 foreign countries. Of these facilities, 61 are owned by the Company and 88 are leased. The properties owned by the Company consist of approximately 739 acres, of which approximately 5.4 million square feet are under roof. Under lease is a total of approximately 3.0 million square feet. The leases expire over a range of years from 2017 to 2082, with renewal options for varying terms contained in many of the leases. The Company's executive offices in Berwyn, Pennsylvania, occupy approximately 43,000 square feet under a lease that expires in September 2023.

The Company's machinery and equipment, 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 reportable segment were as follows at December 31, 2016:

	Number of Operating Facilities		Square Feet Under Roof	
	Owned	Leased	Owned	Leased
Electronic Instruments	30	54	2,317,000	2,018,000
Electromechanical	31	34	3,052,000	1,019,000
Total	61	88	5,369,000	3,037,000

Item 3. Legal Proceedings

Please refer to "Environmental Matters" in Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 13 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for information regarding certain litigation matters.

The Company is, from time to time, subject to a variety of litigation and similar proceedings incidental to its business. These lawsuits may involve claims for damages arising out of the use of the Company's products and services, personal injury, employment matters, tax matters, commercial disputes and intellectual property matters. The Company may also become subject to lawsuits as a result of past or future acquisitions. Based upon the Company's experience, the Company does not believe that these proceedings and claims will have a material adverse effect on its results of operations, financial position or cash flows.

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 and it is traded under the symbol “AME.” On January 31, 2017, there were approximately 2,000 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 below. Future dividend payments by the Company will be dependent on future earnings, financial requirements, contractual provisions of debt agreements and other relevant factors.

Under its share repurchase program, the Company repurchased approximately 7,099,000 shares of its common stock for \$336.1 million in 2016 and approximately 7,978,000 shares of its common stock for \$435.4 million in 2015.

The high and low sales prices of the Company’s common stock on the New York Stock Exchange composite tape and the quarterly dividends per share paid on the common stock were:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2016				
Dividends paid per share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Common stock trading range:				
High	\$52.93	\$52.61	\$50.27	\$51.26
Low	\$42.82	\$43.28	\$43.30	\$43.98
2015				
Dividends paid per share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Common stock trading range:				
High	\$54.00	\$55.56	\$57.67	\$57.00
Low	\$47.85	\$51.23	\$50.55	\$50.97

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Issuer Purchases of Equity Securities

The following table reflects purchases of AMETEK, Inc. common stock by the Company during the three months ended December 31, 2016:

<u>Period</u>	<u>Total Number of Shares Purchased (1)(2)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plan (2)</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan</u>
October 1, 2016 to October 31, 2016	376	\$ 44.80	376	\$ 75,639,899
November 1, 2016 to November 30, 2016	2,103,351	47.56	2,103,351	375,594,178
December 1, 2016 to December 31, 2016	—	—	—	375,594,178
Total	<u>2,103,727</u>	<u>47.56</u>	<u>2,103,727</u>	

- (1) Includes 458 shares surrendered to the Company to satisfy tax withholding obligations in connection with employees' share-based compensation awards.
- (2) Consists of the number of shares purchased pursuant to the Company's Board of Directors remaining portion of the \$350 million authorization for the repurchase of its common stock announced in November 2015 and \$400 million authorization for the repurchase of its common stock announced in November 2016. Such purchases may be effected from time to time in the open market or in private transactions, subject to market conditions and at management's discretion.

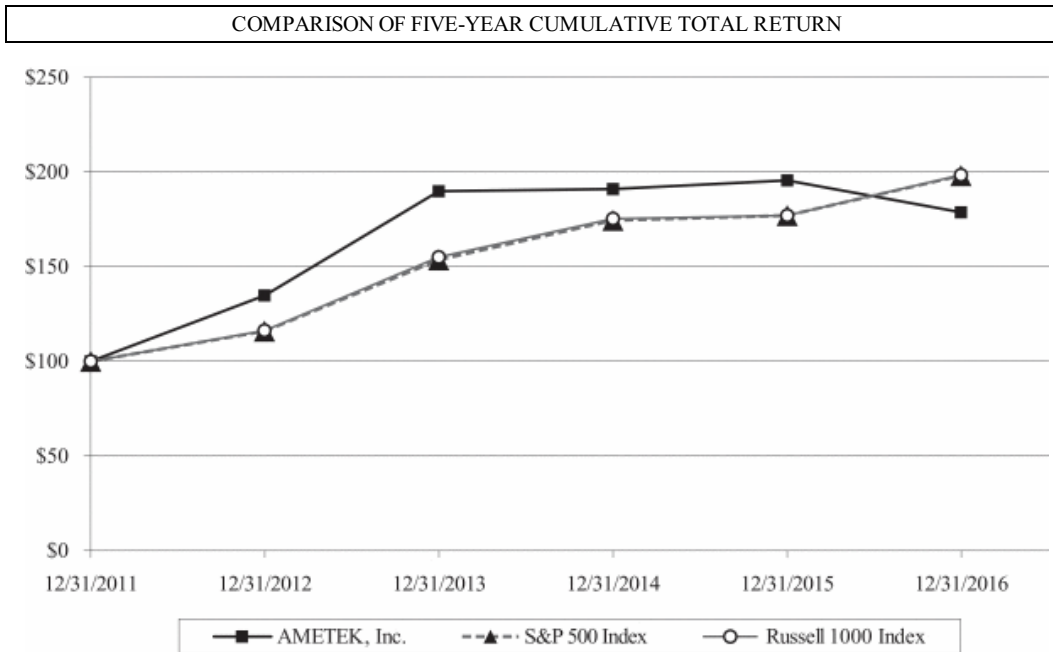
Securities Authorized for Issuance Under Equity Compensation Plan Information

The following table sets forth information as of December 31, 2016 regarding all of the Company's existing compensation plans pursuant to which equity securities are authorized for issuance to employees and nonemployee directors:

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by security holders	6,010,806	\$ 42.25	7,994,840
Equity compensation plans not approved by security holders	—	—	—
Total	<u>6,010,806</u>	<u>\$ 42.25</u>	<u>7,994,840</u>

Stock Performance Graph

The following graph and accompanying table compare the cumulative total stockholder return for AMETEK over the last five years ended December 31, 2016 with total returns for the same period for the Standard and Poor's ("S&P") 500 Index and Russell 1000 Index. AMETEK's stock price is a component of both indices. The performance graph and table assume a \$100 investment made on December 31, 2011 and reinvestment of all dividends. The stock performance shown on the graph below is based on historical data and is not necessarily indicative of future stock price performance.



	December 31,					
	2011	2012	2013	2014	2015	2016
AMETEK, Inc.	\$100.00	\$134.71	\$189.86	\$190.91	\$195.70	\$178.82
S&P 500 Index	100.00	116.00	153.58	174.60	177.01	198.18
Russell 1000 Index	100.00	116.42	154.97	175.49	177.10	198.44

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Item 6. Selected Financial Data

The following financial information for the five years ended December 31, 2016, has been derived from the Company's consolidated financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

	2016	2015	2014	2013	2012
	(In millions, except per share amounts)				
Consolidated Operating Results (Year Ended December 31):					
Net sales	\$3,840.1	\$3,974.3	\$4,022.0	\$3,594.1	\$3,334.2
Operating income	\$ 801.9	\$ 907.7	\$ 898.6	\$ 815.1	\$ 745.9
Interest expense	\$ 94.3	\$ 91.8	\$ 79.9	\$ 73.6	\$ 75.5
Net income	\$ 512.2	\$ 590.9	\$ 584.5	\$ 517.0	\$ 459.1
Earnings per share:					
Basic	\$ 2.20	\$ 2.46	\$ 2.39	\$ 2.12	\$ 1.90
Diluted	\$ 2.19	\$ 2.45	\$ 2.37	\$ 2.10	\$ 1.88
Dividends declared and paid per share	\$ 0.36	\$ 0.36	\$ 0.33	\$ 0.24	\$ 0.22
Weighted average common shares outstanding:					
Basic	232.6	239.9	244.9	243.9	241.5
Diluted	233.7	241.6	247.1	246.1	244.0
Performance Measures and Other Data:					
Operating income — Return on net sales	20.9%	22.8%	22.3%	22.7%	22.4%
— Return on average total assets	11.7%	13.9%	14.6%	14.7%	15.7%
Net income — Return on average total capital	9.5%	11.6%	12.3%	12.1%	12.6%
— Return on average stockholders' equity	15.7%	18.2%	18.3%	18.2%	20.0%
EBITDA ⁽¹⁾	\$ 966.0	\$1,046.9	\$1,022.6	\$ 916.3	\$ 842.7
Ratio of EBITDA to interest expense ⁽¹⁾	10.2x	11.4x	12.8x	12.4x	11.2x
Depreciation and amortization	\$ 179.7	\$ 149.5	\$ 138.6	\$ 118.7	\$ 105.5
Capital expenditures	\$ 63.3	\$ 69.1	\$ 71.3	\$ 63.3	\$ 57.4
Cash provided by operating activities	\$ 756.8	\$ 672.5	\$ 726.0	\$ 660.7	\$ 612.5
Free cash flow ⁽²⁾	\$ 693.5	\$ 603.4	\$ 654.7	\$ 597.4	\$ 555.1
Consolidated Financial Position (At December 31):					
Current assets	\$1,928.2	\$1,618.8	\$1,577.6	\$1,368.3	\$1,163.9
Current liabilities	\$ 924.4	\$1,024.0	\$ 934.5	\$ 872.7	\$ 878.5
Property, plant and equipment, net	\$ 473.2	\$ 484.5	\$ 448.4	\$ 402.8	\$ 383.5
Total assets	\$7,100.7	\$6,660.5	\$6,415.9	\$5,874.4	\$5,186.5
Long-term debt, net	\$2,062.6	\$1,553.1	\$1,424.4	\$1,140.1	\$1,131.0
Total debt, net	\$2,341.6	\$1,938.0	\$1,709.0	\$1,411.5	\$1,450.2
Stockholders' equity	\$3,256.5	\$3,254.6	\$3,239.6	\$3,136.1	\$2,535.2
Stockholders' equity per share	\$ 14.20	\$ 13.82	\$ 13.42	\$ 12.80	\$ 10.42
Total debt as a percentage of capitalization	41.8%	37.3%	34.5%	31.0%	36.4%
Net debt as a percentage of capitalization ⁽³⁾	33.3%	32.4%	29.1%	26.3%	33.8%

See Notes to Selected Financial Data on the following page.

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Notes to Selected Financial Data

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

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(In millions)				
Net income	<u>\$512.2</u>	<u>\$ 590.9</u>	<u>\$ 584.5</u>	<u>\$517.0</u>	<u>\$459.1</u>
Add (deduct):					
Interest expense	94.3	91.8	79.9	73.6	75.5
Interest income	(1.1)	(0.8)	(0.8)	(0.8)	(0.7)
Income taxes	180.9	215.5	220.4	207.8	203.3
Depreciation	74.8	68.7	63.7	57.2	53.7
Amortization	104.9	80.8	74.9	61.5	51.8
Total adjustments	<u>453.8</u>	<u>456.0</u>	<u>438.1</u>	<u>399.3</u>	<u>383.6</u>
EBITDA	<u>\$966.0</u>	<u>\$1,046.9</u>	<u>\$1,022.6</u>	<u>\$916.3</u>	<u>\$842.7</u>

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

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(In millions)				
Cash provided by operating activities	<u>\$756.8</u>	<u>\$672.5</u>	<u>\$726.0</u>	<u>\$660.7</u>	<u>\$612.5</u>
Deduct: Capital expenditures	<u>(63.3)</u>	<u>(69.1)</u>	<u>(71.3)</u>	<u>(63.3)</u>	<u>(57.4)</u>
Free cash flow	<u>\$693.5</u>	<u>\$603.4</u>	<u>\$654.7</u>	<u>\$597.4</u>	<u>\$555.1</u>

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

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

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, the Company discloses 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” herein.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with “Item 1A. Risk Factors,” “Item 6. Selected Financial Data” and the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Business Overview

AMETEK’s operations are affected by global, regional and industry economic factors. However, the Company’s strategic geographic and industry diversification, and its mix of products and services, have helped to mitigate the potential adverse impact of any unfavorable developments in any one industry or the economy of any single country on its consolidated operating results. In 2016, the Company was impacted by a weak global economy and the effects of a continued strong U.S. dollar. Specifically, the Company experienced lower sales in its process businesses that have exposure to oil and gas markets and in its engineered materials, interconnects and packaging businesses that have exposure to metals markets. Contributions from recent acquisitions, combined with successful Operational Excellence initiatives, helped to partially offset the oil and gas and metals markets weakness. The Company also benefited from its strategic initiatives under AMETEK’s four key strategies: Operational Excellence, Strategic Acquisitions, Global & Market Expansion and New Products. Items of note in 2016 were:

- During 2016, the Company recorded pre-tax realignment costs totaling \$25.6 million. The realignment costs had the effect of reducing net income for 2016 by \$17.0 million (\$0.07 per diluted share). See below for further discussion.
- During 2016, the Company recorded a \$13.9 million non-cash impairment charge related to certain of the Company’s trade names. The impairment charge had the effect of reducing net income for 2016 by \$8.6 million (\$0.04 per diluted share). See below for further discussion.
- During 2016, the Company spent \$391.4 million in cash, net of cash acquired, to acquire five businesses:
 - In January 2016, AMETEK acquired Brookfield Engineering Laboratories (“Brookfield”), a manufacturer of viscometers and rheometers, as well as instrumentation to analyze texture and powder flow;
 - In January 2016, AMETEK acquired ESP/SurgeX, a manufacturer of energy intelligence and power protection, monitoring and diagnostic solutions;
 - In July 2016, AMETEK acquired HS Foils, a developer and manufacturer of key components used in radiation detectors including ultra-thin radiation windows, silicon drift detectors and x-ray filters;
 - In July 2016, AMETEK acquired Nu Instruments, a provider of magnetic sector mass spectrometers used for elemental and isotope analysis; and
 - In October 2016, AMETEK acquired Laserage Technology Corporation (“Laserage”), a provider of laser fabrication services for the medical device market.
- During 2016, the Company established record cash flow provided by operating activities that totaled \$756.8 million for 2016, an \$84.3 million or 12.5% increase from 2015.

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- The Company continued its emphasis on investment in research, development and engineering, spending \$200.8 million in 2016 before customer reimbursement of \$7.2 million. Sales from products introduced in the past three years were \$929.6 million or 24.2% of net sales.
- In March 2016, the Company along with certain of its foreign subsidiaries amended and restated its credit agreement dated as of September 22, 2011 (the "Credit Agreement"). The Credit Agreement amends and restates the Company's existing \$700 million revolving credit facility, which was due to expire in December 2018. The Credit Agreement consists of a five-year revolving credit facility in an aggregate principal amount of \$850 million with a final maturity date in March 2021. The revolving credit facility total borrowing capacity excludes an accordion feature that permits the Company to request up to an additional \$300 million in revolving credit commitments at any time during the life of the Credit Agreement under certain conditions. The revolving credit facility provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy.
- In October 2016, the Company completed a private placement agreement to sell 500 million Euros and 225 million British pounds in senior notes to a group of institutional investors (the "2016 Private Placement"). There were two funding dates under the 2016 Private Placement. The first funding occurred in October 2016 for 500 million Euros (\$546.8 million) and the second funding occurred in November 2016 for 225 million British pounds (\$274.1 million). The proceeds from the first funding of the 2016 Private Placement were used to pay down domestic borrowings under the Company's revolving credit facility. The proceeds from the second funding of the 2016 Private Placement were used to pay down, at maturity, a 40 million British pound (\$48.7 million) 5.99% senior note in November 2016 and provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy. See "Liquidity and Capital Resources" section for further discussion.

Results of Operations

The following table sets forth net sales and income by reportable segment and on a consolidated basis:

	Year Ended December 31,		
	2016	2015	2014
	(In thousands)		
Net sales⁽¹⁾:			
Electronic Instruments	\$2,360,285	\$2,417,192	\$2,421,638
Electromechanical	1,479,802	1,557,103	1,600,326
Consolidated net sales	<u>\$3,840,087</u>	<u>\$3,974,295</u>	<u>\$4,021,964</u>
Operating income and income before income taxes:			
Segment operating income ⁽²⁾ :			
Electronic Instruments	\$ 577,717	\$ 639,399	\$ 612,992
Electromechanical	277,873	318,098	335,046
Total segment operating income	855,590	957,497	948,038
Corporate administrative and other expenses	(53,693)	(49,781)	(49,452)
Consolidated operating income	801,897	907,716	898,586
Interest and other expenses, net	(108,794)	(101,336)	(93,754)
Consolidated income before income taxes	<u>\$ 693,103</u>	<u>\$ 806,380</u>	<u>\$ 804,832</u>

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

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

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Results of Operations for the year ended December 31, 2016 compared with the year ended December 31, 2015

In 2016, the Company was impacted by a weak global economy and the effects of a continued strong U.S. dollar. Specifically, the Company experienced lower sales in its process businesses that have exposure to oil and gas markets and in its engineered materials, interconnects and packaging businesses that have exposure to metals markets.

Contributions from the acquisitions completed in 2016 and the acquisitions of Surface Vision in July 2015 and Global Tubes in May 2015, as well as the Company's Operational Excellence initiatives had a positive impact on 2016 results. The full year impact of the 2016 acquisitions and continued focus on and implementation of Operational Excellence initiatives, including the 2016 realignment actions (described further throughout the results of operations for the fourth quarter and year ended December 31, 2016), are expected to have a positive impact on the Company's 2017 results. In the second half of 2016, the Company noted stabilization in the markets mentioned above compared to 2015; however, the Company still expects the challenging global economic environment to continue to impact its markets and geographies into the first half of 2017.

Net sales for 2016 were \$3,840.1 million, a decrease of \$134.2 million or 3.4%, compared with net sales of \$3,974.3 million in 2015. Electronic Instruments Group ("EIG") net sales were \$2,360.3 million in 2016, a decrease of 2.4%, compared with \$2,417.2 million in 2015. Electromechanical Group ("EMG") net sales were \$1,479.8 million in 2016, a decrease of 5.0%, compared with \$1,557.1 million in 2015. The decrease in net sales for 2016 was due to a 7% organic sales decline and an unfavorable 1% effect of foreign currency translation, partially offset by a 4% increase from acquisitions.

Total international sales for 2016 were \$2,010.7 million or 52.4% of net sales, a decrease of \$44.0 million or 2.1%, compared with international sales of \$2,054.7 million or 51.7% of net sales in 2015. The \$44.0 million decrease in international sales was primarily driven by a weak global economy, as well as the foreign currency translation headwind noted above. Both reportable segments of the Company maintain strong international sales presences in Europe and Asia. Export shipments from the United States, which are included in total international sales, were \$1,036.0 million in 2016, a decrease of \$54.7 million or 5.0%, compared with \$1,090.7 million in 2015. Export shipments decreased primarily due to a weak global economy, as well as the competitive impacts of a strong U.S. dollar.

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

The Company recorded 2016 realignment costs totaling \$25.6 million in the fourth quarter of 2016 (the "2016 realignment costs"). The 2016 realignment costs primarily related to \$19.3 million in severance costs for a reduction in workforce and \$6.2 million of asset write-downs in response to the impact of a weak global economy on certain of the Company's businesses, as well as the effects of a continued strong U.S. dollar. The Company recorded 2015 realignment costs totaling \$36.6 million, with \$15.9 million recorded in the first quarter of 2015 and \$20.7 million recorded in the fourth quarter of 2015 (the "2015 realignment costs"). The 2015 realignment costs primarily related to reductions in workforce in response to the impact of a weak global economy on certain of the Company's businesses, as well as the effects of a continued strong U.S. dollar. See Note 18 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

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

	2016		2015		
	Three Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	Three Months Ended December 31,	Year Ended December 31,
Cost of sales	\$ 24.0	\$ 24.0	\$ 15.8	\$ 20.0	\$ 35.8
Selling, general and administrative expenses	1.6	1.6	0.1	0.7	0.8
Total	<u>\$ 25.6</u>	<u>\$ 25.6</u>	<u>\$ 15.9</u>	<u>\$ 20.7</u>	<u>\$ 36.6</u>

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

	2016		2015		
	Three Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	Three Months Ended December 31,	Year Ended December 31,
EIG	\$ 12.4	\$ 12.4	\$ 9.3	\$ 9.3	\$ 18.5
EMG	11.6	11.6	6.5	10.8	17.3
Total	<u>\$ 24.0</u>	<u>\$ 24.0</u>	<u>\$ 15.8</u>	<u>\$ 20.0</u>	<u>\$ 35.8</u>

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

	2016		2015	
	Three Months Ended December 31,	Year Ended December 31,	Three Months Ended December 31,	Year Ended December 31,
EIG	(200)	(50)	(150)	(70)
EMG	(330)	(80)	(300)	(110)
Total	<u>(250)</u>	<u>(60)</u>	<u>(200)</u>	<u>(90)</u>

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

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

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

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

Corporate administrative expenses for 2016 were \$52.4 million, an increase of \$3.3 million or 6.7%, compared with \$49.1 million in 2015. As a percentage of net sales, corporate administrative expenses were 1.4% for 2016, compared with 1.2% in 2015. For 2016 and 2015, corporate administrative expenses include \$1.6 million and \$0.8 million, respectively, of realignment costs noted above.

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

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

The effective tax rate for 2016 was 26.1%, compared with 26.7% in 2015. The effective tax rates for 2016 and 2015 reflect the impact of foreign earnings, which are taxed at lower rates. The 2016 effective tax rate reflects tax benefits related to international and state tax planning initiatives and the release of uncertain tax position liabilities relating to certain statute expirations. The 2015 effective tax rate reflects the first quarter of 2015 release of uncertain tax position liabilities related to the conclusion of an advance thin capitalization agreement in the European Union, the second quarter of 2015 effective settlement of the U.S. research and development tax credit from the completion of an Internal Revenue Service examination for 2010 and 2011, and the third quarter of 2015 \$7.5 million of tax benefits related to the closure of an international subsidiary. See Note 8 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

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

Diluted earnings per share for 2016 were \$2.19, a decrease of \$0.26 or 10.6%, compared with \$2.45 per diluted share in 2015. The 2016 realignment costs and the 2016 impairment charge had the effect of reducing 2016 diluted earnings per share by \$0.07 and \$0.04, respectively. The 2015 realignment costs had the effect of reducing 2015 diluted earnings per share by \$0.10.

Segment Results

EIG’s net sales totaled \$2,360.3 million for 2016, a decrease of \$56.9 million or 2.4%, compared with \$2,417.2 million in 2015. The net sales decrease was due to a 7% organic sales decline, driven largely by the Company’s process businesses that have exposure to oil and gas markets, partially offset by a 5% increase from the 2016 acquisitions of Nu Instruments, Brookfield and ESP/SurgeX and 2015 acquisition of Surface Vision.

EIG’s operating income was \$577.7 million for 2016, a decrease of \$61.7 million or 9.6%, compared with \$639.4 million in 2015. EIG’s operating margins were 24.5% of net sales for 2016, compared with 26.5% of net sales in 2015. The decrease in EIG segment operating income and segment operating margins for 2016 resulted primarily from the decrease in net sales noted above and a \$20.5 million increase in depreciation and amortization expense, which included a \$9.2 million impairment charge. The 2016 impairment charge negatively

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impacted EIG segment operating margins by approximately 40 basis points. EIG segment operating income and segment operating margins for 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

EMG's net sales totaled \$1,479.8 million for 2016, a decrease of \$77.3 million or 5.0%, compared with \$1,557.1 million in 2015. The net sales decrease was due to a 6% organic sales decline, driven largely by weakness in the Company's engineered materials, interconnects and packaging businesses, and an unfavorable 1% effect of foreign currency translation, partially offset by a 2% increase from the 2016 acquisition of Laserage and 2015 acquisition of Global Tubes.

EMG's operating income was \$277.9 million for 2016, a decrease of \$40.2 million or 12.6%, compared with \$318.1 million in 2015. EMG's operating margins were 18.8% of net sales for 2016, compared with 20.4% of net sales in 2015. The decrease in EMG segment operating income and segment operating margins for 2016 resulted primarily from the decrease in net sales noted above and a \$9.2 million increase in depreciation and amortization expense, which included a \$4.7 million impairment charge. The 2016 impairment charge negatively impacted EMG segment operating margins by approximately 30 basis points. EMG segment operating income and segment operating margins for 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Results of operations for the fourth quarter of 2016 compared with the fourth quarter of 2015

Net sales for the fourth quarter of 2016 were \$973.0 million, a decrease of \$15.0 million or 1.5%, compared with net sales of \$988.0 million for the fourth quarter of 2015. The decrease in net sales for the fourth quarter of 2016 was due to a 4% organic sales decline and an unfavorable 1% effect of foreign currency translation, partially offset by a 3% increase from acquisitions.

Segment operating income for the fourth quarter of 2016 was \$187.8 million, a decrease of \$34.0 million or 15.3%, compared with segment operating income of \$221.8 million for the fourth quarter of 2015. Segment operating income, as a percentage of net sales, decreased to 19.3% for the fourth quarter of 2016, compared with 22.5% for the fourth quarter of 2015. The decrease in segment operating income and segment operating margins for the fourth quarter of 2016 resulted primarily from the decrease in net sales noted above and a \$17.2 million increase in depreciation and amortization expense, which included a \$13.9 million non-cash impairment charge related to certain of the Company's trade names (\$9.2 million impacted EIG and \$4.7 million impacted EMG). The fourth quarter of 2016 impairment charge negatively impacted segment operating margins by approximately 140 basis points. Segment operating income and segment operating margins for the fourth quarter of 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Cost of sales for the fourth quarter of 2016 was \$681.1 million or 70.0% of net sales, an increase of \$14.8 million or 2.2%, compared with \$666.3 million or 67.4% of net sales for the fourth quarter of 2015. The cost of sales increase and the corresponding increase in cost of sales as a percentage of sales were primarily due to the net sales decrease noted above and a \$17.2 million increase in depreciation and amortization expense, which included the fourth quarter of 2016 impairment charge of \$13.9 million noted above. Cost of sales for the fourth quarter of 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Net income for the fourth quarter of 2016 was \$109.1 million, a decrease of \$27.7 million or 20.2%, compared with \$136.8 million for the fourth quarter of 2015. The fourth quarter of 2016 realignment costs and fourth quarter of 2016 impairment charge reduced the fourth quarter of 2016 net income by \$17.0 million and \$8.6 million, respectively. The fourth quarter of 2015 realignment costs reduced the fourth quarter of 2015 net income by \$13.9 million.

Diluted earnings per share for the fourth quarter of 2016 were \$0.47, a decrease of \$0.10 or 17.5%, compared with \$0.57 per diluted share for the fourth quarter of 2015. The fourth quarter of 2016 realignment

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costs and fourth quarter of 2016 impairment charge had the effect of reducing the fourth quarter of 2016 diluted earnings per share by \$0.07 and \$0.04, respectively. The fourth quarter of 2015 realignment costs had the effect of reducing the fourth quarter of 2015 diluted earnings per share by \$0.06.

Segment Results

EIG's net sales totaled \$616.0 million for the fourth quarter of 2016, a decrease of \$12.4 million or 2.0%, compared with \$628.4 million for the fourth quarter of 2015. The net sales decrease was due to a 6% organic sales decline, driven largely by the Company's process businesses with exposure to oil and gas markets, and an unfavorable 1% effect of foreign currency translation, partially offset by a 5% increase from the 2016 acquisitions of Nu Instruments, Brookfield and ESP/SurgeX.

EIG's operating income was \$141.1 million for the fourth quarter of 2016, a decrease of \$20.6 million or 12.7%, compared with \$161.7 million for the fourth quarter of 2015. EIG's operating margins were 22.9% of net sales for the fourth quarter of 2016, compared with 25.7% of net sales for the fourth quarter of 2015. The decrease in EIG segment operating income and segment operating margins for the fourth quarter of 2016 resulted primarily from the decrease in net sales noted above and an \$11.0 million increase in depreciation and amortization expense, which included a \$9.2 million impairment charge. The fourth quarter of 2016 impairment charge negatively impacted EIG segment operating margins by approximately 150 basis points. EIG segment operating income and segment operating margins for the fourth quarter of 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

EMG's net sales totaled \$356.9 million for the fourth quarter of 2016, a decrease of \$2.7 million or 0.8%, compared with \$359.6 million for the fourth quarter of 2015. The net sales decrease was due to an unfavorable 2% effect of foreign currency translation, partially offset by a 1% increase from the 2016 acquisition of Laserage. Organic sales were flat quarter over quarter.

EMG's operating income was \$46.7 million for the fourth quarter of 2016, a decrease of \$13.5 million or 22.4%, compared with \$60.2 million for the fourth quarter of 2015. EMG's operating margins were 13.1% of net sales for the fourth quarter of 2016, compared with 16.7% of net sales for the fourth quarter of 2015. The decrease in EMG segment operating income and segment operating margins for the fourth quarter of 2016 resulted primarily from the decrease in net sales noted above and a \$6.2 million increase in depreciation and amortization expense, which included a \$4.7 million impairment charge. The fourth quarter of 2016 impairment charge negatively impacted EMG segment operating margins by approximately 130 basis points. EMG segment operating income and segment operating margins for the fourth quarter of 2016 and 2015 include the impact of the realignment costs detailed in the tables above.

Results of Operations for the year ended December 31, 2015 compared with the year ended December 31, 2014

In 2015, the Company established records for operating income, operating income margins, net income and diluted earnings per share. Contributions from the acquisitions completed in 2015 and the acquisitions of Amptek, Inc. in August 2014 and Zygo Corporation in June 2014, as well as the Company's Operational Excellence initiatives had a positive impact on 2015 results.

Net sales for 2015 were \$3,974.3 million, a decrease of \$47.7 million or 1.2%, compared with net sales of \$4,022.0 million in 2014. EIG net sales were \$2,417.2 million in 2015 or essentially flat on a percentage basis, compared with \$2,421.6 million in 2014. EMG net sales were \$1,557.1 million in 2015, a decrease of 2.7%, compared with \$1,600.3 million in 2014. The decrease in net sales for 2015 was due to an unfavorable 4% effect of foreign currency translation and 1% organic sales decline, partially offset by a 4% increase from acquisitions.

Total international sales for 2015 were \$2,054.7 million or 51.7% of net sales, a decrease of \$141.5 million or 6.4%, compared with international sales of \$2,196.2 million or 54.6% of net sales in 2014. The \$141.5 million decrease in international sales was primarily driven by a weak global economy, as well as the foreign currency

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translation headwind noted above. Both reportable segments of the Company maintain strong international sales presences in Europe and Asia. Export shipments from the United States, which are included in total international sales, were \$1,090.7 million in 2015, a decrease of \$57.4 million or 5.0%, compared with \$1,148.1 million in 2014. Export shipments decreased primarily due to a weak global economy, as well as the competitive impacts of a strong U.S. dollar.

Orders for 2015 were \$3,924.7 million, a decrease of \$154.6 million or 3.8%, compared with \$4,079.3 million in 2014. The decrease in orders for 2015 was due to an unfavorable 4% effect of foreign currency translation and organic order decline of approximately 3% resulting from a weak global economy, partially offset by a 3% increase from acquisitions. As a result, the Company's backlog of unfilled orders at December 31, 2015 was \$1,147.8 million, a decrease of \$49.5 million or 4.1%, compared with \$1,197.3 million at December 31, 2014.

The Company recorded 2015 realignment costs totaling \$36.6 million, with \$15.9 million recorded in the first quarter of 2015 and \$20.7 million recorded in the fourth quarter of 2015 (the "2015 realignment costs"). The 2015 realignment costs primarily related to reductions in workforce in response to the impact of a weak global economy on certain of the Company's businesses, as well as the effects of a continued strong U.S. dollar. See Note 18 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

The 2015 realignment costs were reported in the consolidated statement of income as follows:

- \$35.8 million in Cost of sales, with \$15.8 million recorded in the first quarter of 2015 and \$20.0 million recorded in the fourth quarter of 2015; and
- \$0.8 million in Selling, general and administrative expenses, with \$0.1 million recorded in the first quarter of 2015 and \$0.7 million recorded in the fourth quarter of 2015.

Total segment operating income for 2015 included pre-tax realignment costs totaling \$35.8 million, with \$15.8 million recorded in the first quarter of 2015 and \$20.0 million recorded in the fourth quarter of 2015. The 2015 realignment costs were reported as follows:

- \$18.5 million in EIG operating income, with \$9.3 million recorded in both the first and fourth quarters of 2015; and
- \$17.3 million in EMG operating income, with \$6.5 million recorded in the first quarter of 2015 and \$10.8 million recorded in the fourth quarter of 2015.

Total segment operating margins for 2015 were negatively impacted by approximately 90 basis points due to the 2015 realignment costs. The 2015 realignment costs impacted segment operating margins as follows:

- Approximate 70 basis point negative impact on EIG's 2015 operating margins; and
- Approximate 110 basis point negative impact on EMG's 2015 operating margins.

The expected annualized cash savings from the 2015 realignment costs is expected to be approximately \$90 million, with \$40 million realized in 2015 and approximately \$75 million expected to be realized in 2016.

Segment operating income for 2015 was \$957.5 million, an increase of \$9.5 million or 1.0%, compared with segment operating income of \$948.0 million in 2014. The increase in segment operating income resulted primarily from the acquisitions noted above, as well as the benefits of the Company's Operational Excellence initiatives, partially offset by the 2015 realignment costs described above. Segment operating income for 2014 included \$18.9 million in "Zygo integration costs," comprised of \$10.4 million in severance charges (\$9.1 million recorded in the third quarter of 2014 and \$1.3 million recorded in the fourth quarter of 2014), a \$4.5 million fair value inventory adjustment recorded in the third quarter of 2014 and \$4.0 million in other

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charges recorded in the fourth quarter of 2014, related to the Zygo acquisition. Segment operating income, as a percentage of net sales, increased to 24.1% in 2015, compared with 23.6% in 2014. The increase in segment operating margins resulted primarily from the benefits of the Company's Operational Excellence initiatives, partially offset by the impact of the 2015 realignment costs noted above. Segment operating margins for 2014 were negatively impacted by approximately 40 basis points due to the Zygo integration costs noted above.

Cost of sales for 2015 was \$2,618.0 million or 65.9% of net sales, a decrease of \$42.7 million or 1.6%, compared with \$2,660.7 million or 66.2% of net sales for 2014. The cost of sales decrease and the corresponding decrease in cost of sales as a percentage of sales were primarily due to the net sales decrease noted above, the impact of foreign currency translation, as well as cost containment initiatives, which offset the 2015 realignment costs described above. Cost of sales for 2014 included \$18.9 million of Zygo integration costs described above.

SG&A expenses for 2015 were \$448.6 million, a decrease of \$14.0 million or 3.0%, compared with \$462.6 million in 2014. As a percentage of net sales, SG&A expenses were 11.3% for 2015, compared with 11.5% in 2014. Selling expenses for 2015 were \$399.5 million, a decrease of \$14.3 million or 3.5%, compared with \$413.8 million in 2014. Selling expenses, as a percentage of net sales, decreased to 10.1% for 2015, compared with 10.3% in 2014. The selling expenses decrease and the corresponding decrease in selling expenses as a percentage of sales were primarily due to cost containment initiatives and the impact of foreign currency translation.

Corporate administrative expenses for 2015 were \$49.1 million or essentially flat, compared with \$48.8 million in 2014. As a percentage of net sales, corporate administrative expenses were 1.2% for both 2015 and 2014.

Consolidated operating income was \$907.7 million or 22.8% of net sales for 2015, an increase of \$9.1 million or 1.0%, compared with \$898.6 million or 22.3% of net sales in 2014.

Interest expense was \$91.8 million for 2015, an increase of \$11.9 million or 14.9%, compared with \$79.9 million in 2014. The increase was due to the impact of private placement senior notes funded in the second and third quarters of 2015 and the third quarter of 2014.

Other expenses, net were \$9.5 million for 2015, a decrease of \$4.3 million, compared with \$13.8 million in 2014. Other expenses, net for 2015 benefited by lower acquisition-related expenses and the favorable impact from foreign currency translation. Other expenses, net for 2014 included an \$8.0 million insurance policy gain in the fourth quarter of 2014 and a \$5.5 million reversal of an insurance policy receivable related to a specific uncertain tax position liability of an acquired entity in the third quarter of 2014.

The effective tax rate for 2015 was 26.7%, compared with 27.4% in 2014. The effective tax rates for 2015 and 2014 reflect the impact of foreign earnings, which are taxed at lower rates. The 2015 effective tax rate reflects the first quarter of 2015 release of uncertain tax position liabilities related to the conclusion of an advance thin capitalization agreement in the European Union, the second quarter of 2015 effective settlement of the U.S. research and development tax credit from the completion of an Internal Revenue Service examination for 2010 and 2011, and the third quarter of 2015 \$7.5 million of tax benefits related to the closure of an international subsidiary. The 2014 effective tax rate reflects a release of \$12.9 million of uncertain tax position liabilities related to an acquired entity due to the final closure of a tax year and foreign tax credit benefit on amounts repatriated during the year. See Note 8 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

Net income for 2015 was \$590.9 million, an increase of \$6.4 million or 1.1%, compared with \$584.5 million in 2014. The 2015 realignment costs reduced 2015 net income by \$24.7 million. The Zygo integration costs reduced 2014 net income by \$13.9 million.

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Diluted earnings per share for 2015 were \$2.45, an increase of \$0.08 or 3.4%, compared with \$2.37 per diluted share in 2014. The 2015 realignment costs had the effect of reducing 2015 diluted earnings per share by \$0.10. The Zygo integration costs had the effect of reducing 2014 diluted earnings per share by \$0.05.

Segment Results

EIG's net sales totaled \$2,417.2 million for 2015, a decrease of \$4.4 million or essentially flat on a percentage basis, compared with \$2,421.6 million in 2014. The net sales decrease was due to an unfavorable 3% effect of foreign currency translation and 1% organic sales decline, offset by a 4% increase from the 2015 acquisition of Surface Vision and the 2014 acquisitions of Amptek and Zygo.

EIG's operating income was \$639.4 million for 2015, an increase of \$26.4 million or 4.3%, compared with \$613.0 million in 2014. EIG's increase in operating income was primarily due to the Group's Operational Excellence initiatives, partially offset by the 2015 realignment costs. EIG's 2014 operating income included \$18.9 million of Zygo integration costs. EIG's operating margins were 26.5% of net sales for 2015, compared with 25.3% of net sales in 2014. EIG's increase in operating margins resulted primarily from the benefits of the Group's Operational Excellence initiatives, partially offset by the impact of the 2015 realignment costs noted above. EIG's 2014 operating margins were negatively impacted by approximately 80 basis points due to the Zygo integration costs noted above.

EMG's net sales totaled \$1,557.1 million for 2015, a decrease of \$43.2 million or 2.7%, compared with \$1,600.3 million in 2014. The net sales decrease was due to an unfavorable 4% effect of foreign currency translation and 2% organic sales decline, partially offset by a 4% increase from the 2015 acquisition of Global Tubes.

EMG's operating income was \$318.1 million for 2015, a decrease of \$16.9 million or 5.0%, compared with \$335.0 million in 2014. EMG's decrease in operating income was primarily due to the lower sales noted above and the 2015 realignment costs, partially offset by the benefits of the Group's Operational Excellence initiatives. EMG's operating margins were 20.4% of net sales for 2015, compared with 20.9% of net sales in 2014. EMG's decrease in operating margins resulted primarily from the impact of the 2015 realignment costs noted above, partially offset by the benefits of the Group's Operational Excellence initiatives.

Results of operations for the fourth quarter of 2015 compared with the fourth quarter of 2014

Net sales for the fourth quarter of 2015 were \$988.0 million, a decrease of \$36.1 million or 3.5%, compared with net sales of \$1,024.1 million for the fourth quarter of 2014. The decrease in net sales for the fourth quarter of 2015 was due to a 4% organic sales decline and an unfavorable 3% effect of foreign currency translation, partially offset by a 3% increase from acquisitions.

Segment operating income for the fourth quarter of 2015 was \$221.8 million, a decrease of \$18.1 million or 7.5%, compared with segment operating income of \$239.9 million for the fourth quarter of 2014. The decrease in segment operating income was primarily due to the lower sales noted above and included \$20.0 million of fourth quarter of 2015 realignment costs, partially offset by the acquisitions noted above, as well as the benefits of the Group's Operational Excellence initiatives. Segment operating income for the fourth quarter of 2014 included \$5.2 million in "Zygo integration costs," comprised of \$1.3 million in severance charges and \$4.0 million in other charges, related to the Zygo acquisition. Segment operating income, as a percentage of net sales, decreased to 22.5% for the fourth quarter of 2015, compared with 23.4% for the fourth quarter of 2014. In the fourth quarter of 2015, the benefits of the Group's Operational Excellence initiatives, partially offset the approximate 200 basis point negative impact from the fourth quarter of 2015 realignment costs noted above. Segment operating margins for the fourth quarter of 2014 were negatively impacted by approximately 50 basis points due to the fourth quarter of 2014 Zygo integration costs noted above.

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Cost of sales for the fourth quarter of 2015 was \$666.3 million or 67.4% of net sales, a decrease of \$13.3 million or 2.0%, compared with \$679.6 million or 66.4% of net sales for the fourth quarter of 2014. The cost of sales decrease was primarily due to the net sales decrease noted above, the impact of foreign currency translation, as well as cost containment initiatives, which offset the fourth quarter of 2015 realignment costs described above. Cost of sales for the fourth quarter of 2014 included \$5.2 million of Zygo integration costs described above.

Net income for the fourth quarter of 2015 was \$136.8 million, a decrease of \$15.2 million or 10.0%, compared with \$152.0 million for the fourth quarter of 2014. The fourth quarter of 2015 realignment costs reduced the fourth quarter of 2015 net income by \$13.9 million. The fourth quarter of 2014 Zygo integration costs reduced the fourth quarter of 2014 net income by \$3.2 million.

Diluted earnings per share for the fourth quarter of 2015 were \$0.57, a decrease of \$0.05 or 8.1%, compared with \$0.62 per diluted share for the fourth quarter of 2014. The fourth quarter of 2015 realignment costs had the effect of reducing the fourth quarter of 2015 diluted earnings per share by \$0.06. The fourth quarter of 2014 Zygo integration costs had the effect of reducing the fourth quarter of 2014 diluted earnings per share by \$0.01.

Segment Results

EIG's net sales totaled \$628.4 million for the fourth quarter of 2015, a decrease of \$16.0 million or 2.5%, compared with \$644.4 million for the fourth quarter of 2014. The net sales decrease was due to an unfavorable 3% effect of foreign currency translation and 2% organic sales decline, partially offset by a 2% increase from the 2015 acquisition of Surface Vision.

EIG's operating income was \$161.7 million for the fourth quarter of 2015, a decrease of \$1.2 million or 0.7%, compared with \$162.9 million for the fourth quarter of 2014. EIG's decrease in operating income was primarily due to the lower sales noted above and included \$9.3 million of fourth quarter of 2015 realignment costs, partially offset by the benefits of the Group's Operational Excellence initiatives. EIG's fourth quarter of 2014 operating income included \$5.2 million of Zygo integration costs. EIG's operating margins were 25.7% of net sales for the fourth quarter of 2015, compared with 25.3% of net sales for the fourth quarter of 2014. EIG's increase in operating margins resulted primarily from the benefits of the Group's Operational Excellence initiatives, partially offset by the approximate 150 basis point negative impact from the fourth quarter of 2015 realignment costs noted above. EIG's fourth quarter of 2014 operating margins were negatively impacted by approximately 80 basis points due to the fourth quarter of 2014 Zygo integration costs noted above.

EMG's net sales totaled \$359.6 million for the fourth quarter of 2015, a decrease of \$20.2 million or 5.3%, compared with \$379.8 million for the fourth quarter of 2014. The net sales decrease was due to an 8% organic sales decline and an unfavorable 3% effect of foreign currency translation, partially offset by a 5% increase from the 2015 acquisition of Global Tubes.

EMG's operating income was \$60.2 million for the fourth quarter of 2015, a decrease of \$16.8 million or 21.8%, compared with \$77.0 million for the fourth quarter of 2014. EMG's decrease in operating income was primarily due to the lower sales noted above and included \$10.8 million of fourth quarter of 2015 realignment costs, partially offset by the benefits of the Group's Operational Excellence initiatives. EMG's operating margins were 16.7% of net sales for the fourth quarter of 2015, compared with 20.3% of net sales for the fourth quarter of 2014. EMG's fourth quarter of 2015 operating margins were negatively impacted by approximately 300 basis points due to the fourth quarter of 2015 realignment costs noted above.

Liquidity and Capital Resources

Cash provided by operating activities totaled \$756.8 million in 2016, an increase of \$84.3 million or 12.5%, compared with \$672.5 million in 2015. The increase in cash provided by operating activities was primarily due to

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the \$48.4 million reduction in defined benefit pension plan contributions, driven by a \$50.0 million contribution to the Company's U.S. defined benefit pension plans in the first quarter of 2015, and lower overall operating working capital levels driven by the Company's continued focus on operating working capital management.

Free cash flow (cash flow provided by operating activities less capital expenditures) was \$693.6 million in 2016, compared with \$603.5 million in 2015. EBITDA (earnings before interest, income taxes, depreciation and amortization) was \$966.0 million in 2016, compared with \$1,046.9 million in 2015. Free cash flow and EBITDA are presented because the Company is aware that they are measures used by third parties in evaluating the Company. (See the "Notes to Selected Financial Data" included in Item 6 in this Annual Report on Form 10-K for a reconciliation of U.S. generally accepted accounting principles ("GAAP") measures to comparable non-GAAP measures).

Cash used for investing activities totaled \$452.4 million in 2016, compared with \$425.6 million in 2015. In 2016, the Company paid \$391.4 million, net of cash acquired, to acquire Laserage in October 2016, HS Foils and Nu Instruments in July 2016 and Brookfield and ESP/SurgeX in January 2016. In 2015, the Company paid \$356.5 million, net of cash acquired, to acquire Surface Vison in July 2015 and Global Tubes in May 2015. Additions to property, plant and equipment totaled \$63.3 million in 2016, compared with \$69.1 million in 2015.

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

In October 2016, the Company completed a private placement agreement to sell 500 million Euros and 225 million British pounds in senior notes to a group of institutional investors (the "2016 Private Placement"). There were two funding dates under the 2016 Private Placement. The first funding occurred in October 2016 for 500 million Euros (\$546.8 million), consisting of 300 million Euros (\$328.1 million) in aggregate principal amount of 1.34% senior notes due October 2026 and 200 million Euros (\$218.7 million) in aggregate principal amount of 1.53% senior notes due October 2028. The second funding occurred in November 2016 for 225 million British pounds (\$274.1 million), consisting of 150 million British pounds (\$182.7 million) in aggregate principal amount of 2.59% senior notes due November 2028 and 75 million British pounds (\$91.4 million) in aggregate principal amount of 2.70% senior notes due November 2031. The 2016 Private Placement senior notes carry a weighted average interest rate of 1.82% and are subject to certain customary covenants, including financial covenants that, among other things, require the Company to maintain certain debt-to-EBITDA (earnings before interest, income taxes, depreciation and amortization) and interest coverage ratios. The proceeds from the first funding of the 2016 Private Placement were used to pay down domestic borrowings under the Company's revolving credit facility. The proceeds from the second funding of the 2016 Private Placement were used to pay down, at maturity, a 40 million British pound (\$48.7 million) 5.99% senior note in November 2016 and provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy.

In March 2016, the Company along with certain of its foreign subsidiaries amended and restated its credit agreement dated as of September 22, 2011 (the "Credit Agreement"). The Credit Agreement amends and restates the Company's existing \$700 million revolving credit facility, which was due to expire in December 2018. The Credit Agreement consists of a five-year revolving credit facility in an aggregate principal amount of \$850 million with a final maturity date in March 2021. The revolving credit facility total borrowing capacity excludes an accordion feature that permits the Company to request up to an additional \$300 million in revolving credit commitments at any time during the life of the Credit Agreement under certain conditions. Interest rates on outstanding borrowings under the revolving credit facility are at the applicable benchmark rate plus a negotiated spread or at the U.S. prime rate. The revolving credit facility provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy. At December 31, 2016, the Company had available borrowing capacity of \$1,117.3 million under its revolving credit facility, including the \$300 million accordion feature.

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In the fourth quarter of 2017, \$270 million of 6.20% senior notes will mature and become payable. The debt-to-capital ratio was 41.8% at December 31, 2016, compared with 37.3% at December 31, 2015. The net debt-to-capital ratio (total debt, net less cash and cash equivalents divided by the sum of net debt and stockholders' equity) was 33.3% at December 31, 2016, compared with 32.4% at December 31, 2015. The net debt-to-capital ratio is presented because the Company is aware that this measure is used by third parties in evaluating the Company. (See the "Notes to Selected Financial Data" included in Item 6 in this Annual Report on Form 10-K for a reconciliation of U.S. GAAP measures to comparable non-GAAP measures).

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

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

As a result of all of the Company's cash flow activities in 2016, cash and cash equivalents at December 31, 2016 totaled \$717.3 million, compared with \$381.0 million at December 31, 2015. At December 31, 2016, the Company had \$481.6 million in cash outside the United States, compared with \$357.2 million at December 31, 2015. The Company utilizes this cash to fund its international operations, as well as to acquire international businesses. In July 2016, the Company acquired HS Foils and Nu Instruments for approximately \$65 million utilizing cash outside the United States. The Company is in compliance with all covenants, including financial covenants, for all of its debt agreements. The Company believes it has sufficient cash-generating capabilities from domestic and unrestricted foreign sources, available credit facilities and access to long-term capital funds to enable it to meet its operating needs and contractual obligations in the foreseeable future.

Subsequent Events

In January 2017, the Company contributed \$50.1 million to its defined benefit pension plans, with \$40.0 million contributed to U.S. defined benefit pension plans and \$10.1 million contributed to foreign defined benefit pension plans.

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

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The following table summarizes AMETEK's contractual cash obligations and the effect such obligations are expected to have on the Company's liquidity and cash flows in future years at December 31, 2016.

Contractual Obligations ⁽¹⁾	Payments Due				
	Total	Less Than One Year	One to Three Years	Four to Five Years	After Five Years
			(In millions)		
Long-term debt borrowings ⁽²⁾	\$2,333.2	\$ 270.0	\$405.0	\$152.9	\$1,505.3
Capital lease ⁽³⁾	4.7	0.9	3.8	—	—
Other indebtedness	9.9	9.9	—	—	—
Total debt ⁽⁴⁾	2,347.8	280.8	408.8	152.9	1,505.3
Interest on long-term fixed-rate debt	503.8	90.0	118.9	85.1	209.8
Noncancellable operating leases ⁽⁵⁾	143.5	33.0	44.6	26.7	39.2
Purchase obligations ⁽⁶⁾	289.1	273.7	14.8	0.4	0.2
Restructuring and other	29.9	26.0	3.9	—	—
Total	<u>\$3,314.1</u>	<u>\$ 703.5</u>	<u>\$591.0</u>	<u>\$265.1</u>	<u>\$1,754.5</u>

- (1) The liability for uncertain tax positions was not included in the table of contractual obligations as of December 31, 2016 because the timing of the settlements of these uncertain tax positions cannot be reasonably estimated at this time. See Note 8 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.
- (2) See Note 9 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.
- (3) Represents a capital lease for a building and land associated with the Cameca SAS acquisition. The lease has a term of 12 years, which began in July 2006, and is payable quarterly.
- (4) Excludes debt issuance costs of \$6.3 million, of which \$1.9 million is classified as current and \$4.4 million is classified as long-term. See Note 9 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.
- (5) The leases expire over a range of years from 2017 to 2082 with renewal or purchase options, subject to various terms and conditions, contained in most of the leases.
- (6) Purchase obligations primarily consist of contractual commitments to purchase certain inventories at fixed prices.

Other Commitments

The Company has standby letters of credit and surety bonds of \$37.4 million related to performance and payment guarantees at December 31, 2016. Based on experience with these arrangements, the Company believes that any obligations that may arise will not be material to its financial position.

Critical Accounting Policies

The Company has identified its 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 on the Company's historical 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 financial condition

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and results of operations 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 to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

- *Revenue Recognition.* The Company recognizes revenue on product sales in the period when the sales process is complete. This generally occurs when products are shipped to the customer in accordance with terms of an agreement of sale, under which title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable. For a small percentage of sales where title and risk of loss passes at point of delivery, the Company recognizes revenue upon delivery to the customer, assuming all other criteria for revenue recognition are met. The Company's 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. The Company has agreements with distributors that do not provide expanded rights of return for unsold products. The distributor purchases the product from the Company, at which time title and risk of loss transfers to the distributor. The Company does not offer substantial sales incentives and credits to its distributors other than volume discounts. The Company accounts for these sales incentives as a reduction of revenues when the sale is recognized in the consolidated statement of income. Accruals for sales returns, other allowances and estimated warranty costs are provided at the time revenue is recognized based on the Company's historical experience. At December 31, 2016 and 2015, the accrual for future warranty obligations was \$22.0 million and \$22.8 million, respectively. The Company's expense for warranty obligations was \$16.0 million, \$14.8 million and \$16.5 million in 2016, 2015 and 2014, respectively. The warranty periods for products sold vary among the Company's operations, but generally do not exceed one year. The Company calculates its warranty expense provision based on its historical warranty experience and adjustments are made periodically to reflect actual warranty expenses. If actual future sales returns and allowances and warranty amounts are higher than the Company's historical experience, additional accruals may be required.
- *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 allowance for doubtful accounts is recorded against the amount due from these customers. For all other customers, the Company recognizes allowance for doubtful accounts based on the length of time specific receivables are past due based on its historical 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 doubtful accounts was \$10.3 million and \$8.6 million at December 31, 2016 and 2015, respectively.
- *Inventories.* The Company uses the first-in, first-out ("FIFO") method of accounting, which approximates current replacement cost, for approximately 82% of its inventories at December 31, 2016. The last-in, first-out ("LIFO") method of accounting is used to determine cost for the remaining 18% of the Company's inventory at December 31, 2016. For inventories where cost is determined by the LIFO method, the FIFO value would have been \$18.4 million and \$19.4 million higher than the LIFO value reported in the consolidated balance sheet at December 31, 2016 and 2015, 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.
- *Business Combinations.* The Company allocates the purchase price of an acquired company, including when applicable, the fair value of contingent consideration between tangible and intangible assets acquired and liabilities assumed from the acquired business based on their estimated fair values, with the residual of the purchase price recorded as goodwill. Third party appraisal firms and other consultants are engaged to assist management in determining the fair values of certain assets acquired and liabilities

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assumed. Estimating fair values requires significant judgments, estimates and assumptions, including but not limited to: discount rates, future cash flows and the economic lives of trade names, technology, customer relationships, property, plant and equipment, as well as income taxes. These estimates are based on historical experience and information obtained from the management of the acquired companies, and are inherently uncertain.

- *Goodwill and Other Intangible Assets.* Goodwill and other intangible assets with indefinite lives, primarily trademarks and trade names, are not amortized; rather, they are tested for impairment at least annually. For the purpose of the goodwill impairment test, the Company can elect to perform a qualitative analysis to determine if it is more likely than not that the fair values of its reporting units are less than the respective carrying values of those reporting units. The Company elected to bypass performing the qualitative screen and performed the first step quantitative analysis of the goodwill impairment test in the current year. The Company may elect to perform the qualitative analysis in future periods. The first step in the quantitative process is to compare the carrying amount of the reporting unit's net 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 and would be required to be recorded if the amount of the recorded goodwill exceeds the implied goodwill.

The Company identifies its reporting units at the component level, which is one level below its operating segments. Generally, goodwill arises from acquisitions of specific operating companies and is assigned to the reporting unit in which a particular operating company resides. The Company's reporting units are composed of divisions that are one level below its operating segments and for which discrete financial information is prepared and regularly reviewed by segment management.

The Company principally relies on a discounted cash flow analysis to determine the fair value of each reporting unit, which considers forecasted cash flows discounted at an appropriate discount rate. The Company believes that market participants would use a discounted cash flow analysis to determine the fair value of its reporting units in a sale transaction. The annual goodwill impairment test requires the Company to make a number of assumptions and estimates concerning future levels of revenue growth, operating margins, depreciation, amortization and working capital requirements, which are based on the Company's long-range plan and are considered level 3 inputs. The Company's long-range plan is updated as part of its annual planning process and is reviewed and approved by management. The discount rate is an estimate of the overall after-tax rate of return required by a market participant whose weighted average cost of capital includes both equity and debt, including a risk premium. While the Company uses the best available information to prepare its cash flow and discount rate assumptions, actual future cash flows or market conditions could differ significantly resulting in future impairment charges related to recorded goodwill balances. While there are always changes in assumptions to reflect changing business and market conditions, the Company's overall methodology and the population of assumptions used have remained unchanged. In order to evaluate the sensitivity of the goodwill impairment test to changes in the fair value calculations, the Company applied a hypothetical 10% decrease in fair values of each reporting unit. The 2016 results (expressed as a percentage of carrying value for the respective reporting unit) showed that, despite the hypothetical 10% decrease in fair value, the fair values of the Company's reporting units still exceeded their respective carrying values by 32% to 707% for each of the Company's reporting units.

The impairment test for indefinite-lived intangibles other than goodwill (primarily trademarks and trade names) consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company can elect to perform a qualitative analysis to determine if it is more likely than not that the fair values of its indefinite-lived intangible assets are less than the respective carrying values of those assets. The Company elected to bypass performing the

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qualitative screen. The Company may elect to perform the qualitative analysis in future periods. The Company estimates the fair value of its indefinite-lived intangibles using the relief from royalty method using level 3 inputs. The Company believes the relief from royalty method is a widely used valuation technique for such assets. The fair value derived from the relief from royalty method is measured as the discounted cash flow savings realized from owning such trademarks and trade names and not having to pay a royalty for their use.

The Company's acquisitions have generally included a significant goodwill component and the Company expects to continue to make acquisitions. At December 31, 2016, goodwill and other indefinite-lived intangible assets totaled \$3,341.6 million or 47.1% of the Company's total assets. The Company completed its required annual impairment tests in the fourth quarter of 2016 and determined that the carrying values of the Company's goodwill were not impaired. The Company completed its required annual impairment tests in the fourth quarter of 2016 and determined that the carrying values of certain of the Company's trademarks and trade names with indefinite lives were impaired. During 2016, the Company recorded a \$13.9 million non-cash impairment charge related to certain of the Company's trade names. There can be no assurance that goodwill or indefinite-lived intangibles impairment will not occur in the future.

Other intangible assets with finite lives are evaluated for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of other intangible assets with finite lives is considered impaired when the total projected undiscounted cash flows from those assets are separately identifiable and are less than the carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of those assets. Fair value is determined primarily using present value techniques based on projected cash flows from the asset group.

- *Pensions.* The Company has U.S. and foreign defined benefit and defined contribution pension plans. 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 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 for 2016, the Company considered rates of return on high-quality, fixed-income investments that have maturities consistent with the anticipated funding requirements of the plan. The discount rate used in determining the 2016 pension cost was 4.80% for U.S. defined benefit pension plans and 3.62% for foreign plans. The discount rate used for determining the funded status of the plans at December 31, 2016 and determining the 2017 defined benefit pension cost was 4.25% for U.S. plans and 2.56% for foreign plans. In estimating the U.S. and foreign discount rates, the Company's actuaries developed a customized discount rate appropriate to the plans' projected benefit cash flow based on yields derived from a database of long-term bonds at consistent maturity dates. The Company used an expected long-term rate of return on plan assets for 2016 of 7.75% for U.S. defined benefit pension plans and 6.95% for foreign plans. In 2017, the Company will use 7.50% for the U.S. plans and 6.79% for the foreign plans. The Company determines the expected long-term rate of return based primarily on its expectation of future returns for the pension plans' investments. Additionally, the Company considers historical returns on comparable fixed-income and equity investments, and adjusts its estimate as deemed appropriate. The rate of compensation increase used in determining the 2016 pension income for the U.S. plans was 3.75% and was 2.88% for the foreign plans. The U.S. plans' rate of compensation increase will remain unchanged in 2017. The foreign plans' rate of compensation increase will be 2.5% in 2017. In 2016, the Company recognized consolidated pre-tax pension income of \$4.3 million from its U.S. and foreign defined benefit pension plans, compared with pre-tax pension income of \$9.8 million recognized for these plans in 2015. The Company estimates its 2017 U.S. and foreign defined benefit pension pre-tax income to be approximately \$4.3 million.

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All unrecognized prior service costs, remaining transition obligations or assets and actuarial gains and losses have been recognized, net of tax effects, as a charge to accumulated other comprehensive income in stockholders' equity and will be amortized as a component of net periodic pension cost. The Company uses a measurement date of December 31 (its fiscal year end) for its U.S. and foreign defined benefit plans.

To fund the plans, the Company made cash contributions to its defined benefit pension plans in 2016, which totaled \$6.8 million, compared with \$55.2 million in 2015. The Company anticipates making approximately \$52 million to \$56 million in cash contributions to its defined benefit pension plans in 2017. The estimated cash contributions range includes \$50.1 million in cash contributions to its defined benefit pension plans in January 2017, with \$40.0 million contributed to U.S. defined benefit pension plans and \$10.1 million contributed to foreign defined benefit pension plans.

- **Income Taxes.** The process of providing for income taxes and determining the related balance sheet accounts requires management to assess uncertainties, make judgments regarding outcomes and utilize estimates. The Company conducts a broad range of operations around the world and is therefore subject to complex tax regulations in numerous international taxing jurisdictions, resulting at times in tax audits, disputes and potential litigation, the outcome of which is uncertain. Management must make judgments currently about such uncertainties and determine estimates of the Company's tax assets and liabilities. To the extent the final outcome differs, future adjustments to the Company's tax assets and liabilities may be necessary.

The Company assesses the realizability of its deferred tax assets, taking into consideration the Company's forecast of future taxable income, available net operating loss carryforwards and available tax planning strategies that could be implemented to realize the deferred tax assets. Based on this assessment, management must evaluate the need for, and the amount of, valuation allowances against the Company's deferred tax assets. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required.

The Company assesses the uncertainty in its tax positions, by applying a minimum recognition threshold which a tax position is required to meet before a tax benefit is recognized in the financial statements. Once the minimum threshold is met, using a more likely than not standard, a series of probability estimates is made for each item to properly measure and record a tax benefit. The tax benefit recorded is generally equal to the highest probable outcome that is more than 50% likely to be realized after full disclosure and resolution of a tax examination. The underlying probabilities are determined based on the best available objective evidence such as recent tax audit outcomes, published guidance, external expert opinion, or by analogy to the outcome of similar issues in the past. There can be no assurance that these estimates will ultimately be realized given continuous changes in tax policy, legislation and audit practice. The Company recognizes interest and penalties accrued related to uncertain tax positions in income tax expense.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") and modified the standard thereafter. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue at the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification.

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ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017 and may be early adopted for interim and annual reporting periods beginning after December 15, 2016. The Company will adopt ASU 2014-09 as of January 1, 2018. The guidance permits adoption by retrospectively applying the guidance to each prior reporting period presented (full retrospective method) or prospectively applying the guidance and providing additional disclosures comparing results to previous guidance, with the cumulative effect of initially applying the guidance recognized in beginning retained earnings at the date of initial application (modified retrospective method). The Company is in the process of determining its method of adoption.

The Company has completed its initial assessment phase and is proceeding with its implementation plan. The initial assessment consisted of reviewing a representative sample of contracts, discussions with key stakeholders and cataloging potential impacts on the Company's operations, accounting policies, financial control and financial statements. The Company's initial assessment indicates the key changes in the standard that impact the Company's revenue recognition relate to the allocation of contract revenues between various products and services, the timing of when those revenues are recognized and the deferral of incremental costs to obtain a contract. Given the diversity of its commercial arrangements, the Company is continuing to determine the impact ASU 2014-09 may have on its consolidated results of operations, financial position, cash flows and financial statement disclosures.

In February 2015, the FASB issued ASU No. 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). ASU 2015-02 makes specific amendments to the current consolidation guidance and ends the deferral granted to investment companies from applying the variable interest entities guidance. The Company adopted ASU 2015-02 effective January 1, 2016 and the adoption did not have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. The Company retrospectively adopted ASU 2015-03 effective January 1, 2016 and the adoption did not have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* ("ASU 2015-05"). ASU 2015-05 is intended to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The guidance clarifies that customers should determine whether a cloud computing arrangement includes the license of software by applying the same guidance cloud service providers use to make this determination. The Company prospectively adopted ASU 2015-05 effective January 1, 2016 and the adoption did not have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory* ("ASU 2015-11"), which applies to inventory that is measured using first-in, first-out ("FIFO") or average cost. As prescribed in this update, an entity should measure inventory that is within scope at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory that is measured using last-in, first-out ("LIFO"). ASU 2015-11 is effective for interim and annual periods beginning after December 15, 2016, and should be applied prospectively with early adoption permitted at the beginning of an interim or annual reporting period. The Company does not expect the adoption of ASU 2015-11 to have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

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In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 simplifies the presentation of deferred taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the consolidated balance sheet. ASU 2015-17 is effective for interim and annual reporting periods beginning after December 15, 2016. ASU 2015-17 may be adopted prospectively or retrospectively and early adoption is permitted. The Company does not expect the adoption of ASU 2015-17 to have a significant impact on the Company’s consolidated results of operations, financial position or cash flows. The Company expects to prospectively adopt ASU 2015-17.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. ASU 2016-02 is to be adopted using a modified retrospective approach and early adoption is permitted. The Company has not determined the impact ASU 2016-02 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 includes changes to the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for interim and annual reporting periods beginning after December 15, 2016 and early adoption is permitted. The Company is unable to estimate the impact of adoption as it is dependent upon future stock option exercises, which cannot be predicted. However, the Company does not expect the adoption of ASU 2016-09 to have a significant impact on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business* (“ASU 2017-01”). ASU 2017-01 provides a more robust framework to use in determining when a set of assets and activities is a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of assets is not a business. ASU 2017-01 requires that, to be a business, the set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 is effective for interim and annual reporting periods beginning after December 15, 2017. ASU 2017-01 will be applied prospectively to any transactions occurring within the period of adoption. Early adoption is permitted, including for interim or annual periods in which the financial statements have not been issued or made available for issuance. The Company has not determined the impact ASU 2017-01 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”). ASU 2017-04 eliminates the requirement to calculate the implied fair value of goodwill (second step) to measure a goodwill impairment charge. Under the guidance, an impairment charge will be measured based on the excess of the reporting unit’s carrying amount over its fair value (first step). ASU 2017-04 is effective for interim and annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company has not determined the impact ASU 2017-04 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

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Internal Reinvestment

Capital Expenditures

Capital expenditures were \$63.3 million or 1.6% of net sales in 2016, compared with \$69.1 million or 1.7% of net sales in 2015. In 2016, 55% of capital expenditures were for improvements to existing equipment or additional equipment to increase productivity and expand capacity. Capital expenditures in 2017 are expected to approximate 2.0% of net sales, with a continued emphasis on spending to improve productivity.

Development and Engineering

The Company is committed to, and has consistently invested in, research, development and engineering activities to design and develop new and improved products. Research, development and engineering costs before customer reimbursement were \$200.8 million in both 2016 and 2015 and \$208.3 million in 2014. Customer reimbursements in 2016, 2015 and 2014 were \$7.2 million, \$6.9 million and \$8.9 million, respectively. These amounts included research and development expenses of \$112.0 million, \$116.3 million and \$119.3 million in 2016, 2015 and 2014, respectively. All such expenditures were directed toward the development of new products and processes and the improvement of existing products and processes.

Environmental Matters

Certain historic processes in the manufacture of products have resulted in environmentally hazardous waste by-products as defined by federal and state laws and regulations. The Company believes these waste products were handled in compliance with regulations existing at that time. At December 31, 2016, the Company is named a Potentially Responsible Party ("PRP") at 13 non-AMETEK-owned former waste disposal or treatment sites (the "non-owned" sites). The Company is identified as a "de minimis" party in 12 of these sites based on the low volume of waste attributed to the Company relative to the amounts attributed to other named PRPs. In eight of these sites, the Company has reached a tentative agreement on the cost of the de minimis settlement to satisfy its obligation and is awaiting executed agreements. The tentatively agreed-to settlement amounts are fully reserved. In the other four sites, the Company is continuing to investigate the accuracy of the alleged volume attributed to the Company as estimated by the parties primarily responsible for remedial activity at the sites to establish an appropriate settlement amount. At the remaining site where the Company is a non-de minimis PRP, the Company is participating in the investigation and/or related required remediation as part of a PRP Group and reserves have been established sufficient to satisfy the Company's expected obligations. The Company historically has resolved these issues within established reserve levels and reasonably expects this result will continue. In addition to these non-owned sites, the Company has an ongoing practice of providing reserves for probable remediation activities at certain of its current or previously owned manufacturing locations (the "owned" sites). For claims and proceedings against the Company with respect to other environmental matters, reserves are established once the Company has determined that a loss is probable and estimable. This estimate is refined as the Company moves through the various stages of investigation, risk assessment, feasibility study and corrective action processes. In certain instances, the Company has developed a range of estimates for such costs and has recorded a liability based on the best estimate. It is reasonably possible that the actual cost of remediation of the individual sites could vary from the current estimates and the amounts accrued in the consolidated financial statements; however, the amounts of such variances are not expected to result in a material change to the consolidated financial statements. In estimating the Company's liability for remediation, the Company also considers the likely proportionate share of the anticipated remediation expense and the ability of the other PRPs to fulfill their obligations.

Total environmental reserves at December 31, 2016 and 2015 were \$28.4 million and \$30.5 million, respectively, for both non-owned and owned sites. In 2016, the Company recorded \$4.1 million in reserves. Additionally, the Company spent \$5.4 million on environmental matters and the reserve decreased \$0.8 million due to foreign currency translation in 2016. The Company's reserves for environmental liabilities at

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December 31, 2016 and 2015 include reserves of \$12.4 million and \$11.5 million, respectively, for an owned site acquired in connection with the 2005 acquisition of HCC Industries (“HCC”). The Company is the designated performing party for the performance of remedial activities for one of several operating units making up a Superfund site in the San Gabriel Valley of California. The Company has obtained indemnifications and other financial assurances from the former owners of HCC related to the costs of the required remedial activities. At December 31, 2016, the Company had \$11.9 million in receivables related to HCC for probable recoveries from third-party escrow funds and other committed third-party funds to support the required remediation. Also, the Company is indemnified by HCC’s former owners for approximately \$19 million of additional costs.

The Company has agreements with other former owners of certain of its acquired businesses, as well as new owners of previously owned businesses. Under certain of the agreements, the former or new owners retained, or assumed and agreed to indemnify the Company against, certain environmental and other liabilities under certain circumstances. The Company and some of these other parties also carry insurance coverage for some environmental matters. To date, these parties have met their obligations in all material respects.

The Company believes it has established reserves which are sufficient to perform all known responsibilities under existing claims and consent orders. The Company has no reason to believe that other third parties would fail to perform their obligations in the future. In the opinion of management, based on presently available information and the Company’s historical experience related to such matters, an adequate provision for probable costs has been made and the ultimate cost resulting from these actions is not expected to materially affect the consolidated results of operations, financial position or cash flows of the Company.

Market Risk

The Company’s primary exposures to market risk are fluctuations in interest rates, foreign currency exchange rates and commodity prices, which could impact its financial condition and results of operations. The Company addresses its exposure to these risks through its normal operating and financing activities. The Company’s differentiated and global business activities help to reduce the impact that any particular market risk may have on its operating income as a whole.

The Company’s short-term debt carries variable interest rates and generally its long-term debt carries fixed rates. These financial instruments are more fully described in the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

The foreign currencies to which the Company has the most significant exchange rate exposure are the Euro, the British pound, the Japanese yen, the Chinese renminbi, the Canadian dollar, the Mexican peso and the Swiss franc. Exposure to foreign currency rate fluctuation is modest, monitored, and when possible, mitigated through the use of local borrowings and occasional derivative financial instruments in the foreign currency 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 because revenues and costs associated with the revenues are generally transacted in the same foreign currencies.

The primary commodities to which the Company has market exposure are raw material purchases of nickel, aluminum, copper, steel, titanium and gold. Exposure to price changes in these commodities are generally mitigated through adjustments in selling prices of the ultimate product and purchase order pricing arrangements, although forward contracts are sometimes used 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 Company’s best estimate is that 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.

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Forward-Looking Information

Certain matters discussed in this Form 10-K are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 (“PSLRA”), which involve risk and uncertainties that exist in the Company’s operations and business environment and can be affected by inaccurate assumptions, or by known or unknown risks and uncertainties. Many such factors will be important in determining the Company’s actual future results. The Company wishes to take advantage of the “safe harbor” provisions of the PSLRA by cautioning readers that numerous important factors, 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. Some, but not all, of the factors or uncertainties that could cause actual results to differ from present expectations are set forth above and under Item 1A. Risk Factors. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, subsequent events or otherwise, unless required by the securities laws to do so.

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 herein.

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Item 8. Financial Statements and Supplementary Data

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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.

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Management’s Responsibility for Financial Statements

Management has prepared and is responsible for the integrity of the consolidated financial statements and related information. The statements are prepared in conformity with U.S. generally accepted accounting principles consistently applied and include certain amounts based on management’s best estimates and judgments. Historical financial information elsewhere in this report is consistent with that in the financial statements.

In meeting its responsibility for the reliability of the financial information, management maintains a system of internal accounting and disclosure controls, including an internal audit program. The system of controls provides for appropriate division of responsibility and the application of written policies and procedures. That system, which undergoes continual reevaluation, is designed to provide reasonable assurance that assets are safeguarded and records are adequate for the preparation of reliable financial data.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. AMETEK, Inc. maintains a system of internal controls that is designed to provide reasonable assurance as to the fair and reliable preparation and presentation of the consolidated financial statements; however, there are inherent limitations in the effectiveness of any system of internal controls.

Management recognizes its responsibility for conducting the Company’s activities according to the highest standards of personal and corporate conduct. That responsibility is characterized and reflected in a code of business conduct for all employees and in a financial code of ethics for the Chief Executive Officer and Senior Financial Officers, as well as in other key policy statements publicized throughout the Company.

The Audit Committee of the Board of Directors, which is composed solely of independent directors who are not employees of the Company, meets with the independent registered public accounting firm, the internal auditors and management to satisfy itself that each is properly discharging its responsibilities. The report of the Audit Committee is included in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders. Both the independent registered public accounting firm and the internal auditors have direct access to the Audit Committee.

The Company’s independent registered public accounting firm, Ernst & Young LLP, is engaged to render an opinion as to whether management’s financial statements present fairly, in all material respects, the Company’s financial position and operating results. This report is included herein.

Management’s Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, AMETEK, Inc. conducted an evaluation of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2016 based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that evaluation, our management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2016.

The Company acquired Brookfield Engineering Laboratories (“Brookfield”) and ESP/SurgeX in January 2016, HS Foils and Nu Instruments in July 2016 and Laserage Technology Corporation (“Laserage”) in October 2016. As permitted by the U.S. Securities and Exchange Commission staff interpretative guidance for newly acquired businesses, the Company excluded Brookfield, ESP/SurgeX, HS Foils, Nu Instruments and Laserage from management’s assessment of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2016. In the aggregate, Brookfield, ESP/SurgeX, HS Foils, Nu Instruments and Laserage constituted 5.9% of total assets as of December 31, 2016 and 2.9% of net sales for the year then ended.

The Company’s internal control over financial reporting as of December 31, 2016 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

/s/ David A. Zapico
Chief Executive Officer

/s/ William J. Burke
Executive Vice President – Chief Financial Officer & Treasurer

February 23, 2017

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Board of Directors and Stockholders of AMETEK, Inc.:

We have audited AMETEK, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). AMETEK, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying *Management's Report on Internal Control Over Financial Reporting*, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Brookfield, ESP/SurgeX, HS Foils, Nu Instruments and Laserage, which are included in the 2016 consolidated financial statements of AMETEK, Inc. and constituted 5.9% of total assets as of December 31, 2016 and 2.9% of net sales for the year then ended. Our audit of internal control over financial reporting of AMETEK, Inc. also did not include an evaluation of the internal control over financial reporting of Brookfield, ESP/SurgeX, HS Foils, Nu Instruments and Laserage.

In our opinion, AMETEK, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMETEK, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016, and our report dated February 23, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
February 23, 2017

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON FINANCIAL STATEMENTS**

To the Board of Directors and Stockholders of AMETEK, Inc.:

We have audited the accompanying consolidated balance sheets of AMETEK, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. 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 the standards of the Public Company Accounting Oversight Board (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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMETEK, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), AMETEK, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
February 23, 2017

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AMETEK, Inc.
Consolidated Statement of Income
(In thousands, except per share amounts)

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

See accompanying notes.

AMETEK, Inc.
Consolidated Statement of Comprehensive Income
(In thousands)

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

See accompanying notes.

AMETEK, Inc.
Consolidated Balance Sheet
(In thousands, except share amounts)

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

See accompanying notes.

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AMETEK, Inc.
Consolidated Statement of Stockholders' Equity
(In thousands)

	Year Ended December 31,		
	2016	2015	2014
Capital Stock			
Preferred stock, \$0.01 par value	\$ —	\$ —	\$ —
Common stock, \$0.01 par value			
Balance at the beginning of the year	2,608	2,589	2,581
Shares issued	7	19	8
Balance at the end of the year	<u>2,615</u>	<u>2,608</u>	<u>2,589</u>
Capital in Excess of Par Value			
Balance at the beginning of the year	568,286	491,750	448,700
Issuance of common stock under employee stock plans	8,484	32,296	15,290
Share-based compensation costs	22,030	23,762	19,871
Excess tax benefits from exercise of stock options	5,343	20,478	7,889
Balance at the end of the year	<u>604,143</u>	<u>568,286</u>	<u>491,750</u>
Retained Earnings			
Balance at the beginning of the year	3,974,793	3,469,923	2,966,015
Net income	512,158	590,859	584,460
Cash dividends paid	(83,267)	(85,988)	(80,551)
Other	(1)	(1)	(1)
Balance at the end of the year	<u>4,403,683</u>	<u>3,974,793</u>	<u>3,469,923</u>
Accumulated Other Comprehensive (Loss) Income			
Foreign currency translation:			
Balance at the beginning of the year	(249,774)	(124,920)	(1,089)
Translation adjustments	(68,774)	(67,245)	(59,712)
Change in long-term intercompany notes	(7,597)	(51,235)	(54,906)
Net investment hedges, net of tax of \$6,658, \$3,432 and \$4,961 in 2016, 2015 and 2014, respectively	(12,179)	(6,374)	(9,213)
Balance at the end of the year	<u>(338,324)</u>	<u>(249,774)</u>	<u>(124,920)</u>
Defined benefit pension plans:			
Balance at the beginning of the year	(155,038)	(141,982)	(64,068)
Net actuarial loss, net of tax of \$17,450, \$12,870 and \$42,755 in 2016, 2015 and 2014, respectively	(55,259)	(21,002)	(83,040)
Amortization of net actuarial loss, net of tax of (\$2,090), (\$3,247) and (\$1,650) in 2016, 2015 and 2014, respectively	6,618	6,137	2,834
Amortization of prior service costs, net of tax of \$25, (\$564) and (\$753) in 2016, 2015 and 2014, respectively	(79)	1,809	2,292
Balance at the end of the year	<u>(203,758)</u>	<u>(155,038)</u>	<u>(141,982)</u>
Unrealized holding gain (loss) on available-for-sale securities:			
Balance at the beginning of the year	(819)	8	(82)
Increase (decrease) during the year, net of tax	512	(827)	90
Balance at the end of the year	<u>(307)</u>	<u>(819)</u>	<u>8</u>
Accumulated other comprehensive loss at the end of the year	<u>(542,389)</u>	<u>(405,631)</u>	<u>(266,894)</u>
Treasury Stock			
Balance at the beginning of the year	(885,430)	(457,807)	(215,936)
Issuance of common stock under employee stock plans	10,031	7,777	3,412
Purchase of treasury stock	(336,140)	(435,400)	(245,283)
Balance at the end of the year	<u>(1,211,539)</u>	<u>(885,430)</u>	<u>(457,807)</u>
Total Stockholders' Equity	<u>\$ 3,256,513</u>	<u>\$ 3,254,626</u>	<u>\$ 3,239,561</u>

See accompanying notes.

AMETEK, Inc.
Consolidated Statement of Cash Flows
(In thousands)

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

See accompanying notes.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements reflect the results of operations, financial position and cash flows of AMETEK, Inc. (the "Company"), and include the accounts of the Company and subsidiaries, after elimination of all intercompany transactions in the consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") 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 and assumptions.

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, 2016 and 2015, the Company's investment in a fixed-income mutual fund (held by its captive insurance subsidiary) is classified as "available-for-sale." The aggregate fair value of the fixed-income mutual fund at December 31, 2016 and 2015 was \$7.3 million (\$8.0 million cost basis) and \$8.5 million (\$9.9 million cost basis), respectively. The temporary unrealized gain or loss on the fixed-income mutual fund is recorded as a separate component of accumulated other comprehensive income (in stockholders' equity), and is not significant. Certain of the Company's other investments, which are not significant, are also accounted for by the equity method of accounting.

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 allowance for doubtful accounts is recorded against the amount due from these customers. For all other customers, the Company recognizes allowance for doubtful accounts based on the length of time specific receivables are past due based on its historical experience. The allowance for doubtful accounts was \$10.3 million and \$8.6 million at December 31, 2016 and 2015, respectively. See Note 7.

Inventories

The Company uses the first-in, first-out ("FIFO") method of accounting, which approximates current replacement cost, for approximately 82% of its inventories at December 31, 2016. The last-in, first-out ("LIFO") method of accounting is used to determine cost for the remaining 18% of the Company's inventory at December 31, 2016. For inventories where cost is determined by the LIFO method, the FIFO would have been \$18.4 million and \$19.4 million higher than the LIFO value reported in the consolidated balance sheet at December 31, 2016 and 2015, 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. See Note 7.

Business Combinations

The Company allocates the purchase price of an acquired company, including when applicable, the fair value of contingent consideration between tangible and intangible assets acquired and liabilities assumed from

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the acquired business based on their estimated fair values, with the residual of the purchase price recorded as goodwill. The results of operations of the acquired business are included in the Company's operating results from the date of acquisition. See Note 5.

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 expense as incurred. Depreciation of plant and equipment is calculated principally on a straight-line basis over the estimated useful lives of the related assets. The range of lives for depreciable assets is generally three to ten years for machinery and equipment, five to 27 years for leasehold improvements and 25 to 50 years for buildings. Depreciation expense was \$74.8 million, \$68.7 million and \$63.7 million for the years ended December 31, 2016, 2015 and 2014, respectively. See Note 7.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets with indefinite lives, primarily trademarks and trade names, are not amortized; rather, they are tested for impairment at least annually.

The Company identifies its reporting units at the component level, which is one level below its operating segments. Generally, goodwill arises from acquisitions of specific operating companies and is assigned to the reporting unit in which a particular operating company resides. The Company's reporting units are composed of divisions that are one level below its operating segments and for which discrete financial information is prepared and regularly reviewed by segment management.

The Company principally relies on a discounted cash flow analysis to determine the fair value of each reporting unit, which considers forecasted cash flows discounted at an appropriate discount rate. The Company believes that market participants would use a discounted cash flow analysis to determine the fair value of its reporting units in a sale transaction. The annual goodwill impairment test requires the Company to make a number of assumptions and estimates concerning future levels of revenue growth, operating margins, depreciation, amortization and working capital requirements, which are based on the Company's long-range plan and are considered level 3 inputs. The Company's long-range plan is updated as part of its annual planning process and is reviewed and approved by management. The discount rate is an estimate of the overall after-tax rate of return required by a market participant whose weighted average cost of capital includes both equity and debt, including a risk premium. While the Company uses the best available information to prepare its cash flow and discount rate assumptions, actual future cash flows or market conditions could differ significantly resulting in future impairment charges related to recorded goodwill balances.

The impairment test for indefinite-lived intangibles other than goodwill (primarily trademarks and trade names) consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company estimates the fair value of its indefinite-lived intangibles using the relief from royalty method using level 3 inputs. The fair value derived from the relief from royalty method is measured as the discounted cash flow savings realized from owning such trademarks and trade names and not having to pay a royalty for their use.

The Company completed its required annual impairment tests in the fourth quarter of 2016, 2015 and 2014 and determined that the carrying values of the Company's goodwill were not impaired. The Company completed its required annual impairment tests in the fourth quarter of 2016 and determined that the carrying values of

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

certain of the Company's trademarks and trade names with indefinite lives were impaired. During 2016, the Company recorded a \$13.9 million non-cash impairment charge related to certain of the Company's trade names. The Company completed its required annual impairment tests in the fourth quarter of 2015 and 2014 and determined that the carrying values of the Company's other intangible assets with indefinite lives were not impaired.

Other intangible assets with finite lives are evaluated for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of other intangible assets with finite lives is considered impaired when the total projected undiscounted cash flows from those assets are separately identifiable and are less than the carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of those assets. Fair value is determined primarily using present value techniques based on projected cash flows from the asset group.

Intangible assets, other than goodwill, with definite lives are amortized over their estimated useful lives. Patents and technology are being amortized over useful lives of five to 20 years, with a weighted average life of 16 years. Customer relationships are being amortized over a period of five to 20 years, with a weighted average life of 19 years. Miscellaneous other intangible assets are being amortized over a period of two to 20 years. The Company periodically evaluates the reasonableness of the estimated useful lives of these intangible assets. See Note 6.

Financial Instruments and 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 denominated in currencies other than their functional currency. Exchange gains and losses from those transactions are included in operating results for the year.

The Company makes infrequent use of derivative financial instruments. Forward contracts are entered into from time to time to hedge specific firm commitments for certain inventory purchases, export sales, debt or foreign currency transactions, thereby minimizing the Company's exposure to raw material commodity price or foreign currency fluctuation.

In instances where transactions are designated as hedges of an underlying item, the gains and losses on those transactions are included in accumulated other comprehensive income within stockholders' equity to the extent they are effective as hedges. An evaluation of hedge effectiveness is performed by the Company on an ongoing basis and any changes in the hedge are made as appropriate. See Note 4.

Revenue Recognition

The Company recognizes revenue on product sales in the period when the sales process is complete. This generally occurs when products are shipped to the customer in accordance with terms of an agreement of sale, under which title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable. For a small percentage of sales where title and risk of loss passes at point of delivery, the Company recognizes revenue upon delivery to the customer, assuming all other criteria for revenue recognition are met. The Company's 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. The Company has agreements with distributors that do not provide expanded rights of return for unsold products. The distributor purchases the product from the Company, at which time title and risk of loss transfers to the distributor. The

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Company does not offer substantial sales incentives and credits to its distributors other than volume discounts. The Company accounts for these sales incentives as a reduction of revenues when the sale is recognized in the consolidated statement of income. Accruals for sales returns, other allowances and estimated warranty costs are provided at the time revenue is recognized based on the Company's historical experience. At December 31, 2016 and 2015, the accrual for future warranty obligations was \$22.0 million and \$22.8 million, respectively. The Company's expense for warranty obligations was \$16.0 million in 2016, \$14.8 million in 2015 and \$16.5 million in 2014. The warranty periods for products sold vary among the Company's operations, but generally do not exceed one year. The Company calculates its warranty expense provision based on its historical warranty experience and adjustments are made periodically to reflect actual warranty expenses. See Note 12.

Research and Development

Research and development costs are included in Cost of sales as incurred and were \$112.0 million in 2016, \$116.3 million in 2015 and \$119.3 million in 2014.

Shipping and Handling Costs

Shipping and handling costs are included in Cost of sales and were \$47.9 million in 2016, \$50.5 million in 2015 and \$49.0 million in 2014.

Share-Based Compensation

The Company expenses the fair value of share-based awards made under its share-based plans in the consolidated financial statements over their requisite service period of the grants. See Note 10.

Income Taxes

The Company's process of providing for income taxes and determining the related balance sheet accounts requires management to assess uncertainties, make judgments regarding outcomes and utilize estimates. The Company conducts a broad range of operations around the world and is therefore subject to complex tax regulations in numerous international taxing jurisdictions, resulting at times in tax audits, disputes and potential litigation, the outcome of which is uncertain. Management must make judgments currently about such uncertainties and determine estimates of the Company's tax assets and liabilities. To the extent the final outcome differs, future adjustments to the Company's tax assets and liabilities may be necessary. The Company recognizes interest and penalties accrued related to uncertain tax positions in income tax expense.

The Company assesses the realizability of its deferred tax assets, taking into consideration the Company's forecast of future taxable income, available net operating loss carryforwards and available tax planning strategies that could be implemented to realize the deferred tax assets. Based on this assessment, management must evaluate the need for, and amount of, valuation allowances against the Company's deferred tax assets. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required. See Note 8.

Pensions

The Company has U.S. and foreign defined benefit and defined contribution pension plans. 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. All unrecognized prior service costs, remaining transition

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

obligations or assets and actuarial gains and losses have been recognized, net of tax effects, as a charge to accumulated other comprehensive income in stockholders' equity and will be amortized as a component of net periodic pension cost. The Company uses a measurement date of December 31 (its fiscal year end) for its U.S. and foreign defined benefit plans. See Note 11.

Earnings Per Share

The calculation of basic earnings per share is based on the weighted average number of common shares considered outstanding during the periods. The calculation of diluted earnings per share reflects the effect of all potentially dilutive securities (principally outstanding stock options and restricted stock grants). The number of weighted average shares used in the calculation of basic earnings per share and diluted earnings per share was as follows for the years ended December 31:

	2016	2015	2014
	(In thousands)		
Weighted average shares:			
Basic shares	232,593	239,906	244,885
Equity-based compensation plans	1,137	1,680	2,217
Diluted shares	<u>233,730</u>	<u>241,586</u>	<u>247,102</u>

2. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") and modified the standard thereafter. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue at the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification.

ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017 and may be early adopted for interim and annual reporting periods beginning after December 15, 2016. The Company will adopt ASU 2014-09 as of January 1, 2018. The guidance permits adoption by retrospectively applying the guidance to each prior reporting period presented (full retrospective method) or prospectively applying the guidance and providing additional disclosures comparing results to previous guidance, with the cumulative effect of initially applying the guidance recognized in beginning retained earnings at the date of initial application (modified retrospective method). The Company is in the process of determining its method of adoption.

The Company has completed its initial assessment phase and is proceeding with its implementation plan. The initial assessment consisted of reviewing a representative sample of contracts, discussions with key stakeholders and cataloging potential impacts on the Company's operations, accounting policies, financial control and financial statements. The Company's initial assessment indicates the key changes in the standard that impact the Company's revenue recognition relate to the allocation of contract revenues between various products and services, the timing of when those revenues are recognized and the deferral of incremental costs to obtain a contract. Given the diversity of its commercial arrangements, the Company is continuing to determine the impact ASU 2014-09 may have on its consolidated results of operations, financial position, cash flows and financial statement disclosures.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In February 2015, the FASB issued ASU No. 2015-02, *Amendments to the Consolidation Analysis* (“ASU 2015-02”). ASU 2015-02 is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). ASU 2015-02 makes specific amendments to the current consolidation guidance and ends the deferral granted to investment companies from applying the variable interest entities guidance. The Company adopted ASU 2015-02 effective January 1, 2016 and the adoption did not have a significant impact on the Company’s consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (“ASU 2015-03”). ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. The Company retrospectively adopted ASU 2015-03 effective January 1, 2016 and the adoption did not have a significant impact on the Company’s consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU No. 2015-05, *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* (“ASU 2015-05”). ASU 2015-05 is intended to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The guidance clarifies that customers should determine whether a cloud computing arrangement includes the license of software by applying the same guidance cloud service providers use to make this determination. The Company prospectively adopted ASU 2015-05 effective January 1, 2016 and the adoption did not have a significant impact on the Company’s consolidated results of operations, financial position or cash flows.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory* (“ASU 2015-11”), which applies to inventory that is measured using first-in, first-out (“FIFO”) or average cost. As prescribed in this update, an entity should measure inventory that is within scope at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory that is measured using last-in, first-out (“LIFO”). ASU 2015-11 is effective for interim and annual periods beginning after December 15, 2016, and should be applied prospectively with early adoption permitted at the beginning of an interim or annual reporting period. The Company does not expect the adoption of ASU 2015-11 to have a significant impact on the Company’s consolidated results of operations, financial position or cash flows.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 simplifies the presentation of deferred taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the consolidated balance sheet. ASU 2015-17 is effective for interim and annual reporting periods beginning after December 15, 2016. ASU 2015-17 may be adopted prospectively or retrospectively and early adoption is permitted. The Company does not expect the adoption of ASU 2015-17 to have a significant impact on the Company’s consolidated results of operations, financial position or cash flows. The Company expects to prospectively adopt ASU 2015-17.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. ASU 2016-02 is to be adopted using a modified retrospective approach and early adoption is permitted. The Company has not determined the impact ASU 2016-02 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 includes changes to the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for interim and annual reporting periods beginning after December 15, 2016 and early adoption is permitted. The Company is unable to estimate the impact of adoption as it is dependent upon future stock option exercises, which cannot be predicted. However, the Company does not expect the adoption of ASU 2016-09 to have a significant impact on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business* (“ASU 2017-01”). ASU 2017-01 provides a more robust framework to use in determining when a set of assets and activities is a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of assets is not a business. ASU 2017-01 requires that, to be a business, the set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 is effective for interim and annual reporting periods beginning after December 15, 2017. ASU 2017-01 will be applied prospectively to any transactions occurring within the period of adoption. Early adoption is permitted, including for interim or annual periods in which the financial statements have not been issued or made available for issuance. The Company has not determined the impact ASU 2017-01 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”). ASU 2017-04 eliminates the requirement to calculate the implied fair value of goodwill (second step) to measure a goodwill impairment charge. Under the guidance, an impairment charge will be measured based on the excess of the reporting unit’s carrying amount over its fair value (first step). ASU 2017-04 is effective for interim and annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company has not determined the impact ASU 2017-04 may have on the Company’s consolidated results of operations, financial position, cash flows and financial statement disclosures.

3. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Company utilizes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company’s own assumptions used to measure assets and liabilities at fair value. A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides the Company's assets that are measured at fair value on a recurring basis as of December 31, 2016 and 2015, consistent with the fair value hierarchy:

	December 31, 2016	December 31, 2015
	Fair Value	Fair Value
	(In thousands)	
Fixed-income investments	\$ 7,317	\$ 8,482

The fair value of fixed-income investments, which are valued as level 1 investments, was based on quoted market prices. The fixed-income investments are shown as a component of long-term assets on the consolidated balance sheet.

For the year ended December 31, 2016, gains and losses on the investments noted above were not significant. No transfers between level 1 and level 2 investments occurred during the year ended December 31, 2016.

Financial Instruments

Cash, cash equivalents and fixed-income investments are recorded at fair value at December 31, 2016 and 2015 in the accompanying consolidated balance sheet.

The following table provides the estimated fair values of the Company's financial instrument liabilities, for which fair value is measured for disclosure purposes only, compared to the recorded amounts at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
	(In thousands)			
Short-term borrowings, net	\$ —	\$ —	\$ (312,999)	\$ (312,999)
Long-term debt, net (including current portion)	(2,341,565)	(2,386,901)	(1,625,041)	(1,683,523)

The fair value of short-term borrowings, net approximates the carrying value. Short-term borrowings, net are valued as level 2 liabilities as they are corroborated by observable market data. The Company's long-term debt, net is all privately held with no public market for this debt, therefore, the fair value of long-term debt, net was computed based on comparable current market data for similar debt instruments and is considered to be a level 3 liability. See Note 9 for long-term debt principal amounts, interest rates and maturities.

Foreign Currency

At December 31, 2016 and 2015, the Company had no forward contracts outstanding. For the year ended December 31, 2016, realized gains and losses on foreign currency forward contracts were not significant.

4. Hedging Activities

The Company has designated certain foreign-currency-denominated long-term borrowings as hedges of the net investment in certain foreign operations. As of December 31, 2016, these net investment hedges included British-pound- and Euro-denominated long-term debt. As of December 31, 2015, these net investment hedges included British-pound-denominated long-term debt. These borrowings were designed to create net investment

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

hedges in each of the designated foreign subsidiaries. The Company designated the British-pound- and Euro-denominated loans referred to above as hedging instruments to offset translation gains or losses on the net investment due to changes in the British pound and Euro exchange rates. These net investment hedges are evidenced by management's contemporaneous documentation supporting the hedge designation. Any gain or loss on the hedging instruments (the debt) following hedge designation is reported in accumulated other comprehensive income in the same manner as the translation adjustment on the investment based on changes in the spot rate, which is used to measure hedge effectiveness.

At December 31, 2016 and 2015, the Company had \$376.3 million and \$177.1 million, respectively, of British-pound-denominated loans, which were designated as a hedge against the net investment in British pound functional currency foreign subsidiaries. At December 31, 2016, the Company had \$527.7 million in Euro-denominated loans, which were designated as a hedge against the net investment in Euro functional currency foreign subsidiaries. As a result of the British-pound- and Euro-denominated loans being designated and 100% effective as net investment hedges, \$50.0 million and \$14.4 million of currency remeasurement gains have been included in the foreign currency translation component of other comprehensive income for the years ended December 31, 2016 and 2015, respectively.

5. Acquisitions

The Company spent \$391.4 million in cash, net of cash acquired, to acquire Brookfield Engineering Laboratories ("Brookfield") and ESP/SurgeX in January 2016, HS Foils and Nu Instruments in July 2016 and Laserage Technology Corporation ("Laserage") in October 2016. Brookfield is a manufacturer of viscometers and rheometers, as well as instrumentation to analyze texture and powder flow. ESP/SurgeX is a manufacturer of energy intelligence and power protection, monitoring and diagnostic solutions. HS Foils develops and manufactures key components used in radiation detectors including ultra-thin radiation windows, silicon drift detectors and x-ray filters. Nu Instruments is a provider of magnetic sector mass spectrometers used for elemental and isotope analysis. Laserage is a provider of laser fabrication services for the medical device market. Brookfield, ESP/SurgeX, HS Foils and Nu Instruments are part of AMETEK's Electronic Instruments Group ("EIG") and Laserage is part of AMETEK's Electromechanical Group ("EMG").

The following table represents the preliminary allocation of the aggregate purchase price for the net assets of the above acquisitions based on their estimated fair values at acquisition (in millions):

Property, plant and equipment	\$ 23.1
Goodwill	171.3
Other intangible assets	192.2
Deferred income taxes, net	(18.8)
Long-term liabilities	(2.4)
Net working capital and other ⁽¹⁾	26.0
Total purchase price	<u>\$391.4</u>

(1) Includes \$16.1 million in accounts receivable, whose fair value, contractual cash flows and expected cash flows are approximately equal.

The amount allocated to goodwill is reflective of the benefits the Company expects to realize from the acquisitions as follows: Brookfield's viscosity measurement instrumentation products and technologies complement the Company's existing laboratory instrumentation businesses and provides the Company with opportunities to expand that business platform into a broader range of markets and applications. ESP/SurgeX's

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

patented technology is widely used by the business equipment, imaging, audio visual, information technology, gaming and vending industries and is a strategic fit with the Company's existing power protection platform to accelerate product innovation and market expansion worldwide. HS Foils broadens the Company's product offering and technical capabilities with its approach of bringing advanced materials and fabrication methods from micro- and nanofabrication to new application areas. Nu Instruments broadens the Company's product offering and technical capabilities in differentiated, high-end analytical instrumentation. Laserae offers precision tube fabrication of minimally invasive surgical devices, stents and catheter-based delivery systems. The Company expects approximately \$99 million of the goodwill recorded in connection with the 2016 acquisitions will be tax deductible in future years.

At December 31, 2016, the purchase price allocated to other intangible assets of \$192.2 million consists of \$34.5 million of indefinite-lived intangible trade names, which are not subject to amortization. The remaining \$157.7 million of other intangible assets consists of \$124.8 million of customer relationships, which are being amortized over a period of 18 to 20 years and \$32.9 million of purchased technology, which is being amortized over a period of 10 to 18 years. Amortization expense for each of the next five years for the 2016 acquisitions listed above is expected to approximate \$9 million per year.

The Company is in the process of finalizing the measurement of certain liabilities for its October 2016 acquisition of Laserae and July 2016 acquisition of Nu Instruments, including the accounting for income taxes.

The 2016 acquisitions noted above had an immaterial impact on reported net sales, net income and diluted earnings per share for the year ended December 31, 2016. Had the 2016 acquisitions been made at the beginning of 2016 or 2015, unaudited pro forma net sales, net income and diluted earnings per share for the years ended December 31, 2016 and 2015, respectively, would not have been materially different than the amounts reported. Pro forma results are not necessarily indicative of the results that would have occurred if the acquisitions had been completed at the beginning of 2016 or 2015.

In 2015, the Company spent \$356.5 million in cash, net of cash acquired, to acquire Global Tubes in May 2015 and Surface Vision in July 2015. Global Tubes is a manufacturer of high-precision, small-diameter metal tubing. Surface Vision develops and manufactures software-enabled vision systems used to inspect surfaces of continuously processed materials for flaws and defects. Global Tubes is part of EMG and Surface Vision is part of EIG.

In 2014, the Company spent \$573.6 million in cash, net of cash acquired, to acquire Teseq Group in January 2014, VTI Instruments ("VTI") in February 2014, Lumphos GmbH in May 2014, Zygo Corporation in June 2014 and Amptek, Inc. in August 2014. Teseq is a manufacturer of test and measurement instrumentation for electromagnetic compatibility testing. VTI is a manufacturer of high-precision test and measurement instrumentation. Lumphos' core technology is used in the measurement of complex aspheric optical surfaces and other surfaces through non-contact methods. Zygo is a provider of optical metrology solutions, high-precision optics and optical assemblies for use in a wide range of scientific, industrial and medical applications. Amptek is a manufacturer of instruments and detectors used to identify composition of materials using x-ray fluorescence technology. Teseq, VTI, Lumphos, Zygo and Amptek are part of EIG.

Acquisition Subsequent to December 31, 2016

In February 2017, the Company acquired Rauland-Borg for approximately \$340 million in cash, with a potential \$30 million contingent payment due upon the achievement of certain milestones. Rauland-Borg has estimated annual sales of approximately \$160 million. Rauland-Borg is a global provider of enterprise clinical and education communications solutions for hospitals, health systems and educational facilities. Rauland-Borg will join EIG.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill by segment were as follows:

	EIG	EMG (In millions)	Total
Balance at December 31, 2014	\$1,646.7	\$ 967.3	\$2,614.0
Goodwill acquired	64.0	89.5	153.5
Purchase price allocation adjustments and other	(2.3)	—	(2.3)
Foreign currency translation adjustments	(30.2)	(28.4)	(58.6)
Balance at December 31, 2015	1,678.2	1,028.4	2,706.6
Goodwill acquired	165.0	6.3	171.3
Purchase price allocation adjustments and other	0.3	(0.1)	0.2
Foreign currency translation adjustments	(26.5)	(32.6)	(59.1)
Balance at December 31, 2016	<u>\$1,817.0</u>	<u>\$1,002.0</u>	<u>\$2,819.0</u>

Other intangible assets were as follows at December 31:

	2016	2015
	(In thousands)	
Definite-lived intangible assets (subject to amortization):		
Patents	\$ 49,755	\$ 51,059
Purchased technology	283,612	266,644
Customer lists	1,363,700	1,257,730
	<u>1,697,067</u>	<u>1,575,433</u>
Accumulated amortization:		
Patents	(34,927)	(34,745)
Purchased technology	(87,869)	(73,809)
Customer lists	(362,924)	(306,558)
	<u>(485,720)</u>	<u>(415,112)</u>
Net intangible assets subject to amortization	<u>1,211,347</u>	<u>1,160,321</u>
Indefinite-lived intangible assets (not subject to amortization):		
Trademarks and trade names	536,574	512,640
Impairment	(13,900)	—
	<u>522,674</u>	<u>512,640</u>
	<u>\$1,734,021</u>	<u>\$1,672,961</u>

The Company completed its required annual impairment tests in the fourth quarter of 2016 and determined that the carrying values of certain of the Company's trademarks and trade names with indefinite lives were

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

impaired. During 2016, the Company recorded, in Cost of sales, a \$13.9 million non-cash impairment charge related to certain of the Company's trade names, of which \$9.2 million impacted EIG and \$4.7 million impacted EMG. See Note 1 for further descriptions of the Company's impairment testing.

Amortization expense was \$104.9 million (including impairment of \$13.9 million), \$80.8 million and \$74.9 million for the years ended December 31, 2016, 2015 and 2014, respectively. Amortization expense for each of the next five years is expected to approximate \$91 million per year, not considering the impact of potential future acquisitions.

7. Other Consolidated Balance Sheet Information

	December 31,		
	2016	2015	
(In thousands)			
INVENTORIES, NET			
Finished goods and parts	\$ 75,827	\$ 83,229	
Work in process	101,484	105,259	
Raw materials and purchased parts	314,793	325,963	
	<u>\$ 492,104</u>	<u>\$ 514,451</u>	
PROPERTY, PLANT AND EQUIPMENT, NET			
Land	\$ 41,875	\$ 41,951	
Buildings	281,847	293,002	
Machinery and equipment	840,725	849,658	
	1,164,447	1,184,611	
Less: Accumulated depreciation	(691,217)	(700,063)	
	<u>\$ 473,230</u>	<u>\$ 484,548</u>	
ACCRUED LIABILITIES			
Employee compensation and benefits	\$ 93,226	\$ 93,232	
Product warranty obligation	22,007	22,761	
Restructuring	29,951	29,203	
Other	100,886	95,808	
	<u>\$ 246,070</u>	<u>\$ 241,004</u>	
ALLOWANCES FOR POSSIBLE LOSSES ON ACCOUNTS			
	2016	2015	2014
(In thousands)			
Balance at the beginning of the year	\$ 8,555	\$10,446	\$ 9,547
Additions charged to expense	4,124	630	2,974
Write-offs	(2,304)	(1,872)	(2,243)
Foreign currency translation adjustments and other	(118)	(649)	168
Balance at the end of the year	<u>\$10,257</u>	<u>\$ 8,555</u>	<u>\$10,446</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Income Taxes

The components of income before income taxes and the details of the provision for income taxes were as follows for the years ended December 31:

	2016	2015	2014
	(In thousands)		
Income before income taxes:			
Domestic	\$397,215	\$502,292	\$495,516
Foreign	295,888	304,088	309,316
Total	<u>\$693,103</u>	<u>\$806,380</u>	<u>\$804,832</u>
Provision for income taxes:			
Current:			
Federal	\$116,898	\$130,996	\$128,635
Foreign	63,170	66,691	60,606
State	6,509	11,376	12,461
Total current	<u>186,577</u>	<u>209,063</u>	<u>201,702</u>
Deferred:			
Federal	5,273	1,711	19,870
Foreign	(8,434)	(3,611)	1,552
State	(2,471)	8,358	(2,752)
Total deferred	<u>(5,632)</u>	<u>6,458</u>	<u>18,670</u>
Total provision	<u>\$180,945</u>	<u>\$215,521</u>	<u>\$220,372</u>

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Significant components of the deferred tax (asset) liability were as follows at December 31:

	2016	2015
	(In thousands)	
Current deferred tax (asset) liability:		
Reserves not currently deductible	\$ (39,509)	\$ (37,771)
Share-based compensation	(7,022)	(7,218)
Net operating loss carryforwards	(2,072)	(368)
Other	(1,041)	353
	<u>(49,644)</u>	<u>(45,004)</u>
Portion included in other current liabilities	(360)	(1,720)
Gross current deferred tax asset	<u>(50,004)</u>	<u>(46,724)</u>
Noncurrent deferred tax (asset) liability:		
Differences in basis of property and accelerated depreciation	54,243	57,581
Reserves not currently deductible	(28,808)	(28,809)
Pensions	8,714	6,736
Differences in basis of intangible assets and accelerated amortization	603,577	597,266
Net operating loss carryforwards	(8,399)	(5,722)
Share-based compensation	(13,707)	(11,607)
Foreign tax credit carryforwards	(3,441)	—
Other	3,477	1,411
	<u>615,656</u>	<u>616,856</u>
Less: Valuation allowance	2,046	2,840
	<u>617,702</u>	<u>619,696</u>
Portion included in noncurrent assets	4,074	4,350
Gross noncurrent deferred tax liability	<u>621,776</u>	<u>624,046</u>
Net deferred tax liability	<u>\$571,772</u>	<u>\$577,322</u>

The Company's effective tax rate reconciles to the U.S. Federal statutory rate as follows for the years ended December 31:

	2016	2015	2014
U.S. Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	0.4	1.2	0.9
Foreign operations, net	(7.1)	(6.8)	(6.1)
U.S. Manufacturing deduction and credits	(2.6)	(2.4)	(2.2)
Other	0.4	(0.3)	(0.2)
Consolidated effective tax rate	<u>26.1%</u>	<u>26.7%</u>	<u>27.4%</u>

At December 31, 2016 and 2015, U.S. and foreign deferred income taxes totaling \$4.5 million and \$6.9 million were provided on undistributed earnings of certain non-U.S. subsidiaries that are not expected to be permanently reinvested in such subsidiaries. There has been no provision for U.S. deferred income taxes for the

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

undistributed earnings of certain other subsidiaries, which total approximately \$1,126.9 million and \$1,075.0 million at December 31, 2016 and 2015, respectively, because the Company intends to reinvest these earnings indefinitely in operations outside the United States. Upon distribution of those earnings to the United States, the Company would be subject to U.S. income taxes and withholding taxes payable to the various foreign countries. Determination of the amount of the unrecognized deferred income tax liability on these undistributed earnings is not practicable.

At December 31, 2016, the Company had tax effected benefits of \$10.4 million related to net operating loss carryforwards, which will be available to offset future income taxes payable, subject to certain annual or other limitations based on foreign and U.S. tax laws. This amount includes net operating loss carryforwards of \$4.6 million for federal income tax purposes with no valuation allowance, \$4.5 million for state income tax purposes with no valuation allowance and \$1.3 million for foreign income tax purposes with a valuation allowance of \$1.5 million. These net operating loss carryforwards, if not used, will expire between 2017 and 2036.

At December 31, 2016, the Company had tax effected benefits of \$4.1 million related to tax credit carryforwards, which will be available to offset future income taxes payable, subject to certain annual or other limitations based on foreign and U.S. tax laws. This amount includes tax credit carryforwards of \$1.1 million for federal income tax purposes with a valuation allowance of \$0.5 million, \$2.9 million for state income tax purposes with no valuation allowance and \$0.1 million for foreign income tax purposes with no valuation allowance. These tax credit carryforwards, if not used, will expire between 2017 and 2036.

The Company maintains a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. This allowance primarily relates to the deferred tax assets established for foreign net operating loss carryforwards and tax credits. In 2016, the Company recorded a decrease of \$0.8 million in the valuation allowance primarily related to federal tax credits that are not expected to be utilized.

At December 31, 2016, the Company had gross unrecognized tax benefits of \$57.9 million, of which \$48.5 million, if recognized, would impact the effective tax rate. At December 31, 2015, the Company had gross unrecognized tax benefits of \$63.8 million, of which \$52.9 million, if recognized, would impact the effective tax rate.

At December 31, 2016 and 2015, the Company reported \$8.9 million and \$10.7 million, respectively, related to interest and penalty exposure as accrued income tax expense in the consolidated balance sheet. During 2016 and 2015, the Company recognized a net benefit of \$1.8 million and \$0.4 million, respectively, and during 2014, the Company recognized a net expense of \$2.5 million, for interest and penalties related to uncertain tax positions in the consolidated statement of income as a component of income tax expense.

The most significant tax jurisdiction for the Company is the United States. The Company files income tax returns in various other state and foreign tax jurisdictions, in some cases for multiple legal entities per jurisdiction. Generally, the Company has open tax years subject to tax audit on average of between three and six years in these jurisdictions. At December 31, 2016, there were no tax years currently under examination by the Internal Revenue Service ("IRS"). The Company has not materially extended any other statutes of limitation for any significant location and has reviewed and accrued for, where necessary, tax liabilities for open periods including state and foreign jurisdictions that remain subject to examination. There have been no penalties asserted or imposed by the IRS related to substantial understatement of income, gross valuation misstatement or failure to disclose a listed or reportable transaction.

During 2016, the Company added \$8.6 million of tax, interest and penalties to identified uncertain tax positions and reversed \$16.3 million of tax and interest related to statute expirations and settlement of prior

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

uncertain positions. During 2015, the Company added \$12.0 million of tax, interest and penalties related to identified uncertain tax positions and reversed \$20.3 million of tax and interest related to statute expirations and settlement of prior uncertain positions.

The following is a reconciliation of the liability for uncertain tax positions at December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	(In millions)		
Balance at the beginning of the year	\$63.8	\$71.7	\$55.2
Additions for tax positions related to the current year	5.5	8.8	10.7
Additions for tax positions of prior years	1.5	1.3	16.8
Reductions for tax positions of prior years	(3.6)	(7.1)	(1.7)
Reductions related to settlements with taxing authorities	(3.4)	(8.3)	(0.4)
Reductions due to statute expirations	(5.9)	(2.6)	(8.9)
Balance at the end of the year	<u>\$57.9</u>	<u>\$63.8</u>	<u>\$71.7</u>

In 2016, the additions above primarily reflect the increase in tax liabilities for uncertain tax positions related to certain domestic and foreign issues, while the reductions above primarily relate to statute expirations and settlement of domestic and foreign issues. At December 31, 2016, tax, interest and penalties of \$65.2 million were classified as a noncurrent liability. The net change in uncertain tax positions for the year ended December 31, 2016 resulted in a decrease to income tax expense of \$6.2 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9. Debt

Long-term debt, net consisted of the following at December 31:

	2016	2015
	(In thousands)	
U.S. dollar 6.20% senior notes due December 2017	\$ 270,000	\$ 270,000
U.S. dollar 6.35% senior notes due July 2018	80,000	80,000
U.S. dollar 7.08% senior notes due September 2018	160,000	160,000
U.S. dollar 7.18% senior notes due December 2018	65,000	65,000
U.S. dollar 6.30% senior notes due December 2019	100,000	100,000
U.S. dollar 3.73% senior notes due September 2024	300,000	300,000
U.S. dollar 3.91% senior notes due June 2025	50,000	50,000
U.S. dollar 3.96% senior notes due August 2025	100,000	100,000
U.S. dollar 3.83% senior notes due September 2026	100,000	100,000
U.S. dollar 3.98% senior notes due September 2029	100,000	100,000
U.S. dollar 4.45% senior notes due August 2035	50,000	50,000
British pound 5.99% senior note due November 2016	—	59,049
British pound 4.68% senior note due September 2020	98,701	118,098
British pound 2.59% senior note due November 2028	185,067	—
British pound 2.70% senior note due November 2031	92,533	—
Euro 1.34% senior notes due October 2026	316,643	—
Euro 1.53% senior notes due October 2028	211,096	—
Swiss franc 2.44% senior note due December 2021	54,150	55,024
Revolving credit facility borrowings	—	314,100
Other, principally foreign	14,604	20,849
Less: Debt issuance costs	(6,229)	(4,080)
Total debt, net	2,341,565	1,938,040
Less: Current portion, net	(278,921)	(384,924)
Total long-term debt, net	<u>\$2,062,644</u>	<u>\$1,553,116</u>

Maturities of long-term debt borrowings outstanding at December 31, 2016 were as follows: \$308.8 million in 2018; \$100.0 million in 2019; \$98.7 million in 2020; \$54.2 million in 2021; none in 2022; and \$1,505.3 million in 2023 and thereafter.

In October 2016, the Company completed a private placement agreement to sell 500 million Euros and 225 million British pounds in senior notes to a group of institutional investors (the “2016 Private Placement”). There were two funding dates under the 2016 Private Placement. The first funding occurred in October 2016 for 500 million Euros (\$546.8 million), consisting of 300 million Euros (\$328.1 million) in aggregate principal amount of 1.34% senior notes due October 2026 and 200 million Euros (\$218.7 million) in aggregate principal amount of 1.53% senior notes due October 2028. The second funding occurred in November 2016 for 225 million British pounds (\$274.1 million), consisting of 150 million British pounds (\$182.7 million) in aggregate principal amount of 2.59% senior notes due November 2028 and 75 million British pounds (\$91.4 million) in aggregate principal amount of 2.70% senior notes due November 2031. The 2016 Private

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Placement senior notes carry a weighted average interest rate of 1.82% and are subject to certain customary covenants, including financial covenants that, among other things, require the Company to maintain certain debt-to-EBITDA (earnings before interest, income taxes, depreciation and amortization) and interest coverage ratios. The proceeds from the first funding of the 2016 Private Placement were used to pay down domestic borrowings under the Company's revolving credit facility. The proceeds from the second funding of the 2016 Private Placement were used to pay down, at maturity, a 40 million British pound (\$48.7 million) 5.99% senior note in November 2016 and provides the Company with additional financial flexibility to support its growth plans, including its acquisition strategy.

In December 2007, the Company issued \$270 million in aggregate principal amount of 6.20% private placement senior notes due December 2017 and \$100 million in aggregate principal amount of 6.30% private placement senior notes due December 2019. In July 2008, the Company issued \$80 million in aggregate principal amount of 6.35% private placement senior notes due July 2018. In September 2008, the Company issued \$160 million in aggregate principal amount of 7.08% private placement senior notes due September 2018. In December 2008, the Company issued \$65 million in aggregate principal amount of 7.18% private placement senior notes due December 2018. In September 2014, the Company issued \$300 million in aggregate principal amount of 3.73% senior notes due September 2024, \$100 million in aggregate principal amount of 3.83% senior notes due September 2026 and \$100 million in aggregate principal amount of 3.98% senior notes due September 2029. In June 2015, the Company issued \$50 million in aggregate principal amount of 3.91% senior notes due June 2025. In August 2015, the Company issued \$100 million in aggregate principal amount of 3.96% senior notes due August 2025 and \$50 million in aggregate principal amount of 4.45% senior notes due August 2035.

In November 2004, the Company issued a 40 million British pound 5.99% senior note due November 2016 (paid in full, at maturity, as previously noted). In September 2010, the Company issued an 80 million British pound (\$98.7 million at December 31, 2016) 4.68% senior note due September 2020. In December 2011, the Company issued a 55 million Swiss franc (\$54.2 million at December 31, 2016) 2.44% senior note due December 2021.

In March 2016, the Company along with certain of its foreign subsidiaries amended and restated its credit agreement dated as of September 22, 2011 (the "Credit Agreement"). The Credit Agreement amends and restates the Company's existing \$700 million revolving credit facility, which was due to expire in December 2018. The Credit Agreement consists of a five-year revolving credit facility in an aggregate principal amount of \$850 million with a final maturity date in March 2021. The revolving credit facility total borrowing capacity excludes an accordion feature that permits the Company to request up to an additional \$300 million in revolving credit commitments at any time during the life of the Credit Agreement under certain conditions. The Credit Agreement places certain restrictions on allowable additional indebtedness. At December 31, 2016, the Company had available borrowing capacity of \$1,117.3 million under its revolving credit facility, including the \$300 million accordion feature.

Interest rates on outstanding borrowings under the revolving credit facility are at the applicable benchmark rate plus a negotiated spread or at the U.S. prime rate. At December 31, 2016, the Company did not have any borrowings outstanding under the revolving credit facility. At December 31, 2015, the Company had \$314.1 million of borrowings outstanding under the revolving credit facility. The weighted average interest rate on the revolving credit facility for the years ended December 31, 2016 and 2015 was 1.72% and 1.37%, respectively. The Company had outstanding letters of credit primarily under the revolving credit facility totaling \$33.2 million and \$36.9 million at December 31, 2016 and 2015, respectively.

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The private placements, the senior notes and the revolving credit facility are subject to certain customary covenants, including financial covenants that, among other things, require the Company to maintain certain debt-to-EBITDA and interest coverage ratios. The Company was in compliance with all provisions of the debt arrangements at December 31, 2016.

Foreign subsidiaries of the Company had available credit facilities with local foreign lenders of \$43.7 million and \$37.5 million at December 31, 2016 and 2015, respectively. Foreign subsidiaries had debt borrowings outstanding totaling \$14.6 million and \$20.9 million, including \$3.8 million and \$7.9 million reported in long-term debt, net at December 31, 2016 and 2015, respectively.

The weighted average interest rate on total debt borrowings outstanding at December 31, 2016 and 2015 was 4.4% and 5.2%, respectively.

10. Share-Based Compensation

Under the terms of the Company's stockholder-approved share-based plans, incentive and non-qualified stock options and restricted stock have been, and may be, issued to the Company's officers, management-level employees and members of its Board of Directors. Employee and non-employee director stock options generally vest at a rate of 25% per year, beginning one year from the date of the grant, and restricted stock generally has a four-year cliff vesting. Stock options generally have a maximum contractual term of seven years. At December 31, 2016, 14.0 million shares of Company common stock were reserved for issuance under the Company's share-based plans, including 6.0 million shares for stock options outstanding.

The Company issues previously unissued shares when stock options are exercised and shares are issued from treasury stock upon the award of restricted stock.

The Company measures and records compensation expense related to all stock awards by recognizing the grant date fair value of the awards over their requisite service periods in the financial statements. For grants under any of the Company's plans that are subject to graded vesting over a service period, the Company recognizes expense on a straight-line basis over the requisite service period for the entire award.

Total share-based compensation expense was as follows for the years ended December 31:

	2016	2015	2014
	(In thousands)		
Stock option expense	\$ 9,984	\$10,955	\$ 9,130
Restricted stock expense	12,046	12,807	10,741
Total pre-tax expense	22,030	23,762	19,871
Related tax benefit	(6,846)	(7,623)	(6,154)
Reduction of net income	<u>\$15,184</u>	<u>\$16,139</u>	<u>\$13,717</u>

Pre-tax share-based compensation expense is included in the consolidated statement of income in either Cost of sales or Selling, general and administrative expenses, depending on where the recipient's cash compensation is reported.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value of each stock option grant is estimated on the date of grant using a Black-Scholes-Merton option pricing model. The following weighted average assumptions were used in the Black-Scholes-Merton model to estimate the fair values of stock options granted during the years indicated:

	2016	2015	2014
Expected volatility	21.8%	22.3%	23.9%
Expected term (years)	5.0	5.0	5.0
Risk-free interest rate	1.23%	1.58%	1.63%
Expected dividend yield	0.77%	0.69%	0.45%
Black-Scholes-Merton fair value per stock option granted	\$9.14	\$10.89	\$12.21

Expected volatility is based on the historical volatility of the Company's stock. The Company used historical exercise data to estimate the stock options' expected term, which represents the period of time that the stock options granted are expected to be outstanding. Management anticipates that the future stock option holding periods will be similar to the historical stock option holding periods. The risk-free interest rate for periods within the expected term of the stock option is based on the U.S. Treasury yield curve at the time of grant. Compensation expense recognized for all share-based awards is net of estimated forfeitures. The Company's estimated forfeiture rates are based on its historical experience.

The following is a summary of the Company's stock option activity and related information for the year ended December 31, 2016:

	Shares (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at the beginning of the year	5,659	\$ 39.49		
Granted	1,471	46.97		
Exercised	(713)	25.72		
Forfeited	(329)	49.40		
Expired	(77)	52.52		
Outstanding at the end of the year	<u>6,011</u>	<u>\$ 42.25</u>	<u>3.9</u>	<u>\$ 45.9</u>
Exercisable at the end of the year	<u>3,209</u>	<u>\$ 36.39</u>	<u>2.5</u>	<u>\$ 42.1</u>

The aggregate intrinsic value of stock options exercised during 2016, 2015 and 2014 was \$16.2 million, \$62.3 million and \$25.7 million, respectively. The total fair value of stock options vested during 2016, 2015 and 2014 was \$10.8 million, \$10.3 million and \$8.9 million, respectively.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following is a summary of the Company's nonvested stock option activity and related information for the year ended December 31, 2016:

	Shares (In thousands)	Weighted Average Grant Date Fair Value
Nonvested stock options outstanding at the beginning of the year	2,717	\$ 10.85
Granted	1,471	9.14
Vested	(1,057)	10.22
Forfeited	(329)	10.54
Nonvested stock options outstanding at the end of the year	<u>2,802</u>	<u>\$ 10.15</u>

As of December 31, 2016, there was approximately \$19 million of expected future pre-tax compensation expense related to the 2.8 million nonvested stock options outstanding, which is expected to be recognized over a weighted average period of approximately two years.

The fair value of restricted shares under the Company's restricted stock arrangement is determined by the product of the number of shares granted and the grant date market price of the Company's common stock. Upon the grant of restricted stock, the fair value of the restricted shares (unearned compensation) at the date of grant is charged as a reduction of capital in excess of par value in the Company's consolidated balance sheet and is amortized to expense on a straight-line basis over the vesting period, which is the same as the calculated derived service period as determined on the grant date. Restricted stock grants are subject to accelerated vesting due to certain events, including doubling of the grant price of the Company's common stock as of the close of business during any five consecutive trading days.

The following is a summary of the Company's nonvested restricted stock activity and related information for the year ended December 31, 2016:

	Shares (In thousands)	Weighted Average Grant Date Fair Value
Nonvested restricted stock outstanding at the beginning of the year	1,061	\$ 46.32
Granted	376	46.91
Vested	(292)	38.13
Forfeited	(126)	48.66
Nonvested restricted stock outstanding at the end of the year	<u>1,019</u>	<u>\$ 48.59</u>

The total fair value of restricted stock vested was \$11.1 million, \$10.6 million and \$3.6 million in 2016, 2015 and 2014, respectively. The weighted average fair value of restricted stock granted per share during 2016 and 2015 was \$46.91 and \$52.31, respectively. As of December 31, 2016, there was approximately \$28 million of expected future pre-tax compensation expense related to the 1.0 million nonvested restricted shares outstanding, which is expected to be recognized over a weighted average period of less than two years.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Retirement Plans and Other Postretirement Benefits

Retirement and Pension Plans

The Company sponsors several retirement and pension plans covering eligible salaried and hourly employees. The plans generally provide benefits based on participants' years of service and/or compensation. The following is a brief description of the Company's retirement and pension plans.

The Company maintains contributory and noncontributory defined benefit pension plans. Benefits for eligible salaried and hourly employees under all defined benefit plans 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 based on actuarial calculations and the applicable requirements of U.S. federal and local foreign laws. The Company estimates that it will make both required and discretionary cash contributions of approximately \$52 million to \$56 million to its worldwide defined benefit pension plans in 2017. The estimated cash contributions range includes \$50.1 million in cash contributions to its defined benefit pension plans in January 2017, with \$40.0 million contributed to U.S. defined benefit pension plans and \$10.1 million contributed to foreign defined benefit pension plans.

The Company uses a measurement date of December 31 (its fiscal year end) for its U.S. and foreign defined benefit pension plans.

The Company sponsors a 401(k) retirement and savings plan for eligible U.S. employees. Participants in the retirement and savings plan may contribute a specified portion of their compensation on a pre-tax basis, which varies by location. The Company matches employee contributions ranging from 20% to 100%, up to a maximum percentage ranging from 1% to 8% of eligible compensation or up to a maximum of \$1,200 per participant in some locations.

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 the retirement feature, the Company makes contributions for eligible employees based on a pre-established percentage of the covered employee's salary subject to pre-established vesting. Employees of certain of the Company's foreign operations participate in various local defined contribution plans.

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 Supplemental Executive Retirement Plan ("SERP") covering certain current and former executives of the Company. These supplemental benefits are designed to compensate the executive for retirement benefits that would have been provided under the Company's primary retirement plan, except for statutory limitations on compensation that must 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 executive. The Company is providing for these obligations by charges to earnings over the applicable periods.

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following tables set forth the changes in net projected benefit obligation and the fair value of plan assets for the funded and unfunded defined benefit plans for the years ended December 31:

U.S. Defined Benefit Pension Plans:

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Change in projected benefit obligation:		
Net projected benefit obligation at the beginning of the year	\$472,477	\$491,373
Service cost	3,488	3,924
Interest cost	22,153	20,761
Actuarial losses (gains)	29,681	(27,605)
Gross benefits paid	(29,005)	(27,930)
Plan amendments	56	—
Acquisition	—	11,954
Net projected benefit obligation at the end of the year	<u>\$498,850</u>	<u>\$472,477</u>
Change in plan assets:		
Fair value of plan assets at the beginning of the year	\$508,775	\$498,923
Actual return on plan assets	36,414	(21,020)
Employer contributions	889	50,726
Gross benefits paid	(29,005)	(27,930)
Acquisition	—	8,076
Fair value of plan assets at the end of the year	<u>\$517,073</u>	<u>\$508,775</u>

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Defined Benefit Pension Plans:

	2016	2015
	(In thousands)	
Change in projected benefit obligation:		
Net projected benefit obligation at the beginning of the year	\$243,924	\$197,671
Service cost	3,134	3,076
Interest cost	7,896	7,910
Foreign currency translation adjustments	(39,910)	(14,337)
Employee contributions	256	303
Actuarial losses (gains)	52,248	(6,892)
Expenses paid from assets	(770)	(610)
Gross benefits paid	(8,475)	(8,064)
Plan amendments	(6)	—
Acquisition	—	64,867
Net projected benefit obligation at the end of the year	<u>\$258,297</u>	<u>\$243,924</u>
Change in plan assets:		
Fair value of plan assets at the beginning of the year	\$213,296	\$159,907
Actual return on plan assets	14,346	7,471
Employer contributions	5,886	4,490
Employee contributions	256	303
Foreign currency translation adjustments	(35,604)	(10,584)
Expenses paid from assets	(770)	(610)
Gross benefits paid	(8,475)	(8,064)
Acquisition	—	60,383
Fair value of plan assets at the end of the year	<u>\$188,935</u>	<u>\$213,296</u>

The accumulated benefit obligation consisted of the following at December 31:

U.S. Defined Benefit Pension Plans:

	2016	2015
	(In thousands)	
Funded plans	\$480,249	\$454,498
Unfunded plans	6,212	5,481
Total	<u>\$486,461</u>	<u>\$459,979</u>

AMETEK, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Defined Benefit Pension Plans:

	2016	2015
	(In thousands)	
Funded plans	\$ 213,877	\$ 203,229
Unfunded plans	33,924	30,327
Total	\$ 247,801	\$ 233,556

Weighted average assumptions used to determine benefit obligations at December 31:

	2016	2015
U.S. Defined Benefit Pension Plans:		
Discount rate	4.25%	4.80%
Rate of compensation increase (where applicable)	3.75%	3.75%
Foreign Defined Benefit Pension Plans:		
Discount rate	2.56%	3.62%
Rate of compensation increase (where applicable)	2.50%	2.88%

The following is a summary of the fair value of plan assets for U.S. plans at December 31, 2016 and 2015 in accordance with the retrospective adoption of ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (“ASU 2015-07”).

Asset Class	December 31, 2016			December 31, 2015		
	Total	Level 1	Level 2	Total	Level 1	Level 2
	(In thousands)					
Corporate debt instruments	\$ 2,662	\$ —	\$ 2,662	\$ 5,617	\$ —	\$ 5,617
Corporate debt instruments - Preferred	8,880	—	8,880	9,835	—	9,835
Corporate stocks - Common	109,881	109,881	—	118,673	118,673	—
Municipal bonds	777	—	777	1,003	—	1,003
Registered investment companies	251,054	251,054	—	202,522	202,522	—
U.S. Government securities	—	—	—	113	—	113
Total investments	373,254	360,935	12,319	337,763	321,195	16,568
Investments measured at net asset value	143,819	—	—	171,012	—	—
Total investments	\$517,073	\$360,935	\$12,319	\$508,775	\$321,195	\$ 16,568

U.S. equity securities and global equity securities categorized as level 1 are traded on national and international exchanges and are valued at their closing prices on the last trading day of the year. For U.S. equity securities and global equity securities not traded on an active exchange, or if the closing price is not available, the trustee obtains indicative quotes from a pricing vendor, broker or investment manager. These securities are categorized as level 2 if the custodian obtains corroborated quotes from a pricing vendor. Additionally, some U.S. equity securities and global equity securities are public investment vehicles valued using the Net Asset Value (“NAV”) provided by the fund manager. The NAV is the total value of the fund divided by the number of shares outstanding.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fixed income securities categorized as level 1 are traded on national and international exchanges and are valued at their closing prices on the last trading day of the year and categorized as level 2 if valued by the trustee using pricing models that use verifiable observable market data, bids provided by brokers or dealers or quoted prices of securities with similar characteristics.

Alternative investments categorized as level 3 are valued based on unobservable inputs and cannot be corroborated using verifiable observable market data. Investments in level 3 funds are redeemable, however, cash reimbursement may be delayed or a portion held back until asset finalization.

The expected long-term rate of return on these plan assets was 7.75% in both 2016 and 2015. Equity securities included 512,565 shares of AMETEK, Inc. common stock with a market value of \$24.9 million (4.8% of total plan investment assets) at December 31, 2016 and 512,565 shares of AMETEK, Inc. common stock with a market value of \$27.5 million (5.4% of total plan investment assets) at December 31, 2015.

The objectives of the AMETEK, Inc. U.S. defined benefit plans' investment strategy are to maximize the plans' funded status 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 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 is rebalanced when necessary. The target allocations for the U.S. defined benefits plans are approximately 50% equity securities, 20% fixed-income securities and 30% other securities and/or cash.

The equity portfolio is diversified by market capitalization and style. The equity portfolio also includes international components.

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 is diversified within certain quality and maturity guidelines in an attempt to minimize the adverse effects of interest rate fluctuations.

Other than for investments in alternative assets, certain investments are prohibited. Prohibited investments include venture capital, private placements, unregistered or restricted stock, margin trading, commodities, short selling and rights and warrants. Foreign currency futures, options and forward contracts may be used to manage foreign currency exposure.

The following is a summary of the fair value of plan assets for foreign defined benefit pension plans at December 31, 2016 and 2015 in accordance with the retrospective adoption of ASU 2015-07.

Asset Class	December 31, 2016		December 31, 2015	
	Total	Level 3	Total	Level 3
	(In thousands)			
Life insurance	\$ 18,147	\$18,147	\$ 20,486	\$20,486
Total investments	18,147	18,147	20,486	20,486
Investments measured at net asset value	170,788	—	192,810	—
Total investments	<u>\$188,935</u>	<u>\$18,147</u>	<u>\$213,296</u>	<u>\$20,486</u>

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Life insurance assets are considered level 3 investments as their values are determined by the sponsor using unobservable market data.

The following is a summary of the changes in the fair value of the foreign plans' level 3 investments (fair value determined using significant unobservable inputs):

	<u>Life Insurance</u> (In thousands)
Balance, December 31, 2014	\$ 8,888
Actual return on assets:	
Unrealized (losses) relating to instruments still held at the end of the year	(980)
Realized gains (losses) relating to assets sold during the year	—
Purchases, sales, issuances and settlements, net	12,578
Balance, December 31, 2015	<u>20,486</u>
Actual return on assets:	
Unrealized (losses) relating to instruments still held at the end of the year	(2,339)
Realized gains (losses) relating to assets sold during the year	—
Purchases, sales, issuances and settlements, net	—
Balance, December 31, 2016	<u>\$ 18,147</u>

The objective of AMETEK, Inc.'s foreign defined benefit plans' investment strategy is to maximize the long-term rate of return on plan investments, subject to a reasonable level of risk. Liability studies are also performed on a regular basis to provide guidance in setting investment goals with an objective to balance risks against the current and future needs of the plans. The trustees consider the risk associated with the different asset classes, relative to the plans' liabilities and how this can be affected by diversification, and the relative returns available on equities, fixed-income investments, real estate and cash. Also, the likely volatility of those returns and the cash flow requirements of the plans are considered. It is expected that equities will outperform fixed-income investments over the long term. However, the trustees recognize the fact that fixed-income investments may better match the liabilities for pensioners. Because of the relatively young active employee group covered by the plans and the immature nature of the plans, the trustees have chosen to adopt an asset allocation strategy more heavily weighted toward equity investments. This asset allocation strategy will be reviewed, from time to time, in view of changes in market conditions and in the plans' liability profile. The target allocations for the foreign defined benefit plans are approximately 70% equity securities, 15% fixed-income securities and 15% other securities, insurance or cash.

The assumption for the expected return on plan assets 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 projected future investment returns. The estimates of future capital market returns by asset class are lower than the actual long-term historical returns. The current low interest rate environment influences this outlook. Therefore, the assumed rate of return for U.S. plans is 7.50% and 6.79% for foreign plans in 2017.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 at December 31:

U.S. Defined Benefit Pension Plans:

	Projected Benefit Obligation Exceeds Fair Value of Assets		Accumulated Benefit Obligation Exceeds Fair Value of Assets	
	2016	2015	2016	2015
	(In thousands)			
Benefit obligation	\$ 26,356	\$ 5,481	\$ 26,356	\$ 5,481
Fair value of plan assets	19,059	—	19,059	—

Foreign Defined Benefit Pension Plans:

	Projected Benefit Obligation Exceeds Fair Value of Assets		Accumulated Benefit Obligation Exceeds Fair Value of Assets	
	2016	2015	2016	2015
	(In thousands)			
Benefit obligation	\$ 215,893	\$ 161,711	\$ 209,377	\$ 155,169
Fair value of plan assets	146,480	119,045	146,480	119,045

The following table provides the amounts recognized in the consolidated balance sheet at December 31:

	2016	2015
	(In thousands)	
Funded status asset (liability):		
Fair value of plan assets	\$ 706,008	\$ 722,071
Projected benefit obligation	(757,147)	(716,401)
Funded status at the end of the year	\$ (51,139)	\$ 5,670
Amounts recognized in the consolidated balance sheet consisted of:		
Noncurrent asset for pension benefits (other assets)	\$ 25,571	\$ 53,817
Current liabilities for pension benefits	(1,393)	(1,001)
Noncurrent liability for pension benefits	(75,317)	(47,146)
Net amount recognized at the end of the year	\$ (51,139)	\$ 5,670

The following table provides the amounts recognized in accumulated other comprehensive income, net of taxes, at December 31:

<u>Net amounts recognized:</u>	2016	2015
	(In thousands)	
Net actuarial loss	\$204,782	\$156,351
Prior service costs	(1,031)	(1,321)
Transition asset	7	8
Total recognized	\$203,758	\$155,038

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides the components of net periodic pension benefit expense (income) for the years ended December 31:

	2016	2015	2014
	(In thousands)		
Defined benefit plans:			
Service cost	\$ 6,622	\$ 7,000	\$ 6,153
Interest cost	30,049	28,670	28,931
Expected return on plan assets	(51,140)	(54,819)	(50,196)
Amortization of:			
Net actuarial loss	10,224	9,383	4,483
Prior service costs	(52)	(55)	(51)
Transition asset	1	1	1
Total net periodic benefit (income) expense	(4,296)	(9,820)	(10,679)
Other plans:			
Defined contribution plans	23,881	22,750	20,714
Foreign plans and other	5,694	4,800	5,325
Total other plans	29,575	27,550	26,039
Total net pension expense	\$ 25,279	\$ 17,730	\$ 15,360

The total net periodic benefit expense (income) is included in Cost of sales in the consolidated statement of income. The estimated amount that will be amortized from accumulated other comprehensive income into net periodic pension benefit expense in 2017 for the net actuarial losses and prior service costs is expected to be \$14.0 million.

The following weighted average assumptions were used to determine the above net periodic pension benefit expense for the years ended December 31:

	2016	2015	2014
U.S. Defined Benefit Pension Plans:			
Discount rate	4.80%	4.20%	5.00%
Expected return on plan assets	7.75%	7.75%	7.75%
Rate of compensation increase (where applicable)	3.75%	3.75%	3.75%
Foreign Defined Benefit Pension Plans:			
Discount rate	3.62%	3.44%	4.38%
Expected return on plan assets	6.95%	6.92%	6.93%
Rate of compensation increase (where applicable)	2.88%	2.88%	2.92%

Estimated Future Benefit Payments

The estimated future benefit payments for U.S. and foreign plans are as follows: 2017 - \$37.3 million; 2018 - \$38.5 million; 2019 - \$39.4 million; 2020 - \$40.5 million; 2021 - \$41.2 million; 2022 to 2026 - \$217.5 million. Future benefit payments primarily represent amounts to be paid from pension trust assets. Amounts included that are to be paid from the Company's assets are not significant in any individual year.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Postretirement Plans and Postemployment Benefits

The Company provides limited postretirement benefits other than pensions for certain retirees and a small number of former employees. Benefits under these arrangements are not funded and are not significant.

The Company also provides limited postemployment benefits for certain former or inactive employees after employment but before retirement. Those benefits are not significant in amount.

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 account, benefits from which are payable out of the general assets of the Company, or (b) the equivalent of 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 \$25.2 million and \$23.4 million at December 31, 2016 and 2015, respectively. Administrative expense for the deferred compensation plan is borne by the Company and is not significant.

12. 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. At December 31, 2016, the maximum amount of future payment obligations relative to these various guarantees was \$70.2 million and the outstanding liability under certain of those guarantees was \$9.9 million.

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 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 for claims against them in connection with their positions with the Company. 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 consolidated 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 among the Company's operations, but generally do not exceed one year. The Company calculates its warranty expense provision based on its historical warranty experience and adjustments are made periodically to reflect actual warranty expenses.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Changes in the accrued product warranty obligation were as follows at December 31:

	2016	2015	2014
	(In thousands)		
Balance at the beginning of the year	\$ 22,761	\$ 29,764	\$ 28,036
Accruals for warranties issued during the year	16,046	14,817	16,463
Settlements made during the year	(17,732)	(19,905)	(17,636)
Warranty accruals related to acquired businesses and other during the year	932	(1,915)	2,901
Balance at the end of the year	<u>\$ 22,007</u>	<u>\$ 22,761</u>	<u>\$ 29,764</u>

Certain settlements of warranties made during the period were for specific nonrecurring warranty obligations. Product warranty obligations are reported as current liabilities in the consolidated balance sheet.

13. Contingencies

Asbestos Litigation

The Company (including its subsidiaries) has been named as a defendant in a number of asbestos-related lawsuits. Certain of these lawsuits relate to a business which was acquired by the Company and do not involve products which were manufactured or sold by the Company. In connection with these lawsuits, the seller of such business has agreed to indemnify the Company against these claims (the "Indemnified Claims"). The Indemnified Claims have been tendered to, and are being defended by, such seller. The seller has met its obligations, in all respects, and the Company does not have any reason to believe such party would fail to fulfill its obligations in the future. To date, no judgments have been rendered against the Company as a result of any asbestos-related lawsuit. The Company believes it has strong defenses to the claims being asserted and intends to continue to vigorously defend itself in these matters.

Environmental Matters

Certain historic processes in the manufacture of products have resulted in environmentally hazardous waste by-products as defined by federal and state laws and regulations. At December 31, 2016, the Company is named a Potentially Responsible Party ("PRP") at 13 non-AMETEK-owned former waste disposal or treatment sites (the "non-owned" sites). The Company is identified as a "de minimis" party in 12 of these sites based on the low volume of waste attributed to the Company relative to the amounts attributed to other named PRPs. In eight of these sites, the Company has reached a tentative agreement on the cost of the de minimis settlement to satisfy its obligation and is awaiting executed agreements. The tentatively agreed-to settlement amounts are fully reserved. In the other four sites, the Company is continuing to investigate the accuracy of the alleged volume attributed to the Company as estimated by the parties primarily responsible for remedial activity at the sites to establish an appropriate settlement amount. At the remaining site where the Company is a non-de minimis PRP, the Company is participating in the investigation and/or related required remediation as part of a PRP Group and reserves have been established sufficient to satisfy the Company's expected obligations. The Company historically has resolved these issues within established reserve levels and reasonably expects this result will continue. In addition to these non-owned sites, the Company has an ongoing practice of providing reserves for probable remediation activities at certain of its current or previously owned manufacturing locations (the "owned" sites). For claims and proceedings against the Company with respect to other environmental matters, reserves are established once the Company has determined that a loss is probable and estimable. This estimate is refined as the Company moves through the various stages of investigation, risk assessment, feasibility study and corrective action processes. In

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

certain instances, the Company has developed a range of estimates for such costs and has recorded a liability based on the best estimate. It is reasonably possible that the actual cost of remediation of the individual sites could vary from the current estimates and the amounts accrued in the consolidated financial statements; however, the amounts of such variances are not expected to result in a material change to the consolidated financial statements. In estimating the Company's liability for remediation, the Company also considers the likely proportionate share of the anticipated remediation expense and the ability of the other PRPs to fulfill their obligations.

Total environmental reserves at December 31, 2016 and 2015 were \$28.4 million and \$30.5 million, respectively, for both non-owned and owned sites. In 2016, the Company recorded \$4.1 million in reserves. Additionally, the Company spent \$5.4 million on environmental matters and the reserve decreased \$0.8 million due to foreign currency translation in 2016. The Company's reserves for environmental liabilities at December 31, 2016 and 2015 include reserves of \$12.4 million and \$11.5 million, respectively, for an owned site acquired in connection with the 2005 acquisition of HCC Industries ("HCC"). The Company is the designated performing party for the performance of remedial activities for one of several operating units making up a Superfund site in the San Gabriel Valley of California. The Company has obtained indemnifications and other financial assurances from the former owners of HCC related to the costs of the required remedial activities. At December 31, 2016, the Company had \$11.9 million in receivables related to HCC for probable recoveries from third-party escrow funds and other committed third-party funds to support the required remediation. Also, the Company is indemnified by HCC's former owners for approximately \$19 million of additional costs.

The Company has agreements with other former owners of certain of its acquired businesses, as well as new owners of previously owned businesses. Under certain of the agreements, the former or new owners retained, or assumed and agreed to indemnify the Company against, certain environmental and other liabilities under certain circumstances. The Company and some of these other parties also carry insurance coverage for some environmental matters. To date, these parties have met their obligations in all material respects.

The Company believes it has established reserves which are sufficient to perform all known responsibilities under existing claims and consent orders. The Company has no reason to believe that other third parties would fail to perform their obligations in the future. In the opinion of management, based on presently available information and the Company's historical experience related to such matters, an adequate provision for probable costs has been made and the ultimate cost resulting from these actions is not expected to materially affect the consolidated results of operations, financial position or cash flows of the Company.

14. Leases and Other Commitments

Minimum aggregate rental commitments under noncancellable leases in effect at December 31, 2016 (principally for production and administrative facilities and equipment) amounted to \$143.5 million, consisting of payments of \$33.0 million in 2017, \$25.2 million in 2018, \$19.4 million in 2019, \$14.5 million in 2020, \$12.2 million in 2021 and \$39.2 million thereafter. The leases expire over a range of years from 2017 to 2082, with renewal or purchase options, subject to various terms and conditions, contained in most of the leases. Rental expense was \$46.3 million in 2016, \$43.6 million in 2015 and \$44.6 million in 2014.

As of December 31, 2016 and 2015, the Company had \$289.1 million and \$321.7 million, respectively, in purchase obligations outstanding, which primarily consisted of contractual commitments to purchase certain inventories at fixed prices.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. Reportable Segments and Geographic Areas Information

Descriptive Information about Reportable Segments

The Company has two reportable segments, EIG and EMG. The Company's operating segments are identified based on the existence of segment managers. Certain of the Company's operating segments have been aggregated for segment reporting purposes primarily on the basis of product type, production processes, distribution methods and similarity of economic characteristics.

EIG manufactures advanced instruments for the process, power and industrial, and aerospace markets. It provides process and analytical instruments for the oil, gas, petrochemical, pharmaceutical, semiconductor and automation markets. It provides instruments for the laboratory equipment, ultraprecision manufacturing, medical, and test and measurement markets. It makes power quality monitoring and metering devices, industrial battery chargers and uninterruptible power supplies, programmable power equipment, electrical test equipment and gas turbine sensors. It provides dashboard instruments for heavy trucks and other vehicles as well as timing controls and cooking computers for the food service industry. It supplies the aerospace industry with aircraft and engine sensors, monitoring systems, power instruments, data acquisition units, and fuel and fluid measurement systems.

EMG is a differentiated supplier of precision motion control solutions, thermal management systems, specialty metals and electrical interconnects. It makes precision motion control products for data storage, medical devices, business equipment, automation and other applications. It manufactures highly engineered electrical connectors and packaging used to protect sensitive electronic devices. It provides high-purity metals, metal strip, shaped wire and advanced composites for a wide range of industrial applications. It operates a global network of aviation maintenance, repair and overhaul facilities. It manufactures motors used in commercial appliances, fitness equipment, food and beverage machines, hydraulic pumps, industrial blowers and vacuum cleaners.

Measurement of Segment Results

Segment operating income represents net sales less all direct costs and expenses (including certain administrative and other expenses) applicable to each segment, but does not include interest expense. Net sales by segment are reported after elimination of intra- and intersegment sales and profits, which are insignificant in amount. Reported segment assets include allocations directly related to the segment's operations. Corporate assets consist primarily of investments, prepaid pensions, insurance deposits and deferred taxes.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reportable Segment Financial Information

	2016	2015	2014
	(In thousands)		
Net sales ⁽¹⁾ :			
Electronic Instruments	\$2,360,285	\$2,417,192	\$2,421,638
Electromechanical	1,479,802	1,557,103	1,600,326
Consolidated net sales	<u>\$3,840,087</u>	<u>\$3,974,295</u>	<u>\$4,021,964</u>
Operating income and income before income taxes:			
Segment operating income ⁽²⁾ :			
Electronic Instruments	\$ 577,717	\$ 639,399	\$ 612,992
Electromechanical	277,873	318,098	335,046
Total segment operating income	855,590	957,497	948,038
Corporate administrative and other expenses	(53,693)	(49,781)	(49,452)
Consolidated operating income	801,897	907,716	898,586
Interest and other expenses, net	(108,794)	(101,336)	(93,754)
Consolidated income before income taxes	<u>\$ 693,103</u>	<u>\$ 806,380</u>	<u>\$ 804,832</u>
Assets:			
Electronic Instruments	\$4,104,972	\$3,827,182	
Electromechanical	2,446,180	2,541,253	
Total segment assets	6,551,152	6,368,435	
Corporate	549,522	292,015	
Consolidated assets	<u>\$7,100,674</u>	<u>\$6,660,450</u>	
Additions to property, plant and equipment ⁽³⁾ :			
Electronic Instruments	\$ 45,091	\$ 32,069	\$ 95,787
Electromechanical	39,340	88,369	35,404
Total segment additions to property, plant and equipment	84,431	120,438	131,191
Corporate	1,914	2,121	1,966
Consolidated additions to property, plant and equipment	<u>\$ 86,345</u>	<u>\$ 122,559</u>	<u>\$ 133,157</u>
Depreciation and amortization:			
Electronic Instruments	\$ 104,284	\$ 83,832	\$ 75,364
Electromechanical	73,767	64,539	61,770
Total segment depreciation and amortization	178,051	148,371	137,134
Corporate	1,665	1,089	1,450
Consolidated depreciation and amortization	<u>\$ 179,716</u>	<u>\$ 149,460</u>	<u>\$ 138,584</u>

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

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

(3) Includes \$23.1 million in 2016, \$53.4 million in 2015 and \$61.8 million in 2014 from acquired businesses.

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, 2016, 2015 and 2014 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.

	2016	2015	2014
	(In thousands)		
Net sales:			
United States	<u>\$ 1,829,341</u>	<u>\$ 1,919,611</u>	<u>\$ 1,825,799</u>
International ⁽¹⁾ :			
United Kingdom	188,700	201,192	220,877
European Union countries	619,138	615,956	674,608
Asia	785,868	789,435	806,926
Other foreign countries	417,040	448,101	493,754
Total international	<u>2,010,746</u>	<u>2,054,684</u>	<u>2,196,165</u>
Total consolidated	<u>\$ 3,840,087</u>	<u>\$ 3,974,295</u>	<u>\$ 4,021,964</u>

Long-lived assets from continuing operations (excluding intangible assets):

United States	<u>\$ 322,743</u>	<u>\$ 313,733</u>
International ⁽²⁾ :		
United Kingdom	59,208	68,396
European Union countries	58,368	66,635
Asia	12,204	13,928
Other foreign countries	20,707	21,856
Total international	<u>150,487</u>	<u>170,815</u>
Total consolidated	<u>\$ 473,230</u>	<u>\$ 484,548</u>

(1) Includes U.S. export sales of \$1,036.0 million in 2016, \$1,090.7 million in 2015 and \$1,148.1 million in 2014.

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

16. Additional Consolidated Income Statement and Cash Flow Information

Included in other income are interest and other investment income of \$1.2 million, \$0.7 million and \$1.1 million for 2016, 2015 and 2014, respectively. Income taxes paid in 2016, 2015 and 2014 were \$180.8 million, \$157.8 million and \$211.6 million, respectively. Cash paid for interest was \$91.8 million, \$90.8 million and \$74.9 million in 2016, 2015 and 2014, respectively.

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Stockholders' Equity

In 2015, the Company repurchased approximately 7,978,000 shares of its common stock for \$435.4 million in cash under its share repurchase authorization. On both April 1 and November 4, 2015, the Company's Board of Directors approved an increase of \$350 million in the authorization for the repurchase of Company's common stock. At December 31, 2015, \$311.7 million was available under the Company's Board of Directors authorization for future share repurchases. In 2016, the Company repurchased approximately 7,099,000 shares of its common stock for \$336.1 million in cash under its share repurchase authorization. On November 2, 2016, the Company's Board of Directors approved an increase of \$400 million in the authorization for the repurchase of the Company's common stock. At December 31, 2016, \$375.6 million was available under the Company's Board of Directors authorization for future share repurchases.

At December 31, 2016, the Company held 32.1 million shares in its treasury at a cost of \$1,211.5 million, compared with 25.2 million shares at a cost of \$885.4 million at December 31, 2015. The number of shares outstanding at December 31, 2016 was 229.4 million shares, compared with 235.5 million shares at December 31, 2015.

The Company has a Shareholder Rights Plan, under which the Company's Board of Directors declared a dividend of one Right for each share of Company common stock owned at the close of business on June 2, 2007, and has authorized the issuance of one Right for each share of common stock of the Company issued between the Record Date and the Distribution Date. 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 June 2017.

18. 2016 and 2015 Restructuring Charges

During the fourth quarter of 2016, the Company recorded pre-tax restructuring charges totaling \$25.6 million, which had the effect of reducing net income by \$17.0 million (\$0.07 per diluted share). The restructuring charges were reported in the consolidated statement of income as follows: \$24.0 million in Cost of sales and \$1.6 million in Selling, general and administrative expenses. The restructuring charges were reported in segment operating income as follows: \$12.4 million in EIG, \$11.6 million in EMG and \$1.6 million in corporate administrative expenses. The restructuring actions primarily related to \$19.3 million in severance costs for a reduction in workforce and \$6.2 million of asset write-downs in response to the impact of a weak global economy on certain of the Company's businesses and the effects of a continued strong U.S. dollar. The restructuring activities will be broadly implemented across the Company's various businesses through the end of 2017, with most actions expected to be completed in 2018.

During the fourth quarter of 2015, the Company recorded pre-tax restructuring charges totaling \$20.7 million, which had the effect of reducing net income by \$13.9 million (\$0.06 per diluted share). The restructuring charges were reported in the consolidated statement of income as follows: \$20.0 million in Cost of sales and \$0.7 million in Selling, general and administrative expenses. The restructuring charges were reported in segment operating income as follows: \$9.3 million in EIG, \$10.8 million in EMG and \$0.7 million in corporate administrative expenses. The restructuring actions primarily related to a reduction in workforce in response to the impact of a weak global economy on certain of the Company's businesses and the effects of a continued strong U.S. dollar. The restructuring activities have been broadly implemented across the Company's various businesses with all actions expected to be completed in the second half of 2017.

AMETEK, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During the first quarter of 2015, the Company recorded pre-tax restructuring charges totaling \$15.9 million, which had the effect of reducing net income by \$10.8 million (\$0.04 per diluted share). The restructuring charges were reported in the consolidated statement of income as follows: \$15.8 million in Cost of sales and \$0.1 million in Selling, general and administrative expenses. The restructuring charges were reported in segment operating income as follows: \$9.3 million in EIG, \$6.5 million in EMG and \$0.1 million in corporate administrative expenses. The restructuring actions primarily related to a reduction in workforce in response to the impact of a weak global economy on certain of the Company's businesses and the effects of a continued strong U.S. dollar. The restructuring activities have been broadly implemented across the Company's various businesses with all actions completed in the second half of 2016.

Accrued liabilities in the Company's consolidated balance sheet included amounts related to the 2016 and 2015 restructuring charges as follows (in millions):

	<u>Fourth Quarter of 2016</u>	<u>Fourth Quarter of 2015</u>	<u>First Quarter of 2015</u>	<u>Total</u>
	<u>Restructuring</u>	<u>Restructuring</u>	<u>Restructuring</u>	
Balance at December 31, 2014	\$ —	\$ —	\$ —	\$ —
Pre-tax charges	—	20.7	15.9	36.6
Utilization	—	(1.4)	(10.8)	(12.2)
Foreign currency translation adjustments and other	—	—	(0.1)	(0.1)
Balance at December 31, 2015	—	19.3	5.0	24.3
Pre-tax charges	25.6	—	—	25.6
Utilization	(6.4)	(9.2)	(3.4)	(19.0)
Foreign currency translation adjustments and other	—	(0.9)	(0.1)	(1.0)
Balance at December 31, 2016	<u>\$ 19.2</u>	<u>\$ 9.2</u>	<u>\$ 1.5</u>	<u>\$ 29.9</u>

AMETEK, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

19. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
(In thousands, except per share amounts)					
2016					
Net sales	\$ 944,398	\$ 977,706	\$ 945,030	\$ 972,953	\$ 3,840,087
Operating income ⁽¹⁾⁽²⁾	\$ 208,523	\$ 219,036	\$ 201,116	\$ 173,222	\$ 801,897
Net income ⁽¹⁾⁽²⁾	\$ 134,170	\$ 138,193	\$ 130,687	\$ 109,108	\$ 512,158
Basic earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.57	\$ 0.59	\$ 0.56	\$ 0.47	\$ 2.20
Diluted earnings per share ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.57	\$ 0.59	\$ 0.56	\$ 0.47	\$ 2.19
Dividends paid per share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.36

2015					
Net sales	\$ 984,059	\$ 1,003,726	\$ 998,527	\$ 987,983	\$ 3,974,295
Operating income ⁽⁴⁾	\$ 220,952	\$ 240,319	\$ 237,615	\$ 208,830	\$ 907,716
Net income ⁽⁴⁾	\$ 142,107	\$ 155,513	\$ 156,398	\$ 136,841	\$ 590,859
Basic earnings per share ⁽³⁾⁽⁴⁾	\$ 0.59	\$ 0.64	\$ 0.65	\$ 0.58	\$ 2.46
Diluted earnings per share ⁽³⁾⁽⁴⁾	\$ 0.59	\$ 0.64	\$ 0.65	\$ 0.57	\$ 2.45
Dividends paid per share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.36

- (1) During 2016, the Company recorded pre-tax restructuring charges totaling \$25.6 million, recorded in the fourth quarter of 2016. The restructuring charges had the effect of reducing net income for 2016 by \$17.0 million (\$0.07 per diluted share). See Note 18.
- (2) During 2016, the Company recorded a \$13.9 million non-cash impairment charge related to certain of the Company's trade names. The impairment charge had the effect of reducing net income for 2016 by \$8.6 million (\$0.04 per diluted share). See Note 6.
- (3) The sum of quarterly earnings per share may not equal total year earnings per share due to rounding of earnings per share amounts, and differences in weighted average shares and equivalent shares outstanding for each of the periods presented.
- (4) During 2015, the Company recorded pre-tax restructuring charges totaling \$36.6 million, with \$15.9 million recorded in the first quarter of 2015 and \$20.7 million recorded in the fourth quarter of 2015. The restructuring charges had the effect of reducing net income for 2015 by \$24.7 million (\$0.10 per diluted share), with \$10.8 million net income reduction (\$0.04 per diluted share) in the first quarter of 2015 and \$13.9 million net income reduction (\$0.06 per diluted share) in the fourth quarter of 2015. See Note 18.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management in a timely manner. Under the supervision and with the participation of our management, including the Company's principal executive officer and principal financial officer, we have evaluated the effectiveness of our system of disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of December 31, 2016. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective at the reasonable assurance level.

Such evaluation did not identify any change in the Company's internal control over financial reporting during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Internal Control over Financial Reporting

Management's report on the Company's internal controls over financial reporting is included in Part II, Item 8 of this Annual Report on Form 10-K. The report of the independent registered public accounting firm with respect to the effectiveness of internal control over financial reporting is included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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 2017 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 2017 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 2017 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 "Committees of the Board" in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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e) Audit Committee Financial Expert.

Information concerning the audit committee financial expert of the Company is set forth under the heading “Committees of the Board” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

f) Corporate Governance/Nominating Committee.

Information concerning any material changes to the way in which security holders may recommend nominees to the Company’s Board of Directors is set forth under the heading “Corporate Governance” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The Company has adopted a Code of Ethics for the principal executive officer, principal financial officer and principal accounting officer, which may be found on the Company’s website at www.ametek.com. Any amendments to the Code of Ethics or any grant of a waiver from the provisions of the Code of Ethics requiring disclosure under applicable U.S. Securities and Exchange Commission rules will be disclosed on the Company’s website.

Item 11. Executive Compensation

Information regarding executive compensation, including the “Compensation Discussion and Analysis,” the “Report of the Compensation Committee,” “Compensation Tables” and “Potential Payments Upon Termination or Change of Control” is set forth under the heading “Executive Compensation” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders and is incorporated herein by reference.

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

Information regarding security ownership of certain beneficial owners and management appearing under “Stock Ownership of Executive Officers and Directors” and “Beneficial Ownership of Principal Stockholders” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information appearing under “Certain Relationships and Related Transactions” and “Independence” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information appearing under “Ratification of Appointment of Independent Registered Public Accounting Firm” in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements and Financial Statement Schedules

(1) Financial Statements:

Financial statements are shown in the Index to Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(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.

(3) Exhibits:

Exhibits are shown in the index included in Part II, Item 15(3) of this Annual Report on Form 10-K.

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> /s/ ELIZABETH R. VARET Elizabeth R. Varet	Director	February 23, 2017
<hr/> /s/ DENNIS K. WILLIAMS Dennis K. Williams	Director	February 23, 2017

Index to Exhibits
Item 15(3)

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>
3.1*	Conformed Copy of Amended and Restated Certificate of Incorporation of AMETEK, Inc. as amended to and including November 29, 2016.	
3.2	By-Laws of AMETEK, Inc. as amended to and including February 10, 2017.	Exhibit 3.2 to Form 8-K, dated February 13, 2017, SEC File No. 1-12981.
4.1	AMETEK, Inc. and American Stock Transfer & Trust Company as Rights Agent, Rights Agreement, dated as of June 2, 2007.	Exhibit 4.1 to Form 8-K dated June 5, 2007, SEC File No. 1-12981.
4.2†	AMETEK, Inc. 2007 Omnibus Incentive Compensation Plan, dated as of April 24, 2007 (the “2007 Plan”).	Exhibit 4 to Form S-8 dated May 10, 2007, SEC File No. 1-12981.
4.3†	Amendment No. 1 to the 2007 Plan.	Exhibit 4.3 to 2012 Form 10-K, SEC File No. 1-12981.
4.4†	AMETEK, Inc. 2011 Omnibus Incentive Compensation Plan, dated as of May 3, 2011 (the “2011 Plan”).	Exhibit 4 to Form S-8 dated May 6, 2011, SEC File No. 1-12981.
4.5†	Amendment No. 1 to the 2011 Plan.	Exhibit 4.5 to 2012 Form 10-K, SEC File No. 1-12981.
10.1†	AMETEK, Inc. Retirement Plan for Directors, amended and restated effective January 1, 2005.	Exhibit 10.4 to Form 10-Q dated September 30, 2007, SEC File No. 1-12981.
10.2†	AMETEK, Inc. Directors’ Deferred Compensation Plan, effective January 1, 2012	Exhibit 10.2 to 2014 Form 10-K, SEC File No. 1-12981.
10.3†*	AMETEK, Inc. Deferred Compensation Plan, amended and restated as of January 1, 2017.	
10.4†*	AMETEK, Inc. Supplemental Senior Executive Death Benefit Plan, effective January 1, 2017.	
10.5†*	AMETEK, Inc. 2004 Executive Death Benefit Plan, amended and restated effective January 1, 2017.	
10.6†	AMETEK, Inc. Directors’ Death Benefit Plan, effective January 1, 2005.	Exhibit 10.3 to Form 10-Q dated September 30, 2007, SEC File No. 1-12981.
10.7†	Form of Executive Change of Control Separation Agreement between AMETEK, Inc. and a named executive.	Exhibit 10.7 to Form 10-Q dated September 30, 2007, SEC File No. 1-12981.
10.8†	Termination and Change of Control Agreement between AMETEK, Inc. and a named executive, dated October 24, 2007.	Exhibit 10.8 to Form 10-Q dated September 30, 2007, SEC File No. 1-12981.
10.9†	Amendment to the Termination and Change of Control Agreement between AMETEK, Inc. and a named executive, dated May 3, 2016.	Exhibit 10.1 to Form 10-Q dated June 30, 2016, SEC File No. 1-12981.

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<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>
10.10†*	The AMETEK Retirement and Savings Plan, amended and restated as of January 1, 2017.	
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, as of May 21, 1991.	Exhibit 10.61 to 1991 Form 10-K, SEC File No. 1-168.
10.13†*	AMETEK, Inc. Supplemental Executive Retirement Plan, amended and restated as of January 1, 2017.	
10.14†	Form of Restricted Stock Agreement between AMETEK, Inc. and certain executives of AMETEK, Inc.	Exhibit 10.9 to Form 10-Q dated September 30, 2007, SEC File No. 1-12981.
10.15	Amended and Restated Credit Agreement as of September 22, 2011, as amended and restated as of March 10, 2016, among AMETEK, Inc., the Foreign Subsidiary Borrowers Party Hereto, the Lenders Party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Bank of America, N.A., PNC Bank, National Association, SunTrust Bank and Wells Fargo Bank, National Association, as Co-Syndication Agents.	Exhibit 10.1 to Form 8-K dated March 14, 2016, SEC File No. 1-12981.
10.16	AMETEK, Inc. Note Purchase Agreement, as of August 30, 2007.	Exhibit 10.1 to Form 8-K dated September 5, 2007, SEC File No. 1-12981.
10.17	Amendment No. 1 to Note Purchase Agreement, as of August 30, 2007.	Exhibit 10.1 to Form 10-Q dated September 30, 2014, SEC File No. 1-12981.
10.18	Amendment No. 2 to Note Purchase Agreement, as of August 30, 2007.	Exhibit 10.2 to Form 10-Q dated September 30, 2016, SEC File No. 1-12981.
10.19	AMETEK, Inc. Note Purchase Agreement, as of September 17, 2008.	Exhibit 10.1 to Form 8-K dated September 19, 2008, SEC File No. 1-12981.
10.20	Amendment No. 1 to Note Purchase Agreement, as of September 17, 2008.	Exhibit 10.2 to Form 10-Q dated September 30, 2014, SEC File No. 1-12981.
10.21	Amendment No. 2 to Note Purchase Agreement, as of September 17, 2008.	Exhibit 10.3 to Form 10-Q dated September 30, 2016, SEC File No. 1-12981.
10.22	AMETEK, Inc. Note Purchase Agreement, as of September 30, 2014.	Exhibit 10.1 to Form 8-K dated October 2, 2014, SEC File No. 1-12981.
10.23	Amendment No. 1 to Note Purchase Agreement, as of September 30, 2014.	Exhibit 10.1 to Form 10-Q dated September 30, 2016, SEC File No. 1-12981.
10.24	AMETEK, Inc. Note Purchase Agreement, as of October 31, 2016.	Exhibit 10.1 to Form 8-K dated November 2, 2016, SEC File No. 1-12981.

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<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated Herein by Reference to</u>
12*	Statement regarding computation of ratio of earnings to fixed charges.	
21*	Subsidiaries of the Registrant.	
23*	Consent of Independent Registered Public Accounting Firm.	
31.1*	Certification of Chief Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2*	Certification of Chief Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1*	Certification of Chief Executive Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2*	Certification of Chief Financial Officer, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
101.INS*	XBRL Instance Document.	
101.SCH*	XBRL Taxonomy Extension Schema Document.	
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.	
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.	
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.	
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.	

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

* Filed electronically herewith.

**CONFORMED COPY OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
AMETEK, INC.
AS AMENDED TO DATE**

[Conformed copy giving effect to all amendments since the date of the filing of the Amended and Restated Certificate of Incorporation on April 24, 2007.]

FIRST. The name of the corporation is AMETEK, INC. (the “Company”).

SECOND. The address of the Company’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808. The name of the Company’s registered agent at such address is Corporation Service Company.

THIRD. The purpose of the Company is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (“DGCL”).

FOURTH. Section 1. Authorized Capital Stock. The Company is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Company is authorized to issue is 805,000,000 shares, consisting of 800,000,000 shares of Common Stock, par value \$0.01 per share, and 5,000,000 shares of Preferred Stock, par value \$0.01 per share.

Section 2. Preferred Stock. The Preferred Stock may be issued in one or more series. The Board of Directors of the Company (the “Board”) is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any such series and the designation, relative powers, preferences, rights, qualifications, limitations and restrictions of all shares of such series. The authority of the Board with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

- (a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;
- (b) the voting powers, if any, and whether such voting powers are full or limited in such series;
- (c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(d) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;

(e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Company;

(f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Company or any other corporation or other entity, and the price or prices or the rates of exchange applicable thereto;

(g) the right, if any, to subscribe for or to purchase any securities of the Company or any other corporation or other entity;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other relative, participating, optional, or other special powers, preferences, rights, qualifications, limitations, or restrictions thereof;

all as may be determined from time to time by the Board and stated in the resolution or resolutions providing for the issuance of such Preferred Stock (collectively, a "Preferred Stock Designation").

Section 3. Common Stock. Except as may otherwise be provided in a Preferred Stock Designation, the holders of Common Stock will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of Common Stock held of record by such holder as of the record date for such meeting.

FIFTH. The Board may make, amend, and repeal the By-Laws of the Company. Any By-Law made by the Board under the powers conferred hereby may be amended or repealed by the Board or by the stockholders in the manner provided in the By-Laws of the Company. Notwithstanding the foregoing and anything contained in this Amended and Restated Certificate of Incorporation to the contrary, By-Laws 3, 8, 10, 11, 12, 13 and 39 may not be amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least 80% of the Voting Stock, voting together as a single class. The Company may in its By-Laws confer powers upon the Board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board by applicable law. For the purposes of this Amended and Restated Certificate of Incorporation, "Voting Stock" means stock of the Company of any class or series entitled to vote generally in the election of Directors. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the Voting Stock, voting together as a single class, is required to amend or repeal, or to adopt any provisions inconsistent with, this Article Fifth.

SIXTH. Subject to the rights of the holders of any series of Preferred Stock:

(a) any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing of such stockholders; and

(b) special meetings of stockholders of the Company may be called only by (i) the Chairman of the Board (the "Chairman"), (ii) the Corporate Secretary of the Company (the "Secretary") within 10 calendar days after receipt of the written request of a majority of the total number of Directors which the Company would have if there were no vacancies (the "Whole Board"), or (iii) the Secretary upon the written request made in accordance with and subject to the By-Laws of holders of record, who hold a "net long position" (as defined in the By-Laws), of not less than fifty percent (50%) of the then outstanding shares of the Voting Stock of the Company.

At any annual meeting or special meeting of stockholders of the Company, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the By-Laws of the Company. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of at least 80% of the Voting Stock, voting together as a single class, will be required to amend or repeal, or adopt any provision inconsistent with, this Article Sixth.

SEVENTH. Section 1. Number, Election, and Terms of Directors. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, the number of the Directors of the Company will not be less than three nor more than 12 and will be fixed from time to time in the manner described in the By-Laws of the Company. The Directors, other than those who may be elected by the holders of any series of Preferred Stock, will be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, designated Class I, Class II, and Class III. The Directors first appointed to Class I will hold office for a term expiring at the first annual meeting of stockholders to be held following the filing of this Certificate; the Directors first appointed to Class II will hold office for a term expiring at the second annual meeting of stockholders to be held following the filing of this Certificate; and the Directors first appointed to Class III will hold office for a term expiring at the third annual meeting of stockholders to be held following the filing of this Certificate, with the members of each class to hold office until their successors are elected and qualified. At each succeeding annual meeting of the Company, the successors of the class of Directors whose terms expire at that meeting will be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. Election of Directors of the Company need not be by written ballot unless requested by the Chairman or by the holders of a majority of the Voting Stock present in person or represented by proxy at a meeting of the stockholders at which Directors are to be elected.

Section 2. Nomination of Director Candidates. Advance notice of stockholder nominations for the election of Directors must be given in the manner provided in the By-Laws of the Company.

Section 3. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies in the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor has been elected and qualified. No decrease in the number of Directors constituting the Board may shorten the term of any incumbent Director.

Section 4. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, any Director may be removed from office by the stockholders only for cause and only in the manner provided in this Section 4. At any annual meeting or special meeting of the stockholders, the notice of which states that the removal of a Director or Directors is among the purposes of the meeting, the affirmative vote of the holders of at least a majority of the Voting Stock, voting together as a single class, may remove such Director or Directors for cause. Except as may be provided by applicable law, cause for removal will be deemed to exist only if the Director whose removal is proposed has been adjudged by a court of competent jurisdiction to be liable to the Company or its stockholders for misconduct as a result of (a) a breach of such Director's duty of loyalty to the Company, (b) any act or omission by such Director not in good faith or which involves a knowing violation of law, or (c) any transaction from which such Director derived an improper personal benefit, and such adjudication is no longer subject to direct appeal.

Section 5. Amendment, Repeal, Etc. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of at least 80% of the Voting Stock, voting together as a single class, is required to amend or repeal, or adopt any provision inconsistent with, this Article Seventh.

EIGHTH. To the fullest extent permitted by the Delaware General Corporation Law, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for any breach of a fiduciary duty as a director. If the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware Corporation law, as so amended. Any repeal or modification of the foregoing provisions of this Article EIGHTH by the stockholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

NINTH. Each person who is or was or had agreed to become a Director or officer of the Company, and each such person who is or was serving or who had agreed to serve at the request of the Board or an officer of the Company as an employee or agent of the Company or as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other entity, whether for profit or not for profit (including the heirs, executors, administrators, or estate of such person), will be indemnified by the Company to the fullest extent permitted by the Delaware General Corporation Law as the same may be amended or supplemented. The right of

indemnification provided in this Article Ninth (a) will not be exclusive of any other rights to which any person seeking indemnification may otherwise be entitled, including without limitation pursuant to any contract approved by a majority of the Whole Board (whether or not the Directors approving such contract are or are to be parties to such contract or similar contracts), and (b) will be applicable to matters otherwise within its scope whether or not such matters arose or arise before or after the adoption of this Article Ninth. Without limiting the generality or the effect of the foregoing, the Company may adopt By-Laws, or enter into one or more agreements with any person, which provide for indemnification greater or different than that provided in this Article Ninth or the Delaware General Corporation Law. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the amendment or repeal of, or adoption of any provision inconsistent with, this Article Ninth will require the affirmative vote of the holders of at least 80% of the Voting Stock, voting together as a single class. Any amendment or repeal of, or adoption of any provision inconsistent with, this Article Tenth will not adversely affect any right or protection existing hereunder prior to such amendment, repeal, or adoption.

TENTH. Whenever a compromise or arrangement is proposed between the Company and its creditors or any class of them and/or between the Company and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Company or any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Company under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Company under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of the Company, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of the Company, as the case may be, agree to any compromise or arrangement and to any reorganization of the Company as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Company, as the case may be, and also on the Company.

IN WITNESS WHEREOF, the undersigned has executed and acknowledged this Conformed Copy of the Certificate of Incorporation of AMETEK, Inc. this 29th day of November, 2016.

AMETEK, INC.

By: /s/ ROBERT S. FEIT

Name: Robert S. Feit

Title: Senior Vice President &
General Counsel

**AMETEK, INC.
DEFERRED COMPENSATION PLAN**

Amended and Restated as of January 1, 2017

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ARTICLE 1. PURPOSE

1.01. Purpose.

The AMETEK, Inc. Deferred Compensation Plan (the "Plan"), is intended to provide additional retirement benefits and increased financial security, on a tax-favored basis, to a select group of management and highly compensated employees of AMETEK, Inc. These individuals may defer a portion of their annual incentive bonus under the Plan if their compensation (as defined under the Plan) exceeds the compensation limits of section 401(a)(17) of the Code.

1.02. Effective Date.

The Plan, as hereby amended and restated, is effective with respect to amounts that were not deferred or vested (within the meaning of section 409A of the Code) before January 1, 2005, and any earnings on such amounts. Amounts deferred and vested (within the meaning of section 409A of the Code) before January 1, 2005 and earnings on such amounts are not affected by this amendment and restatement of the Plan, and remain subject to the terms of the October 1, 1999 plan document, which are set forth in Appendix A to this January 1, 2017, amendment and restatement. For recordkeeping purposes, the Company will establish separate accounts for each Participant for amounts deferred and vested before January 1, 2005, and amounts deferred and vested on or after that date.

ARTICLE 2. DEFINITIONS AND CONSTRUCTION

2.01. Definitions.

For the purpose of this Plan, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise.

- (a) **Account.** "Account" or "Accounts" means the hypothetical Retirement Distribution Account and/or In-Service Distribution Account established on the books of the Company pursuant to Section 5.01.
- (b) **Article.** "Article" means an article of this Plan.
- (c) **Beneficiary.** "Beneficiary" means the person, persons or entity as designated by the Participant, entitled under Article 7 to receive any Plan benefits payable after the Participant's death.
- (d) **Board.** "Board" means the Board of Directors of AMETEK, Inc.
- (e) **Bonus Compensation.** "Bonus Compensation" means the portion of an Eligible Employee's Compensation consisting of the amount of the incentive to be paid to an Eligible Employee under the Company's incentive compensation plan for a Plan Year, other than any bonus paid to an Eligible Employee that is characterized by the Company as a "sign on bonus" or other non-recurring incentive bonus.
- (f) **Bonus Compensation Deferral.** "Bonus Compensation Deferral" means that portion of Eligible Bonus Compensation as to which an Eligible Employee has made an annual irrevocable election to defer receipt until the date specified under the In-Service Distribution Option and/or the Retirement Distribution Option.
- (g) **Change in Control.** A "Change in Control" shall occur if:
 - (1) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires ownership of stock of the Company that, together with the stock held by such Person or group of Persons, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company before this transfer of the Company's stock, the acquisition of additional stock by the same Person or group of Persons shall not be considered to cause a Change in Control of the Company; or
 - (2) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own 30 percent or more of the total voting power of the stock of the Company before this acquisition, the acquisition of additional control

or stock of the Company by the same Person or group of Persons shall not cause a Change in Control of the Company; or

- (3) A majority of members of the Company's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board before the date of the appointment or election; or
- (4) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) assets from the Company that have a total gross fair market value equal to substantially all but in no event less than 40 percent of the total fair market value of all assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets by the Company will not result in a Change in Control under this Section 2.01(g)(4), if the assets are transferred to:
 - (A) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
 - (B) An entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company immediately after the transfer of assets;
 - (C) A Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company; or
 - (D) An entity, at least 50 percent of the total value or voting power of which is owned directly or indirectly, by a person described in Section 2.01(g)(4)(C), above.

For purposes of this Section 2.01(g), no acquisition, either directly or indirectly, by the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan shall constitute a Change in Control.

For purposes of this Section 2.01(g), the following terms shall have the meanings set forth below:

- (1) "Company" shall mean AMETEK, Inc., except that, if a Participant is employed by a majority-controlled subsidiary of the Company, for purposes of Sections 2.01(g)(1), 2.01(g)(2), and 2.01(g)(4), "Company" shall mean such subsidiary.

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- (2) "Person" shall mean any individual or individuals other than the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan.
- (h) **Code.** "Code" means the Internal Revenue Code of 1986, as amended.
- (i) **Committee.** "Committee" means the Committee appointed by the Board (or its delegee) to administer the Plan pursuant to Article 8.
- (j) **Company.** "Company" means AMETEK, Inc., a Delaware corporation, and any directly or indirectly affiliated subsidiary corporations, any other affiliate designated by the Board, or any successor to the business thereof.
- (k) **Compensation.** "Compensation" means "compensation" as such term is defined in Treas. Reg. § 1.415(c)-2(d)(4) without regard to the limitations of Code § 415, 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. § 1.415(c)-1(c) but including (1) (a) amounts contributed by a Participant to a Plan that is "qualified" under Section 401(a) of the Code and (b) amounts otherwise excludible from the Participant's gross income under Section 125 of the Code and Section 132(f)(4) of the Code and (2) not including Bonus Compensation paid during that year but earned in the preceding year.
- (l) **Disability.** "Disability" means a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months that (1) renders a Participant unable to engage in any substantial gainful activity or (2) results in a Participant receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. The Committee shall determine the existence of Disability, in its sole discretion, and may rely on advice from a medical examiner satisfactory to the Committee in making the determination. A Participant will also be considered disabled if he has been determined to be totally disabled by the Social Security Administration. The term "Disability" is intended to comply with section 409A(a)(2)(C) of the Code and shall be interpreted to permit a Participant to take a distribution in any circumstance that would be permitted under section 409A(a)(2)(C) of the Code.
- (m) **Distribution Option.** "Distribution Option" means the two distribution options that are available under the Plan: the Retirement Distribution Option and the In-Service Distribution Option.
- (n) **Eligible Bonus Compensation.** "Eligible Bonus Compensation" is the amount calculated under the following formula:

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- (1) "Total Plan Year Compensation" is an Eligible Employee's Bonus Compensation that is earned (not paid) during a Plan Year **plus** the Eligible Employee's Compensation for that same year.
- (2) If the Eligible Employee's Total Plan Year Compensation is less than or equal to the compensation limit in effect under section 401(a)(17) of the Code for the Plan Year, then the Eligible Employee's Eligible Bonus Compensation for that year shall be \$0.
- (3) If the Eligible Employee's Total Plan Year Compensation is greater than the compensation limit in effect under section 401(a)(17) for the Plan Year, then the Eligible Employee's Eligible Bonus Compensation for that year shall be the lesser of (A) the Eligible Employee's Bonus Compensation or (B) the amount by which the Eligible Employee's Total Plan Year Compensation exceeds the compensation limit in effect under section 401(a)(17) of the Code for that year.
- (o) **Eligible Employee.** "Eligible Employee" means an employee of the Company who is designated by the Committee, in its sole discretion, to be eligible to participate in the Plan pursuant to Section 3.01.
- (p) **Investment Funds.** "Investment Funds" means the separate deemed investment funds identified on Exhibit A of the Plan that a Participant may direct be used as a method to measure the growth of the Participant's Bonus Compensation Deferrals, if any, while credited to the Participant's Accounts.
- (q) **In-Service Distribution Account.** "In-Service Distribution Account" means the Account maintained for a Participant to which Bonus Compensation Deferrals are credited pursuant to the In-Service Distribution Option.
- (r) **In-Service Distribution Option.** "In-Service Distribution Option" means the Distribution Option pursuant to which benefits are payable in accordance with Section 6.02.
- (s) **Participant.** "Participant" means any employee who is eligible and has become a participant pursuant to Section 3.01. Such employee shall remain a Participant in this Plan until such time as all benefits payable under this Plan have been paid in accordance with the provisions hereof.
- (t) **Plan.** "Plan" means this AMETEK, Inc. Deferred Compensation Plan, as it may be amended from time to time.
- (u) **Plan Year.** "Plan Year" means the 12-month period beginning on each January 1 and ending on the following December 31.
- (v) **Retirement.** "Retirement" or "Retires" means a Participant's Separation from Service with the Company (for reasons other than death) at or after attaining age 55 and completing 10 or more Years of Service.
- (w) **Retirement Distribution Account.** "Retirement Distribution Account" means the Account maintained for a Participant to which Bonus Compensation Deferrals are credited pursuant to the Retirement Distribution Option.

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- (x) **Retirement Distribution Option.** “Retirement Distribution Option” means the Distribution Option pursuant to which benefits are payable in accordance with Section 6.01.
 - (y) **Section.** “Section” means a section of this Plan.
 - (z) **Separation from Service.** “Separates from Service” or “Separation from Service” means separation from service within the meaning of section 409A of the Code.
 - (aa) **Voting Securities.** “Voting Securities” means the common securities of AMETEK, Inc. that carry the right to vote generally in the election of directors.
 - (bb) **Year of Service.** “Year of Service” means the 12-month period following the date that the Participant first performs an hour of service for the Company and each consecutive 12-month period following the anniversary of that date that is completed before the Participant Separates from Service.

2.02. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa, and
- (c) the word “include” shall mean to include without limitation.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.01. Eligibility and Participation.

Eligibility to participate in the Plan shall be limited to that select group of management and/or highly compensated employees of the Company whom the Committee designates as eligible to participate in the Plan. An Eligible Employee shall become a Participant in the Plan when he first makes a Bonus Compensation Deferral election pursuant to Article 4.

3.02. Change in Employment Status.

If the Committee determines that a Participant's position is no longer at a level that warrants reward through participation in this Plan, but does not terminate the Participant's employment with the Company, (1) the Participant shall not be permitted to make a Bonus Compensation Deferral election for the Plan Year specified by the Committee and each Plan Year thereafter until the Committee determines that the Participant has again become employed in a position that warrants full participation in the Plan; and (2) the Participant's benefits under this Plan shall be limited to the balance in the Participant's Accounts as of the date so specified by the Committee, which shall be adjusted each subsequent year that the Participant remains an active employee of the Company (and does not again become employed in a position that warrants full participation in the Plan) by the deemed earnings on the Investment Funds elected by the Participant.

If the Committee, in its sole discretion, determines that the Participant no longer qualifies as a member of a select group of management or highly compensated employees, as determined in accordance with ERISA, the Committee may, in its sole discretion, take any action permitted under section 409A of the Code as it deems necessary to preserve the status of the Plan as a "top hat" plan under ERISA.

ARTICLE 4. ELECTION REQUIREMENTS

4.01. Bonus Compensation Deferral Election Filing Deadline.

- (a) Except as provided in Sections 4.02 and 4.03, below, an election to defer an amount equal to all or part of an Eligible Employee's Bonus Compensation shall be filed with the Committee at least six months before the end of the Plan Year in which the Bonus Compensation is earned (i.e. by June 30th); provided that, if the Bonus Compensation is not "performance-based compensation" within the meaning of section 409A of the Code, the Bonus Compensation Deferral election shall be filed with the Committee no later than the last day of the Plan Year preceding the Plan Year in which the Bonus Compensation is earned. The election, once filed, shall be irrevocable and shall remain in effect until the end of the Plan Year to which it pertains.
- (b) An election made pursuant to Section 4.01(a) shall be in writing, in a form acceptable to the Committee, and shall specify such information as required by the Committee. The Committee may establish minimum or maximum amounts that may be deferred under this Section 4.01 and may change such standards from time to time. Any such limits shall be communicated by the Committee to the Participants before the commencement of a Plan Year.

4.02. New Eligible Employees.

The Committee may, in its discretion, permit an employees who first becomes an Eligible Employee after the beginning of a Plan Year to make a Bonus Compensation Deferral for that Plan Year by filing a completed and fully executed deferral election form, in accordance with Section 4.01(a), within thirty (30) days following the date the employee becomes an Eligible Employee, unless he was previously eligible to participant in another account-based deferred compensation arrangement of the Company. If the Eligible Employee was previously eligible to participate in another account-based deferred compensation arrangement of the Company, the Eligible Employee shall not be permitted to make a Bonus Compensation Deferral under this Section 4.02 or Section 4.01 for the Plan Year in which he is hired but shall be permitted to make a Bonus Compensation Deferral pursuant to Section 4.01 for the Plan Year after the Plan Year in which he is hired and each subsequent Plan Year. Any Bonus Compensation Deferral made under this Section 4.02 shall apply only to Bonus Compensation and Compensation earned for services performed after the election is made.

4.03. 2005 Plan Year Re-Deferral Election.

For the 2005 Plan Year, an Eligible Employee may file the requisite deferral election form by March 15, 2005, to defer Bonus Compensation actually or constructively received during the 2005 Plan Year after the date the election is filed.

ARTICLE 5. ACCOUNTS

5.01. Accounts.

The Committee shall establish and maintain separate Accounts with respect to each Participant. A Participant's Accounts shall consist of the Retirement Distribution Account and/or an In-Service Distribution Account. The amount of the Bonus Compensation Deferral pursuant to Sections 4.01, 4.02, or 4.03 shall be credited by the Company to the Participant's Accounts on the day such Bonus Compensation would otherwise have been paid, in accordance with the Distribution Options elected by the Participant on his deferral election form. The Participant's Accounts shall be reduced by the amount of payments made by the Company to the Participant or the Participant's Beneficiary pursuant to this Plan and shall be adjusted to reflect investment gains and losses.

5.02. Amounts Allocated to Accounts.

An Eligible Employee shall allocate his Bonus Compensation Deferrals between the Distribution Options; provided, however that 100% of such Deferrals may be allocated to one or the other of the Distribution Options.

5.03. Earnings on Accounts.

A Participant's Accounts shall be credited with earnings from time to time in accordance with the deemed earnings on Investment Funds elected by the Participant. Participants may allocate their Retirement Distribution Account and their In-Service Distribution Account among the Investment Funds available under the Plan in increments specified by the Committee. The deemed rate of return, positive or negative, credited under each Investment Fund is based upon the actual investment performance of the Investment Funds listed on Exhibit A of the Plan. The Company reserves the right, on a prospective basis, to add or delete Investment Funds.

5.04. Vesting of Accounts

A Participant's Accounts shall be 100% vested at all times.

5.05. No Actual Investment.

Notwithstanding that the returns credited to Participants' Accounts are based upon the actual performance of the corresponding deemed Investment Funds selected by a Participant, the Company shall not be obligated to invest any Bonus Compensation Deferrals by Participants under this Plan and the Participant shall have no interest in any amounts that are actually invested to pay benefits under this Plan.

5.06. Statement of Accounts.

The Committee shall provide to each Participant, not less frequently than annually, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in each of his Accounts.

5.07. Distributions from Accounts.

Any distribution made to or on behalf of a Participant from one or more of the Participant's Accounts in an amount that is less than the entire balance of any such Account shall be made pro rata from each of the Investment Funds to which such Account is then allocated except, and only to the extent, that the Participant (or Beneficiary, if applicable) elects, before the scheduled distribution date, to receive a distribution in shares of Voting Securities, up to the value of the amount to be distributed.

ARTICLE 6. PAYMENT OF PLAN BENEFITS

6.01. Payments from the Retirement Distribution Account.

Except as provided in Sections 6.03, 6.04, 6.05, and 6.06, benefits under the Retirement Distribution Option shall be paid to a Participant as follows:

- (a) **General.** Unless otherwise elected pursuant to Section 6.01(b) or modified pursuant to Section 6.01(c), a Participant who Retires shall receive his Retirement Distribution Account in the form of a lump sum on the later of (1) the January 31 following the Participant's Retirement or (2) the first day of the seventh month following the Participant's Retirement.

- (b) **Distribution Election.** A Participant may elect a form or time of payment for his Retirement Distribution Account other than those provided in Section 6.01(a) by filing a distribution election form for his Retirement Distribution Account with the Committee at the same time he makes his first Bonus Compensation Deferral under the Plan to his Retirement Distribution Account. This distribution election shall determine the time and manner of the distribution from the Participant's Retirement Distribution Account under this Section 6.01 if the Participant Retires, unless the election is modified pursuant to Section 6.01(c).
 - (1) **Optional Forms of Distribution.** A Participant who does not wish to receive his Retirement Distribution Account in the form of a lump sum may elect to receive his Retirement Distribution Account in the form of up to five (5) annual installments.

 - (2) **Optional Times for Distribution.** A Participant who does not wish to receive his Retirement Distribution Account as provided in Section 6.01(a) may elect for distribution of his Retirement Distribution Account to commence on one of the following: (A) January 31 of the second Plan Year following the Participant's Retirement or (B) the latest of (i) January 31 of the Plan Year following the Participant's Retirement, (ii) January 31 of the Plan Year following the year in which the Participant becomes age 65, or (iii) the first day of the seventh month after the Participant's Retirement.

- (c) **Modification of Distribution Election.** After making his initial distribution election pursuant to Section 6.01(b) or making a Bonus Compensation Deferral that is subject to the default distribution rule set forth in Section 6.01(a), a Participant may file an election with the Committee, in a form satisfactory to the Committee, to modify the payment date or to specify that his Retirement Distribution Account be paid in installments rather than a lump sum or in a greater number of annual installments (but not more than five (5) annual installments); provided, however, that such election:
 - (1) is filed with the Committee at least twelve (12) months prior to the date of the first scheduled payment;

 - (2) is not effective until at least twelve (12) months after the date on which the election is made;

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- (3) defers the lump sum payment or the first installment payment with respect to which such election is made for a period of not less than five (5) years from the date such payment would have otherwise been made;
 - (4) does not accelerate payment of the Retirement Distribution Account; and
 - (5) does not request more than five (5) annual installments.

(d) **Amount of Payments.**

- (1) **Lump sum payment.** Any lump-sum benefit payable in accordance with this Section 6.01 shall be paid in an amount equal to the value of such Retirement Distribution Account as of the last business day of the calendar month preceding the date of payment.
- (2) **Installment Payments.** If annual installments are elected in accordance with this Section 6.01, the amount of the first annual installment payment shall equal (A) the value of the Participant's Retirement Distribution Account as of the last business day of the calendar month preceding the date of payment, divided by (B) the number of annual installment payments elected by the Participant. The remaining annual installments shall be paid on January 31 of each succeeding Plan Year in an amount equal to (C) the value of the Participant's Retirement Distribution Account as of the last business day of the immediately preceding calendar month divided by (D) the number of installments remaining.

- (e) **Benefits Upon Separation from Service.** The Retirement Distribution Account of a Participant who Separates from Service (other than by reason of the Participant's death or Retirement) before the date on which his Retirement Distribution Account would otherwise be distributed shall be distributed in a lump sum on the later of (1) the January 31 following the Participant's Separation from Service or (2) the first day of the seventh month after the Participant's Separation from Service.

6.02. Payments from the In-Service Distribution Account.

Except as provided in Sections 6.03, 6.04, 6.05, and 6.06, benefits under the In-Service Distribution Option shall be paid to a Participant as follows:

- (a) **General.** Except as provided in Section 6.02(e), otherwise elected pursuant to Section 6.02(b), or otherwise modified in accordance with Section 6.02(c), a Participant's In-Service Distribution Account shall be paid in a lump sum on the date that occurs two years after the Participant first elects to allocate a portion of his Bonus Compensation Deferral to his In-Service Distribution Account.
- (b) **Distribution Election.** A Participant may elect a different form or time of payment for his In-Service Distribution Account than provided in Section 6.02(a) by filing a distribution election form for his In-Service Distribution Account with the Committee at the same time that he makes his first Bonus Compensation Deferral under the Plan to his In-Service Distribution Account. Except as provided in Section 6.02(e), this distribution election shall determine the time and manner of the distribution for the Participant's entire In-Service Distribution Account under this Section 6.02,

unless the election is modified pursuant to Section 6.02(c).

- (1) Optional Forms of Distribution. A participant who does not wish to receive his In-Service Distribution Account in the form of a lump sum may elect to receive his In-Service Distribution Account in the form of up to five (5) annual installments.
- (2) Optional Times for Distribution. A Participant who does not wish to receive his In-Service Distribution Account as provided in Section 6.02(a) may elect for distribution of his In-Service Distribution Account to commence on any specified future date.

(c) **Modification of Distribution Election.** After making his initial distribution election pursuant to Section 6.02(b) or making a Bonus Compensation Deferral that is subject to the default distribution rule set forth in Section 6.02(a), a Participant may file an election with the Committee, in a form satisfactory to the Committee, to modify the payment date or to specify that his In-Service Distribution Account be paid in installments rather than a lump sum or in a greater number of annual installments (but not more than five (5) annual installments); provided, however, that such election:

- (1) is filed with the Committee at least twelve (12) months prior to the date of the first scheduled payment;
- (2) is not effective until at least twelve (12) months after the date on which the election is made;
- (3) defers the lump sum payment or the first installment payment with respect to which such election is made for a period of not less than five (5) years from the date such payment would have otherwise been made;
- (4) does not accelerate payment of the In-Service Distribution Account; and
- (5) does not request more than five (5) annual installments.

(d) **Amount of Payments.**

- (1) Lump Sum. Any lump-sum amount payable in accordance with this Section 6.02 shall be paid in an amount equal to the value of such In-Service Distribution Account as of the last business day of the calendar month preceding the date of payment.
- (2) Installment Payments. If annual installment payments are elected in accordance with this Section 6.02, the first annual installment payment shall equal (A) the value of such In-Service Distribution Account as of the last business day of the calendar month preceding the date of payment, divided by (B) the number of annual installment payments elected by the Participant. The remaining annual installments shall be paid on January 31 of each succeeding Plan Year in an amount equal to (A) the value of such In-Service Distribution Account as of the last business day of the immediately preceding calendar month divided by (B) the number of installments remaining.

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- (e) **Benefits Upon Separation from Service.** If a Participant (1) Separates from Service prior to the date on which the Participant's In-Service Distribution Account would otherwise be distributed, other than by reason of his death, or (2) elects to allocate a portion of his Bonus Compensation Deferral to his In-Service Distribution Account after he has already received a distribution from his In-Service Account in accordance with this Section 6.02, any amounts credited to the Participant's In-Service Distribution Account shall be distributed in a lump sum on the later of (1) January 31 following the Participant's Separation from Service or (2) the first day of the seventh month after the Participant's Separation from Service.

6.03. Payments Upon Death of Participant.

- (a) **Death of Participant Before the Commencement of Benefits.**

If a Participant dies before he begins to receive his benefits in accordance with Section 6.01 or 6.02, benefits shall be paid to the Participant's Beneficiary in a lump sum on the first day of the month following the Participant's death, in lieu of any benefits otherwise payable under the Plan to or on behalf of such Participant. The amount of any lump sum benefit payable in accordance with this Section 6.03 shall equal the value of the Participant's Account as of the last business day of the calendar month immediately preceding the date on which such benefit is paid.

- (b) **Death of Participant After Benefits Have Commenced.**

If a Participant dies after annual installments payable under Section 6.01 or 6.02 from the Participant's Accounts have commenced, but before the entire balance of any such Account has been paid, any remaining installments shall be paid in lump sum on the first day of the month following the Participant's death.

6.04. Payments in the Event of an Emergency.

- (a) **Eligibility for Emergency Benefit.**

If the Committee, in its sole discretion, determines, upon written request of a Participant, that the Participant has suffered an unforeseeable financial emergency (within the meaning of section 409A of the Code), the Company shall pay to the Participant from the Participant's Accounts, within thirty (30) days following such determination, an amount necessary to meet the emergency, after deduction of any and all taxes as may be required pursuant to Section 6.08 (the "Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness or accident of the Participant, the Participant's spouse or dependent; loss of the Participant's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. It is intended that the Committee's determination as to whether a Participant has suffered an "unforeseeable financial emergency" shall be made consistent with the requirements under section 409(A) of the Code. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency.

(b) Source of Payment.

Emergency Benefits shall be paid first from the Participant's In-Service Distribution Account, if any, to the extent the balance of such In-Service Distribution Account is sufficient to meet the emergency. If the distribution exhausts the In-Service Distribution Account, the Retirement Distribution Account may be accessed. With respect to that portion of any Account that is distributed to a Participant as an Emergency Benefit in accordance with this Section 6.04, no further benefit shall be payable to the Participant under this Plan.

(c) Restriction on Deferrals.

Notwithstanding anything in this Plan to the contrary and to the extent permitted by section 409A of the Code, a Participant who receives an Emergency Benefit in any Plan Year shall not be entitled to make a Bonus Compensation Deferral for such Plan Year.

6.05. Payments Upon Disability of Participant.

If a participant becomes disabled before he begins to receive his benefits in accordance with Section 6.01 or 6.02, benefits shall be paid to the Participant in a lump sum within thirty (30) days after the Committee finds, in its sole discretion, that the Participant has a Disability.

6.06. Payments Upon a Change in Control.

If there is a Change in Control, a Participant will receive the full amount credited to the Participant's Retirement Distribution Account and In-Service Distribution Account in a lump sum. Any lump-sum benefit payable in accordance with this paragraph shall be paid in, but not later than January 31 of, the Plan Year following the Plan Year in which such Change in Control occurs, in an amount equal to the value of such Retirement Distribution Account and In-Service Distribution Account as of the last business day of the Plan Year preceding the date of payment.

6.07. Administrative Acceleration or Delay of Payment.

A payment is treated as being made on the date when it is due under the Plan if the payment is made (a) no earlier than thirty (30) days before the due date specified by the Plan or (b) on a date no later than the due date specified by the Plan that is either (1) in the same Plan Year (for a payment whose specified due date is on or before September 30) or (2) by the fifteenth (15th) day of the third calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1).

6.08. Withholding.

The Company shall withhold from any payment made pursuant to this Plan any taxes the Company reasonably believes are required to be withheld from such payments under local, state, or federal law.

6.09. Payment to Guardian.

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of the property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

6.10. Effect of Payment.

The full payment of the applicable benefit under this Article 6 shall completely discharge all obligations on the part of the Company to the Participant (and the Participant's Beneficiary) with respect to the operation of this Plan, and the Participant's (and Participant's Beneficiary's) rights under this Plan shall terminate.

ARTICLE 7. BENEFICIARY DESIGNATION

7.01. Beneficiary Designation.

Each Participant shall have the right, at any time, to designate one (1) or more persons or entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's Account. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only if filed with the Committee during the Participant's lifetime.

7.02. Changing Beneficiary.

Any Beneficiary designation may be changed without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee.

7.03. No Beneficiary Designation.

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

- (a) the Participant's surviving spouse;
- (b) the Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living; or
- (c) the Participant's estate.

7.04. Effect of Payment.

Payment to the Beneficiary shall completely discharge the Company's obligations under this Plan.

ARTICLE 8. ADMINISTRATION OF THE PLAN

8.01. Committee Duties.

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons, who may also be Participants in this Plan, and are named as the initial Committee in this Plan or as subsequently appointed by the Board or its delegate, except in the event of a Change in Control as provided in Section 8.05 below. The Committee shall have the full discretionary authority to (a) make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as they may arise in such administration, and (b) establish and maintain an investment policy for the Plan, select appropriate Investment Funds to implement the investment policy, monitor the performance of such Investment Funds, and change the selection of Investment Funds from time to time in a manner consistent with the objectives of the investment policy. A Committee member who is also a Participant in this Plan shall be prohibited from voting on any matter which may, in the opinion of the balance of the Committee, directly affect the Committee member's individual rights or benefits under this Plan. A majority vote of the Committee members permitted to vote shall control any decision.

8.02. Agents.

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.03. Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

8.04. Indemnity of Committee.

The Company shall indemnify and hold harmless each member of the Committee from any and all claims, losses, damages, expenses (including counsel fees) and liability (including any amounts paid in settlement of any claim or any other matter with the consent of the Board) arising from any act or omission of such member, except when the same is due to gross negligence or willful misconduct.

8.05. Election of Committee After Change in Control.

After a Change in Control, vacancies on the Committee shall be filled by majority vote of the remaining Committee members and Committee members may be removed only by such a vote. If no Committee members remain, a new Committee shall be elected by majority vote of the Participants in the Plan immediately preceding such Change in Control. No amendment shall be made to Article 8 or other Plan provisions regarding Committee authority with respect to the Plan without prior approval by the Committee.

ARTICLE 9. CLAIMS PROCEDURE

9.01. Claim.

Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Corporate Human Resources Department, which shall respond in writing as soon as practical, but not later than ninety (90) days after receipt of the claim, unless the Corporate Human Resources Department notifies the Claimant that special circumstances require an additional period of time (not to exceed 90 days) to review the claim properly.

9.02. Denial of Claim.

If the claim or request is denied, the written notice of denial shall state:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a description of any additional material or information required and an explanation of why it is necessary; and
- (c) an explanation of the Plan's claim review procedure, including a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA if the claim denial is denied (in whole or in part) on appeal.

9.03. Review of Claim.

Any Claimant whose claim or request is denied or who has not received a response within the time limits set forth above may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or, in the event Claimant has not received a timely response, within 60 days after the date the Corporate Human Resources Department was required to respond to the claim under Section 9.01. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

9.04. Final Decision.

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

9.05. Claims for Disability Benefits.

To the extent required by law, the Committee shall develop alternative claims procedures that shall apply with respect to claims for Disability benefits.

ARTICLE 10. AMENDMENT AND TERMINATION OF PLAN

The Plan may be amended, suspended, discontinued or terminated at any time by the Board; provided, however, that no such amendment, suspension, discontinuance or termination shall reduce or in any manner adversely affect the rights of any Participant with respect to benefits that are payable or may become payable under the Plan based upon the balance of the Participant's Retirement Account and In-Service Distribution Account as of the effective date of such amendment, suspension, discontinuance or termination.

ARTICLE 11. MISCELLANEOUS

11.01. Hypothetical Accounts.

Each account and investment established under the Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only. The accounts established under the Plan shall hold no actual funds or assets. Any liability of the Company to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. Neither the Company, the Board, nor any other person shall be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between or among the Company, a Participant, or any other person.

11.02. Company Obligation.

The Company shall not be required to fund any obligations under the Plan. Except as provided in Section 11.03, any assets that may be accumulated by the Company to meet its obligations under the Plan shall for all purposes be part of the general assets of the Company. To the extent that any Participant or Beneficiary acquires a right to receive payments under the Plan for which the Company is liable, such rights shall be no greater than the rights of any unsecured general creditor of the Company.

11.03. Trust Fund.

The Company shall be responsible for the payment of all benefits provided under the Plan. Before a Change in Control, at its discretion, the Company may establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits. Following a Change in Control, the Company shall establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits. If, as a result of a Change in Control, Voting Securities will no longer exist, the Committee may, in its sole discretion, allocate the value of each Participant's Voting Securities to an Investment Fund. Although such a trust may be irrevocable, its assets shall be held for payment of all Company's general creditors in the event of insolvency. To the extent any benefits provided under the Plan are paid from any such trust, Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company. No assets of the trust or the Company shall become restricted to provide benefits under the Plan in connection with a change in the Company's financial health.

11.04. Nonassignability.

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency, except that

the Committee may recognize a domestic relations order in accordance with procedures that i may establish for this purpose.

11.05. Not a Contract of Employment.

This Plan shall not constitute a contract of employment between Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

11.06. Protective Provisions.

A Participant will cooperate with Company by furnishing any and all information requested by Company, in order to facilitate the payment of benefits hereunder, and by taking such other action as may be requested by Company.

11.07. Governing Law.

The Plan shall be construed and enforced in accordance with applicable federal law and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the legislative or judicial conflict of laws rules of any state or other jurisdiction).

11.08. Severability.

If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan. In addition, if any provision of the Plan shall be found to violate section 409A of the Code or otherwise result in benefits under the Plan being subject to income tax prior to distribution, such provision shall be void and unenforceable, and the Plan shall be administered without regard to such provision.

11.09. Headings.

Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

11.10. Notice.

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered mail, certified mail, or reputable overnight delivery service. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail or overnight delivery, as of the date shown on the postmark on the receipt for registration or certification or on the records of the overnight delivery company. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Company's records.

11.11. Successors.

The provisions of this Plan shall bind the Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and as evidence of the adoption of this Plan by the Company, AMETEK, Inc. has executed the same this 1st day of December, 2016.

AMETEK, INC.

BY: /s/ HENRY J. POLICARE
Henry J. Policare

DATE: December 1, 2016

ATTEST

BY: /s/ KATHRYN E. SENA
Corporate Secretary

EXHIBIT A TO AMETEK, INC. DEFERRED COMPENSATION PLAN

LIST OF INVESTMENT FUNDS

1. The "**AMETEK Fund**" which consists of deemed investments in whole and fractional shares of Voting Securities based on the average closing price of the shares on the principal exchange on which the shares are traded for the last 10 trading days of the month preceding the deemed investment. Deemed dividends on the shares allocated to the AMETEK Fund shall be credited to the Fund during a Plan Year when dividends are actually paid on shares of Voting Securities and shall be deemed to be invested in additional shares of Voting Securities on the last business day of such Plan Year based on the closing price of the shares on the principal exchange on which the shares are traded for the first 10 trading days of December preceding the deemed investment.

2. The "**Interest Fund**" which shall be deemed to earn compound interest on principal at one and one-half percent higher than the 10-year Treasury Note rate as set forth in The Wall Street Journal as of the first business day of each calendar quarter.

APPENDIX A

The following Plan provisions apply only to amounts earned and vested (within the meaning of Section 409A of the Code) before January 1, 2005, and any earnings on such amounts (“Grandfathered Amounts”). Amounts earned and vested after December 31, 2004, and any earnings thereon, are subject to the provisions of the Plan as amended and restated, effective January 1, 2005, or any subsequent amendment and restatement of the Plan.

The purpose of this Appendix A is to preserve the terms of the Plan that govern Grandfathered Amounts, and to prevent the Grandfathered Amounts from becoming subject to Section 409A of the Code. No amendment to this Appendix A that would constitute a “material modification” for purposes of Section 409A shall be effective unless the amending instrument specifically provides that it is intended to materially modify this Appendix A and to cause the Grandfathered Amounts to become subject to Section 409A of the Code.

Although this Appendix A is intended to prevent the Grandfathered Amounts from being subject to Section 409A, neither the Company nor any Employer (nor any representative of the Company) shall be liable for any adverse tax consequence suffered by a Participant or Beneficiary if a Grandfathered Amount becomes subject to Section 409A.

AMETEK, Inc. Deferred Compensation Plan

Effective October 1, 1999

ARTICLE 1 PURPOSE

In recognition of the services provided by certain key employees, the Board of Directors of AMETEK, Inc. hereby adopts the AMETEK, Inc Deferred Compensation Plan (the “Plan”) to make additional retirement benefits and increased financial security, on a tax-favored basis, available to those individuals, effective October 1, 1999.

ARTICLE 2 DEFINITIONS

Affiliate. “Affiliate” means any firm, partnership, or corporation that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with AMETEK. “Affiliate” also includes any other organization similarly related to the Company that is designated as such by the Board.

AMETEK. “AMETEK” means AMETEK, Inc.

Beneficiary. “Beneficiary” means the person or persons designated as such in accordance with Section 12.3.

Board. "Board" means the Board of Directors of AMETEK.

Bonus Compensation. "Bonus Compensation" means the portion of an Eligible Employee's Compensation consisting of the amount of the incentive to be paid to an Eligible Employee under the Company's incentive compensation plan for a Plan Year which does not include any bonus paid to an Eligible Employee and characterized by the Company as a "sign on bonus" or other "non-recurring incentive bonus."

Bonus Compensation Deferral. "Bonus Compensation Deferral" means that portion of Bonus Compensation as to which an Eligible Employee has made an annual irrevocable election to defer receipt until the date specified under the In-Service Distribution Option and/or the Retirement Distribution Option.

Change of Control. "Change of Control" means:

1. Any person (except the Participant, the Participant's affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan), together with all affiliates and associates of such person, becomes the beneficial owner, directly or indirectly, in the aggregate of 20% or more of the value of the outstanding equity or combined voting power of the then outstanding Voting Securities; or

2. The stockholders of AMETEK approve a merger or consolidation the result of which is that the stockholders of AMETEK do not own or control at least 50% or more of the value of the outstanding equity or combined voting power of the then outstanding Voting Securities, or there occurs a sale or other disposition of all or substantially all of AMETEK's assets or a plan of liquidation is approved; provided, however, that an internal reorganization, even if the employment of the Participant is transferred to another company, shall not constitute a "Change of Control" if the stockholders of AMETEK own or control, directly or indirectly, at least 50% or more of the value of the outstanding equity or combined voting power of the then outstanding voting securities of the new company entitled to vote generally in the election of directors of that company.

Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Committee. "Committee" means the persons appointed by the Board to administer the Plan and which also may act for the Company or the Board in making decisions and performing specified duties under the Plan.

Company. "Company" means AMETEK and any Affiliate which is authorized by the Board to adopt the Plan and cover its Eligible Employees and whose designation as such has become effective upon acceptance of such status by the board of directors of the Affiliate. An Affiliate may revoke its acceptance of such designation at any time, but until such acceptance has been revoked, all the provisions of the Plan and amendments thereto shall apply to the Eligible Employees of the Affiliate. In the event the designation is revoked by the board of directors of an Affiliate, the Plan shall be deemed terminated only with respect to such Affiliate.

Compensation. "Compensation" shall mean Bonus Compensation earned in a Plan Year plus the total remuneration paid to the Eligible Employee for the Plan Year in which the Bonus Compensation is earned, in excess of the compensation limit of section 401(a)(17) of the Code, as in effect from time to time (\$160,000 on the Effective Date).

Disabled. “Disabled” means a mental or physical condition which would qualify a Participant for benefits under the AMETEK Long Term Disability Plan if he or she were a participant in that plan.

Distribution Option. “Distribution Option” means the two distribution options which are available under the Plan, consisting of the Retirement Distribution Option and the In-Service Distribution Option.

Distribution Option Account. “Distribution Option Account” or “Accounts” means, with respect to a Participant, the Retirement Distribution Account and/or the In-Service Distribution Account established on the books of account of the Company, pursuant to Section 5.1.

Earnings Crediting Options. “Earnings Crediting Options” means the deemed Investment Funds that may be selected by the Participant from time to time pursuant to which deemed earnings are credited to the Participant’s Distribution Option Accounts.

Effective Date. “Effective Date” means the effective date of the Plan which is October 1, 1999.

Eligible Employee. “Eligible Employee” means an Employee who (i) the Committee determines is scheduled, in the next Plan Year, to have Compensation, and (ii) is designated by the Committee, acting on behalf of the Company, as eligible to participate in the Plan.

Employee. “Employee” means any individual employed by the Company on a regular, full-time basis (in accordance with the personnel policies and practices of the Company), including citizens of the United States employed outside of their home country and resident aliens employed in the United States; provided, however, that to qualify as an “Employee” for purposes of the Plan, the individual must be a member of a group of “key management or other highly compensated employees” within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended.

Enrollment Agreement. “Enrollment Agreement” means the authorization form which an Eligible Employee files with the Committee to participate in the Plan.

Investment Funds. “Investment Funds” means the separate deemed investments which a Participant may direct be used to value the growth of the Participant’s Bonus Compensation Deferrals while credited to the Participant’s Accounts. On the Effective Date, there shall be two Investment Funds. One Investment Fund shall be the “AMETEK Fund” consisting of deemed investments in whole and fractional shares of Voting Securities based on the average closing price of the shares on the principal exchange on which the shares are traded for the last 10 trading days of the month preceding the deemed investment. Deemed dividends on the shares allocated to the AMETEK Fund shall be credited to the Fund during a Plan Year when dividends are actually paid on shares of Voting Securities and shall be deemed to be invested in additional shares of Voting Securities on the last business day of such Plan Year based on the closing price of the shares on the principal exchange on which the shares are traded for the first 10 trading days of December preceding the deemed investment. The second Investment Fund shall be the “Interest Fund” which shall be deemed to earn compound interest on principal at one and one-half percent higher than the 10-year Treasury Note rate as set forth in The Wall Street Journal as of the first business day of each calendar quarter.

In-Service Distribution Account. “In-Service Distribution Account” means the Account

maintained for a Participant to which Bonus Compensation Deferrals are credited pursuant to the In-Service Distribution Option.

In-Service Distribution Option. "In-Service Distribution Option" means the Distribution Option pursuant to which benefits are payable in accordance with Section 7.2.

Participant. "Participant" means an Eligible Employee who has filed a completed and executed Enrollment Agreement with the Committee or its designee and is participating in the Plan in accordance with the provisions of Article 4. In the event of the death or incompetency of a Participant, the term shall mean the Participant's personal representative or guardian. An individual shall remain a Participant until that individual has received full distribution of any amount credited to the Participant's Account.

Plan. "Plan" means this plan, called the AMETEK, Inc. Deferred Compensation Plan, as amended from time to time.

Plan Year. "Plan Year" means the 12 month period beginning on each January 1 and ending on the following December 31 except that the first Plan Year shall begin on the Effective Date.

Retirement. "Retirement" means the termination of the Participant's Service with the Company (for reasons other than death) at or after age 65, or, if the Participant has 10 or more years of Service, at or after age 55.

Retirement Distribution Account. "Retirement Distribution Account" means the Account maintained for a Participant to which Bonus Compensation Deferrals are credited pursuant to the Retirement Distribution Option.

Retirement Distribution Option. "Retirement Distribution Option" means the Distribution Option pursuant to which benefits are payable in accordance with Section 7.1.

Service. "Service" means the period of time during which an employment relationship exists between an Employee and the Company ending on the Participant's Termination Date, but including any period during which the Employee is on an approved leave of absence, whether paid or unpaid. "Service" also includes employment with an Affiliate if an Employee transfers directly between the Company and the Affiliate.

Termination Date. "Termination Date" means the date of termination of a Participant's Service with the Company and its Affiliates and shall be determined without reference to any compensation continuation arrangement or severance benefit arrangement that may be applicable.

Voting Securities. "Voting Securities" means the common securities of AMETEK which carry the right to vote generally in the election of directors.

ARTICLE 3 ADMINISTRATION OF THE PLAN AND DISCRETION

3.1 The Committee shall have full power and authority to interpret the Plan, to prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of the Plan and to make any other determinations and to

take any other such actions as it deems necessary or advisable in carrying out its duties under the Plan. All action taken by the Committee arising out of, or in connection with, the administration of the Plan or any rules adopted thereunder, shall, in each case, lie within its sole discretion, and shall be final, conclusive and binding upon the Company, the Board, all Employees, all Beneficiaries and all persons and entities having an interest therein.

3.2 All expenses of administering the Plan shall be paid by the Company.

3.3 The Company shall indemnify and hold harmless each member of the Committee from any and all claims, losses, damages, expenses (including counsel fees) and liability (including any amounts paid in settlement of any claim or any other matter with the consent of the Board) arising from any act or omission of such member, except when the same is due to gross negligence or willful misconduct.

3.4 Any decisions, actions or interpretations to be made under the Plan by the Company, the Board or Committee, acting on behalf of either, shall be made in its respective sole discretion, not as a fiduciary and need not be uniformly applied to similarly situated individuals and shall be final, binding and conclusive on all persons interested in the Plan.

ARTICLE 4 PARTICIPATION

4.1 Election to Participate. Annually, each Eligible Employee shall be offered the opportunity to elect a Bonus Compensation Deferral. Any Eligible Employee may enroll in the Plan effective as of the first day of a Plan Year by filing a completed and fully executed Enrollment Agreement with the Committee by March 31 of the Plan Year during which such Bonus Compensation is to be earned. Pursuant to said Enrollment Agreement, the Eligible Employee shall irrevocably elect (a) the percentage, in a whole percentage, or the dollar amount the Eligible Employee desires to be the Eligible Employee's Bonus Compensation Deferral (as a result of payroll reduction), (b) the Distribution Option Account(s), in 25% increments, to which such amounts will be credited, (c) the Investment Fund(s) selected by the Participant and (d) such other information as the Committee shall require. The Enrollment Agreement filed by an Eligible Employee must also set forth the Participant's initial election as to the time and manner of distribution of amounts credited to, and related earnings from, the Retirement Distribution Account and/or the In-Service Distribution Account established pursuant to that Enrollment Agreement. The Committee may establish minimum or maximum amounts that may be deferred under this Section and may change such standards from time to time. Any such limits shall be communicated by the Committee to the Participants prior to the commencement of a Plan Year.

4.2 New Eligible Employees. The Committee may, in its discretion, permit Employees who first become Eligible Employees after the beginning of a Plan Year to enroll in the Plan for that Plan Year by filing a completed and fully executed Enrollment Agreement, in accordance with Section 4.1, as soon as practicable following the date the Employee becomes an Eligible Employee but, in any event, within 30 days after such date.

ARTICLE 5 DISTRIBUTION OPTION ACCOUNTS

5.1 Distribution Option Accounts. The Committee shall establish and maintain separate Distribution Option Accounts with respect to each Participant. A Participant's Distribution Option Accounts shall consist of the Retirement Distribution Account and/or an In-

Service Distribution Account. The amount of the Bonus Compensation Deferral pursuant to Section 4.1 or Section 4.2 shall be credited by the Company to the Participant's Distribution Option Accounts on the day such Bonus Compensation would otherwise have been paid, in accordance with the Distribution Option(s) irrevocably elected by the Participant in the Enrollment Agreement. Any amount once taken into account as Compensation for purposes of this Plan shall not be taken into account thereafter. The Participant's Distribution Option Accounts shall be reduced by the amount of payments made by the Company to the Participant or the Participant's Beneficiary pursuant to this Plan.

5.2 Earnings on Distribution Option Accounts. A Participant's Distribution Option Accounts shall be credited with earnings in accordance with the Earnings Crediting Options elected by the Participant from time to time. Participants may allocate their Retirement Distribution Account and their In-Service Distribution Account among the Earnings Crediting Options available under the Plan only in 10% increments. The deemed rate of return, positive or negative, credited under each Earnings Crediting Option is based upon the actual investment performance of the Voting Securities credited to the AMETEK Fund or the interest rate credited to the Interest Fund, as applicable, unless other Investment Fund(s) are added. The Company reserves the right, on a prospective basis, to add or delete Investment Funds.

5.3 Earnings Crediting Options. Notwithstanding that the returns credited to Participants' Distribution Option Accounts under the Earnings Crediting Options are based upon the actual performance of the corresponding deemed Investment Funds selected by a Participant, the Company shall not be obligated to invest any Bonus Compensation Deferrals by Participants under this Plan.

5.4 Statement of Accounts. The Committee shall provide to each Participant, not less frequently than annually, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in each of his Distribution Option Accounts.

5.5 Distributions from Accounts. Any distribution made to or on behalf of a Participant from one or more of the Participant's Distribution Option Accounts in an amount which is less than the entire balance of any such Account shall be made pro rata from each of the Earnings Crediting Options to which such Account is then allocated except, and only to the extent, that the Participant (or Beneficiary, if applicable) elects to receive a distribution in shares of Voting Securities, up to the value of the amount to be distributed.

ARTICLE 6 DISTRIBUTION OPTIONS

6.1 Election of Distribution Option. In the first completed and fully executed Enrollment Agreement filed with the Committee, an Eligible Employee shall elect the time and manner of payment for each of the Eligible Employee's Distribution Option Accounts. Annually, the Eligible Employee shall allocate his or her Bonus Compensation Deferrals between the Distribution Options in increments of 25%; provided, however that 100% of such Deferrals may be allocated to one or the other of the Distribution Options.

6.2 Retirement Distribution Option. Subject to Section 7.1, distribution of the Participant's Retirement Distribution Account, if any, shall commence upon January 31st of (a) the Plan Year following the Participant's Retirement, (b) the second Plan Year following the Participant's Retirement or (c) the later of the Plan Year following the Participant's Retirement or the Plan Year

following the year in which the Participant becomes age 65, as elected by the Participant in the Enrollment Agreement pursuant to which such Retirement Distribution Account was established or otherwise as permitted under Section 7.1(a).

6.3 In-Service Distribution Option. Subject to Section 7.2, the Participant's In-Service Distribution Account shall be distributed commencing in the Plan Year elected by the Participant in the Enrollment Agreement pursuant to which such In-Service Distribution Account was established. Notwithstanding the foregoing, a Participant shall not be entitled to allocate any Bonus Compensation Deferrals to an In-Service Distribution Account for the two Plan Years preceding the Plan Year which includes the date on which the In-Service Distribution Account is to be distributed.

ARTICLE 7 BENEFITS TO PARTICIPANTS

7.1 Benefits Under the Retirement Distribution Option. Benefits under the Retirement Distribution Option shall be paid to a Participant as follows:

(a) Benefits Upon Retirement. In the case of a Participant whose Service with the Company terminates on account of Retirement, the Participant's Retirement Distribution Account shall be distributed pursuant to one of the following methods, as elected by the Participant in writing either in the Enrollment Agreement or in a separate election made as provided below: (i) in a lump sum; or (ii) in up to 5 annual installments. Payments shall commence in accordance with the Participant's election pursuant to Section 6.2. Any lump-sum benefit payable in accordance with this paragraph shall be paid in an amount equal to the value of such Retirement Distribution Account as of the last business day of the Plan Year preceding the date of payment. If annual installments are elected in accordance with this paragraph, the amount of the first annual installment payment shall equal (i) the value of such Retirement Distribution Account as of the last business day of the Plan Year preceding the date of payment, divided by (ii) the number of annual installment payments elected by the Participant. The remaining annual installments shall be paid not later than January 31 of each succeeding Plan Year in an amount equal to (i) the value of such Retirement Distribution Account as of the last business day of the immediately preceding Plan Year divided by (ii) the number of installments remaining. A Participant may change the election regarding the manner of payment of the Participant's Account, as described in Section 6.1, at any time prior to the earlier of (i) the date of Retirement or (ii) June 30 of the Plan Year in which occurs the Participant's Retirement.

(b) Benefits Upon Termination of Employment. In the case of a Participant whose Service with the Company terminates prior to the earliest date on which the Participant is eligible for Retirement, other than by reason of death, a Participant's Retirement Distribution Account shall be distributed in lump sum on (i) the January 31 following the Participant's Termination Date or (ii) such other date as is mutually agreed upon by the Company and the Participant.

7.2 Benefits Under the In-Service Distribution Option. Benefits under the In-Service Distribution Option shall be paid to a Participant as follows:

(a) In-Service Distributions. In the case of a Participant who continues in Service with the Company, the Participant's In-Service Distribution Account shall be paid to the Participant commencing on January 31 of the Plan Year irrevocably elected by the Participant in the Enrollment Agreement pursuant to which such In-Service Distribution Account was established, which may be no earlier than the third Plan Year following the end of the last Plan

Year in which Bonus Compensation Deferrals are to be credited to that In-Service Distribution Account, in one lump sum or in annual installments payable over 2, 3, or 4 years. Any lump-sum benefit payable in accordance with this paragraph shall be paid on January 31 of the Plan Year elected by the Participant in accordance with Section 6.3, in an amount equal to the value of such In-Service Distribution Account as of the last business day of the Plan Year preceding the date of payment. Annual installment payments, if any, shall commence not later than January 31 of the Plan Year as elected by the Participant in accordance with Section 6.3, in an amount equal to (i) the value of such In-Service Distribution Account as of the last business day of the Plan Year preceding the date of payment, divided by (ii) the number of annual installment payments elected by the Participant in the Enrollment Agreement pursuant to which such In-Service Distribution Account was established. The remaining annual installments shall be paid not later than January 31 of each succeeding Plan Year in an amount equal to (i) the value of such In-Service Distribution Account as of the last business day of the immediately preceding Plan Year divided by (ii) the number of installments remaining.

(b) Benefits Upon Termination of Employment. In the case of a Participant whose Service with the Company terminates prior to the date on which the Participant's In-Service Distribution Account would otherwise be distributed, other than by reason of death, such In-Service Distribution Account shall be distributed in a lump sum (i) on January 31 following the Participant's Termination Date; or (ii) such other date as is mutually agreed upon by the Company and the Participant.

ARTICLE 8 SURVIVOR BENEFITS

8.1 Death of Participant Prior to the Commencement of Benefits. In the event of a Participant's death prior to the commencement of benefits in accordance with Article 7, benefits shall be paid to the Participant's Beneficiary, as determined under Section 12.3, pursuant to Section 8.2 or 8.3, whichever is applicable, in lieu of any benefits otherwise payable under the Plan to or on behalf of such Participant.

8.2 Survivor Benefits Under the Retirement Distribution Option. In the case of a Participant with respect to whom the Company has established a Retirement Distribution Account, and who dies prior to the commencement of benefits under such Retirement Distribution Account pursuant to Section 7.1, distribution of such Retirement Distribution Account shall be made in a lump sum (a) as soon as practicable following the Participant's death, or (b) such other date as is mutually agreed upon by the Company and the Beneficiary. The amount of any lump sum benefit payable in accordance with this Section shall equal the value of such Retirement Distribution Account as of the last business day of the calendar month immediately preceding the date on which such benefit is paid.

8.3 Survivor Benefits Under the In-Service Distribution Option. In the case of a Participant with respect to whom the Company has established an In-Service Distribution Account, and who dies prior to the date on which such In-Service Distribution Account is to be paid pursuant to Section 7.2, distribution of such In-Service Distribution Account shall be made in a lump sum (a) as soon as practicable following the Participant's death, or (b) such other date as is mutually agreed upon by the Company and the Beneficiary. The amount of any lump sum benefit payable in accordance with this Section shall equal the value of such In-Service Distribution Account as of the last business day of the calendar month immediately preceding the date on which such benefit is paid.

8.4 Death of Participant After Benefits Have Commenced. In the event a Participant dies after annual installment benefits payable under Section 7.1 or 7.2 from the Participant's Accounts has commenced, but before the entire balance of any such Account has been paid, any remaining installments shall be paid in lump sum (a) as soon as practicable following the Participant's death, or (b) such other date as is mutually agreed upon by the Company and the Beneficiary.

ARTICLE 9 EMERGENCY BENEFIT

In the event that the Committee, upon written request of a Participant, determines, in its sole discretion, that the Participant has suffered an unforeseeable financial emergency, the Company shall pay to the Participant from the Participant's Distribution Option Account, as soon as practicable following such determination, an amount necessary to meet the emergency, after deduction of any and all taxes as may be required pursuant to Section 12.9 (the "Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. Emergency Benefits shall be paid first from the Participant's In-Service Distribution Account, if any, to the extent the balance of such In-Service Distribution Account is sufficient to meet the emergency. If the distribution exhausts the In-Service Distribution Account, the Retirement Distribution Account may be accessed. With respect to that portion of any Distribution Option Account which is distributed to a Participant as an Emergency Benefit, in accordance with this Article, no further benefit shall be payable to the Participant under this Plan. Notwithstanding anything in this Plan to the contrary, a Participant who receives an Emergency Benefit in any Plan Year shall not be entitled to make any further deferrals for the remainder of such Plan Year. It is intended that the Committee's determination as to whether a Participant has suffered an "unforeseeable financial emergency" shall be made consistent with the requirements under section 457(d) of the Code.

ARTICLE 10 ACCELERATED DISTRIBUTION

10.1 Availability of Withdrawal Prior to Retirement. Upon the Participant's written election, the Participant may elect to withdraw all or a portion of the Participant's Distribution Option Account at any time prior to the time such Distribution Option Account otherwise becomes payable under the Plan, provided the conditions specified in Section 10.3, Section 10.4, and Section 10.5 are satisfied.

10.2 Acceleration of Periodic Distributions. Upon the Participant's written election, the Participant or Participant's Beneficiary who is receiving installment payments under the Plan may elect to have all or a percentage of the remaining installments distributed in the form of an immediately payable lump sum, provided the condition specified in Section 10.3 is satisfied.

10.3 Forfeiture Penalty. In the event of a withdrawal pursuant to Section 10.1, or an accelerated distribution pursuant to Section 10.2, the Participant shall forfeit from his Distribution Option Account from which the withdrawal is made an amount equal to 10% of the amount of the withdrawal or accelerated distribution, as the case may be. The forfeited amount shall be deducted from the applicable Distribution Option Account prior to giving effect to the requested withdrawal or acceleration. The Participant and the Participant's Beneficiary shall not have any

right or claim to the forfeited amount, and the Company shall have no obligation whatsoever to the Participant, the Participant's Beneficiary or any other person with regard to the forfeited amount.

10.4 Minimum Withdrawal. In no event shall the amount withdrawn in accordance with Section 10.1 be less than 25% of the amount credited to the Participant's Distribution Option Account immediately prior to the withdrawal.

10.5 Suspension from Deferrals. In the event of a withdrawal pursuant to Section 10.1, a Participant who is otherwise eligible to make deferrals under Article 4 shall be prohibited from making any deferrals with respect to the Plan Year immediately following the Plan Year during which the withdrawal was made, and any election previously made by the Participant with respect to deferrals for the Plan Year of the withdrawal shall be void and of no effect with respect to subsequent deferrals for such Plan Year.

ARTICLE 11 CHANGE OF CONTROL

In the case of a Change of Control, a Participant may make a one-time irrevocable election, within 60 days after the closing of the transaction pursuant to which the Change of Control was occasioned, to receive the full amount credited to the Participant's Retirement Distribution Account and In-Service Distribution Account in a lump sum. Any lump-sum benefit payable in accordance with this paragraph shall be paid in, but not later than January 31 of, the Plan Year following the Plan Year in which such closing occurs, in an amount equal to the value of such Retirement Distribution Account and In-Service Distribution Account as of the last business day of the Plan Year preceding the date of payment.

ARTICLE 12 MISCELLANEOUS

12.1 Amendment and Termination. The Plan may be amended, suspended, discontinued or terminated at any time by the Board; provided, however, that no such amendment, suspension, discontinuance or termination shall reduce or in any manner adversely affect the rights of any Participant with respect to benefits that are payable or may become payable under the Plan based upon the balance of the Participant's Retirement Account and In-Service Distribution Account as of the effective date of such amendment, suspension, discontinuance or termination.

12.2 Claims Procedure.

a. Claim

A person who believes that he is being denied a benefit to which he is entitled under the Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Committee, setting forth the claim.

b. Claim Decision

Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period.

The Committee may, however, extend the reply period for an additional ninety (90) days for reasonable cause.

If the claim is denied in whole or in part, the Claimant shall be provided a written opinion, using language calculated to be understood by the Claimant, setting forth:

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

(b) The specific reference to pertinent provisions of this Agreement on which such denial is based;

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

(d) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review;
and

(e) The time limits for requesting a review under subsection (c) and for review under subsection (d) hereof.

c. Request for Review

Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Committee review the determination. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comment in writing for consideration by the Committee. If the Claimant does not request a review of the initial determination within such sixty (60) day period, the Claimant shall be barred and estopped from challenging the determination.

d. Review of Decision

Within sixty (60) days after the Committee's receipt of a request for review, it will review the initial determination. After considering all materials presented by the Claimant, the Committee will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Agreement on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Committee will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

12.3 Designation of Beneficiary. Each Participant may designate a Beneficiary or Beneficiaries (which Beneficiary may be an entity other than a natural person) to receive any payments which may be made following the Participant's death. Such designation may be changed or canceled at any time without the consent of any such Beneficiary. Any such designation, change or cancellation must be made in a form approved by the Committee and shall not be effective until received by the Committee, or its designee. If no Beneficiary has been named, or the designated Beneficiary or Beneficiaries shall have predeceased the Participant, the Beneficiary shall be the Participant's estate. If a Participant designates more than one Beneficiary, the interests of such Beneficiaries shall be paid in equal shares, unless the Participant has specifically designated otherwise.

12.4 Limitation of Participant's Right. Nothing in this Plan shall be construed as

conferring upon any Participant any right to continue in the employment of the Company, nor shall it interfere with the rights of the Company to terminate the employment of any Participant and/or to take any personnel action affecting any Participant without regard to the effect which such action may have upon such Participant as a recipient or prospective recipient of benefits under the Plan. Any amounts payable hereunder shall not be deemed salary or other compensation to a Participant for the purposes of computing benefits to which the Participant may be entitled under any other arrangement established by the Company for the benefit of its employees.

12.5 No Limitation on Company Actions. Nothing contained in the Plan shall be construed to prevent the Company from taking any action which is deemed by it to be appropriate or in its best interest. No Participant, Beneficiary, or other person shall have any claim against the Company as a result of such action.

12.6 Obligations to Company. If a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Company under a legally binding written instrument, then the Company may offset such amount owed to it against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

12.7 Nonalienation of Benefits. Except as expressly provided herein, no Participant or Beneficiary shall have the power or right to transfer (otherwise than by will or the laws of descent and distribution), alienate, or otherwise encumber the Participant's interest under the Plan. The Company's obligations under this Plan are not assignable or transferable except to (a) any corporation or partnership which acquires all or substantially all of the Company's assets or (b) any corporation or partnership into which the Company may be merged or consolidated. The provisions of the Plan shall inure to the benefit of each Participant and the Participant's Beneficiaries, heirs, executors, administrators or successors in interest.

12.8 Withholding Taxes. The Company may make such provisions and take such action as it may deem necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority, whether Federal, state or local, to withhold in connection with any benefits under the Plan, including, but not limited to, the withholding of appropriate sums from any amount otherwise payable to the Participant (or his Beneficiary). Each Participant, however, shall be responsible for the payment of all individual tax liabilities relating to any such benefits.

12.9 Unfunded Status of Plan. The Plan is intended to constitute an "unfunded" plan of deferred compensation for Participants. Benefits payable hereunder shall be payable out of the general assets of the Company, and no segregation of any assets whatsoever for such benefits shall be made. Notwithstanding any segregation of assets or transfer to a grantor trust, with respect to any payments not yet made to a Participant, nothing contained herein shall give any such Participant any rights to assets that are greater than those of a general creditor of the Company.

12.10 Severability. If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

12.11 Governing Law. The Plan shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania, without reference to the principles of conflict of laws.

12.12 Headings. Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

12.13 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may read as the plural and the plural as the singular.

12.14 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Human Resources Department, or to such other entity as the Committee may designate from time to time. Such notice shall be deemed given as to the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

**AMETEK, INC.
SUPPLEMENTAL SENIOR EXECUTIVE DEATH BENEFIT PLAN**

Effective January 1, 2017

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ARTICLE 1. PURPOSE AND EFFECTIVE DATE

1.01 Purpose.

This AMETEK, Inc. Supplemental Senior Executive Death Benefit Plan (the "Plan") is intended to provide an additional benefit to certain senior executives of AMETEK, Inc., and its subsidiaries (the "Company"), either in the form of a Retirement Benefit (as set forth in Article 4) or in the form of a Death Benefit (as set forth in Article 5), but not both. If a Participant retires from the Company after attaining early or normal retirement eligibility (or retires from the Company due to disability before attaining normal retirement eligibility and then attains normal retirement age), he will receive a Retirement Benefit determined in accordance with Article 4 of the Plan. In contrast, if a Participant dies while actively employed by the Company and is otherwise eligible to participate in the Plan (or after retiring due to disability but before attaining eligibility for normal retirement), his Beneficiary(ies) will receive a Death Benefit determined in accordance with Article 5 of the Plan.

The Retirement Benefit and the Death Benefit are mutually exclusive: no Death Benefit will be paid on behalf of a Participant who receives a Retirement Benefit, and no Retirement Benefit will be paid on behalf of a Participant if a Death Benefit is paid on that Participant's behalf. A Participant who terminates employment (not on account of his death or disability) before attaining early or normal retirement eligibility will not receive any benefit under the Plan and no Plan benefit will be paid on his behalf.

1.02 Effective Date.

- (a) The Plan, as hereby amended and restated, is effective January 1, 2017.
- (b) This Plan restatement is effective with respect to the entire benefit of a Participant if the Participant Separates from Service after December 31, 2004.
- (c) If a Participant Separated from Service before January 1, 2005, and had not received his entire benefit as of that date, the Participant's Retirement Benefit and Death Benefit shall be subject to the terms of this restatement, except that the maximum Retirement Benefit amount under Section 4.02(b) and the maximum Death Benefit amount under Section 5.02(b) shall equal the maximum amounts set forth in paragraphs Second and First, respectively, of the Participant's participation agreement under the 1992 restatement of the Plan, as amended. These changes are permitted under the terms of the 1992 restatement of the Plan because they are being made to all participation agreements and do not reduce the value of a Participant's Retirement Benefit or Death Benefit.
- (d) This amendment and restatement of the Plan is not intended to constitute a "material modification" for purposes of section 409A of the Code with respect to the benefit of a Participant (and earnings on such benefit), which was earned and vested (within the meaning of section 409A of the Code) before January 1, 2005. However, the Company shall not be liable for any adverse tax consequence suffered by a Participant or Beneficiary if a Participant's benefit becomes subject to section 409A of the Code.

ARTICLE 2. DEFINITIONS AND CONSTRUCTION

2.01 Definitions.

As used in the Plan, the following words and phrases shall have the meaning set forth below:

- (a) **Annual Salary.** “Annual Salary” means a Participant’s salary, not including bonuses or imputed income, paid by the Company for a calendar year.
- (b) **Beneficiary.** “Beneficiary” means the person, persons or entity as designated by the Participant, entitled under Article 7 to receive any Plan benefits payable after the Participant’s death.
- (c) **Board.** “Board” means the Board of Directors of AMETEK, Inc.
- (d) **Change in Control.** A “Change in Control” shall occur if:
 - (1) Any one person or more than one person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires ownership of stock of the Company that, together with the stock held by such person or group of persons, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if such person or group of persons is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company before this transfer of the Company’s stock, the acquisition of additional stock by the same person or group of persons shall not be considered to cause a Change in Control of the Company; or
 - (2) Any one person or more than one person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group of persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company. However, if such person or group of persons is considered to own 30 percent or more of the total voting power of the stock of the Company before this acquisition, the acquisition of additional control or stock of the Company by the same person or group of persons shall not cause a Change in Control of the Company; or
 - (3) A majority of members of the Company’s Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s Board before the date of the appointment or election; or
 - (4) Any one person or more than one person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group of persons) assets from the Company that have a total gross fair market value equal to substantially all but in no event less than 40 percent of the total fair market value of all

assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets by the Company will not result in a Change in Control under this Section 2.01(d)(4), if the assets are transferred to:

- (A) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
- (B) An entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company immediately after the transfer of assets;
- (C) A person or more than one person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company; or
- (D) An entity, at least 50 percent of the total value or voting power of which is owned directly or indirectly, by a person described in Section 2.01(d)(4)(C), above.

For purposes of this Section 2.01(d), no acquisition, either directly or indirectly, by the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan shall constitute a Change in Control.

- (e) **Code**. “Code” means the Internal Revenue Code of 1986, as amended.
- (f) **Committee**. “Committee” means the Committee appointed by the Board (or its delegee) to administer the Plan pursuant to Article 8.
- (g) **Company**. “Company” means AMETEK, Inc., a Delaware corporation.
- (h) **Death Benefit**. “Death Benefit” means the benefit paid on behalf of a Participant in accordance with Article 5.
- (i) **Deferred Retirement**. “Deferred Retirement” means Separation from Service by the Participant after attaining age 70.
- (j) **Disability**. “Disability” means a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months that (1) renders a Participant unable to engage in any substantial gainful activity or (2) results in a Participant receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. The Committee shall determine the existence of Disability, in its sole discretion, and may rely on advice from a medical examiner satisfactory to the

Committee in making the determination. A Participant will also be considered disabled if he has been determined to be totally disabled by the Social Security Administration. The term "Disability" is intended to comply with section 409A(a)(2)(C) of the Code and shall be interpreted to permit a Participant to take a distribution in any circumstance that would be permitted under section 409A(a)(2)(C) of the Code.

- (k) **Early Retirement.** "Early Retirement" means Separation from Service by the Participant after attaining age fifty-five (55) with at least five (5) Years of Service and before attaining age sixty-five (65).
- (l) **Effective Date.** "Effective Date" means January 1, 2017.
- (m) **Eligible Executive.** "Eligible Executive" means an Employee in the select group of management or highly compensated senior executives of the Company whom the Board designates as eligible to participate in the Plan.
- (n) **Employee.** "Employee" means any individual, except any non-resident alien, employed on a regular basis by the Company; provided, however, that any leased employee within the meaning of section 414(n)(2) of the Code shall not be included.
- (o) **ERISA.** "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- (p) **Normal Retirement.** "Normal Retirement" means Separation from Service by the Participant on or after attaining age sixty-five (65) and before attaining age seventy (70).
- (q) **Optional Form.** "Optional Form" means one of the following forms of payment:
 - (1) *Lump Sum.* This Optional Form is payable in one lump sum on the commencement date specified in Section 6.01(a)
 - (2) *Installments.* This Optional Form of benefit is payable monthly to the Participant for the number of periods designated by the Participant. A Participant may not elect a number of installment payments that results in payments being made beyond the date on which the Participant attains age 85.
 - (3) *Life Annuity.* This Optional Form of benefit is payable monthly to the Participant for life.
 - (4) *Life Annuity with 120 or 60 Payments Guaranteed.* This Optional Form of benefit is payable monthly to the Participant for life with the first one hundred twenty (120) or sixty (60) monthly payment guaranteed, as elected by the Participant. A Participant may not elect a period of guaranteed payments that exceeds the Participant's remaining life expectancy at the time of the election.

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- (r) **Participant.** "Participant" means any Eligible Executive who is eligible and has become a participant pursuant to Article 3. Such employee shall remain a Participant in this Plan until such time as all benefits payable under this Plan have been paid in accordance with the provisions hereof.
 - (s) **Participation Agreement.** "Participation Agreement" shall mean any of the agreements entered into by the Company and any Participant in accordance with Section 3.02.
 - (t) **Plan.** "Plan" means the AMETEK, Inc. Supplemental Senior Executive Death Benefit Plan.
 - (u) **Plan Year.** "Plan Year" means the calendar year.
 - (v) **Retirement Benefit.** "Retirement Benefit" means the benefit payable to a Participant at Early Retirement, Normal Retirement or Deferred Retirement under Article 4.
 - (w) **Separation from Service.** "Separation from Service" or "Separates from Service" means separation from service within the meaning of section 409A of the Code.
 - (x) **Year of Service.** "Year of Service" means the 12-month period following the date that the Participant first performs an hour of service for the Company and each consecutive 12-month period following the anniversary of that date that is completed before the Participant Separates from Service.

2.02 Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa, and
- (c) the word "include" shall mean to include without limitation.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.01 Generally.

- (a) If an Eligible Executive was a Participant on January 1, 2005 and his benefit was subject to the terms of this restatement in accordance with Section 1.02(b), the Eligible Executive remained a Participant if he executed a new Participation Agreement. To the extent such an Eligible Executive executed a new Participation Agreement and remains a Participant, such Participation Agreement remains in effect. If the Eligible Executive failed to execute a new Participation Agreement, he ceased being a Participant as of January 1, 2005.
- (b) If an Employee was designated an Eligible Executive after December 31, 2004, and before the Effective Date, the Eligible Executive became a Participant when he properly executed a Participation Agreement. To the extent such an Eligible Executive executed a Participation Agreement and remains a Participant, such Participation Agreement remains in effect.
- (c) If an Employee is designated an Eligible Executive on or after the Effective Date, the Eligible Executive will become a Participant when he properly executes a Participation Agreement.

3.02 Participation Agreement Required.

- (a) No Eligible Executive under Sections 3.01(a) or 3.01(c) will be eligible to be a Participant in the Plan unless he and the Company execute a Participation Agreement evidencing his participation in the Plan. The executed Participation Agreement will constitute an agreement between the Company and the Eligible Executive that binds both of them to the terms of the Plan and will bind their heirs, executors, administrators, successors, and assigns, both present and future.
- (b) In the case of an Eligible Executive described under Section 3.01(a), the executed Participation Agreement will also constitute the Eligible Executive's written agreement to waive all rights he may have under any earlier restatement of the Plan or agreement under the Plan.

ARTICLE 4. RETIREMENT BENEFIT

4.01 Nature of Benefit.

A Participant's Retirement Benefit shall be a lump sum or a series of installment or annuity payments that are payable if a Participant Separates from Service (a) pursuant to an Early Retirement, Normal Retirement, or Deferred Retirement or (b) before Normal Retirement as a result of Disability and then attains age 65.

The Retirement Benefit under the Plan is mutually exclusive with the Death Benefit under the Plan (which is described in Article 5). No Retirement Benefit shall be paid to or on behalf of any Participant if a Death Benefit has been or will be paid on behalf of such Participant.

4.02 Amount of Benefit.

The Retirement Benefit shall be an annual amount (or the actuarial equivalent of an annual amount) equal to one tenth of the lesser of:

- (a) two times the Participant's average Annual Salary received from the Company during the five consecutive calendar years immediately preceding the calendar year of the Participant's Separation from Service in accordance with Section 6.01(a), the product of which shall be rounded off to the next highest multiple of \$50,000; or
- (b) the maximum Retirement Benefit amount set forth in the Participant's Participation Agreement.

4.03 Vesting of Retirement Benefit.

Each Participant shall become 100% vested in his Retirement Benefit upon (a) Separation from Service pursuant to either an Early Retirement, Normal Retirement, or Deferred Retirement or (b) attaining age 65 after Separating from Service as a result of a Disability before Normal Retirement.

4.04 Forfeiture.

- (a) Any portion of a Participant's Retirement Benefit that does not vest in accordance with Section 4.03 shall be forfeited on the date the Participant Separates from Service or dies, whichever occurs earlier, except that a Participant who has a Disability shall not forfeit his Retirement Benefit before Normal Retirement.
- (b) The Participant's entire Retirement Benefit shall be forfeited if a Death Benefit becomes payable on the Participant's behalf in accordance with Article 5.

ARTICLE 5. DEATH BENEFIT

5.01 Nature of Benefit.

A Participant's Death Benefit under the Plan shall be a series of equal monthly installment payments that are payable if the Participant dies (a) while actively employed by the Company or (b) before he becomes eligible for Normal Retirement if he Separates from Service on account of a Disability.

The Death Benefit under the Plan is mutually exclusive with the Retirement Benefit under the Plan (as described in Article 4). No Death Benefit shall be paid on behalf of any Participant if a Retirement Benefit has been or will be paid to or on behalf of such Participant.

5.02 Amount of Benefit.

The Death Benefit shall be an annual amount equal to one tenth of the lesser of:

- (a) two times the Participant's average Annual Salary received from the Company during the five consecutive calendar years immediately preceding the calendar year of the Participant's death rounded off to the next highest multiple of \$50,000; or
- (b) the maximum Death Benefit amount set forth in the Participant's Participation Agreement.

5.03 Vesting of Death Benefit.

Each Participant shall become 100% vested in his Death Benefit upon his death (a) while actively employed by the Company or (b) before reaching eligibility for Normal Retirement if the Participant Separates from Service as a result of a Disability.

5.04 Forfeiture.

- (a) Any portion of a Participant's Death Benefit that does not vest in accordance with Section 5.03 shall be forfeited on the date the Participant Separates from Service or dies, whichever occurs earlier.
- (b) The Participant's entire Death Benefit shall be forfeited if a Retirement Benefit becomes payable on the Participant's behalf in accordance with Article 4.

ARTICLE 6. PAYMENT OF PLAN BENEFITS

6.01 Timing of Benefit Payments.

(a) Retirement Benefit.

- (1) *Early or Normal Retirement.* A Participant who Separates from Service pursuant to an Early Retirement or a Normal Retirement shall receive or shall begin receiving the Retirement Benefit on the first day of the month coincident with or next following the earlier of (A) the date of the Participant's death or (B) the date that the Participant attains age 70.
- (2) *Deferred Retirement.* A Participant who Separates from Service pursuant to a Deferred Retirement shall receive or shall begin receiving the Retirement Benefit on the first day of the month coincident with or next following the date that is six (6) months after the date of the Participant's Separation from Service, provided that if the Participant dies after Separation from Service and before the date that is six (6) months after the date of the Participant's Separation from Service, the Retirement Benefit shall be paid on the first day of the month coincident with or next following the date of the Participant's death.
- (3) *Disability.* A Participant who Separates from Service due to Disability before he is eligible for Normal Retirement shall receive or shall begin receiving the Retirement Benefit on the first day of the month coincident or next following the date he attains age 65.

(b) Death Benefit.

The Death Benefit payable on behalf of a Participant shall begin to be paid on the first day of the month coincident with or next following the date on which the Participant dies.

6.02 Form of Payment.

(a) Retirement Benefit.

- (1) *General.* The Retirement Benefit payable to any Participant shall be paid in equal monthly installments for ten years unless the Participant makes a valid election, in accordance with subsections (2), (3), or (4), below, to receive his Retirement Benefit in an Optional Form. The most recently filed election that meets the requirements of subsections (2), (3), or (4) below, shall be effective.
- (2) *Initial Election Regarding Form of Payment.*
 - (A) Normal Rule. A Participant may elect an Optional Form by making such election before the expiration of thirty (30) days from the date he first becomes eligible to participate in the Plan, provided that he has not, within the preceding twenty-four (24) months, been eligible to participate in any other non-account-

based deferred compensation arrangement of the Company (within the meaning of section 409A of the Code).

- (B) One-Time Election Before January 1, 2008. A Participant may make a special election of any Optional Form (or may revoke any prior election) before January 1, 2008; provided, however, that the Participant may not make a new election under this paragraph after December 31, 2006, if (1) all or any portion of his Retirement Benefit would otherwise be paid during 2007 or (2) the election would accelerate payment of all or a portion of his Retirement Benefit into 2007; and provided, further, that the election satisfies Sections 6.02(a)(4)(D) and (E), below. The Participant must elect the same time and form of distribution for his entire Retirement Benefit.
- (3) *Election Between Life Annuities.* A Participant may file an election to receive an Optional Form that is an annuity at any time before the first annuity payment is made, provided that (A) the Participant's existing election is an annuity and (B) both the annuity payable under the existing election and the annuity payable under the new election are considered "life annuities" for purposes of section 409A of the Code.
- (4) *Modification of Election.* If a Participant wishes to change the form of payment for his Retirement Benefit, and the new election does not satisfy the requirements of Section 6.02(a)(2)(B) (concerning elections before January 1, 2008) or Section 6.02(a)(3) (concerning elections between life annuities), the Participant's new payment election must satisfy the requirements of this Section 6.02(a)(4). A Participant may change his election under this Section 6.02(a)(4) only if the new election —
- (A) is not effective until at least twelve (12) months after the date on which the election is made;
- (B) defers the first payment with respect to which such election is made for a period of not less than five (5) years from the date such payment would otherwise have been made;
- (C) is not made less than twelve (12) months before the Retirement Benefit would otherwise commence or be paid under Section 6.01;
- (D) does not result in the Participant's Retirement Benefit commencing after the later of (A) the Participant's Separation from Service or (B) the Participant's attaining age 75; and
- (E) does not result in any part of a Participant's Retirement Benefit being paid after the earlier of (A) the fifteenth (15th) year after the Participant's Separation from Service or (B) the Participant's attaining age 85.
- (5) *Optional Forms are Actuarially Equivalent.* In all instances, the Retirement Benefit payable under this Section 6.02 shall be the actuarial

equivalent of the Retirement Benefit determined under Section 4.02. Actuarial equivalence shall be determined using reasonable actuarial factors determined by the Committee to be appropriate for this purpose.

- (6) *Continued Payment of Retirement Benefit After Participant's Death.* If the Participant dies after his retirement under this Plan and before his Retirement Benefit is paid in full (and the Participant has not chosen to have his Retirement Benefit paid as an annuity without guaranteed payments), the Company shall pay to the Participant's Beneficiaries any remaining amounts at the same time and in the same manner as if the Participant had survived.

(b) Death Benefit.

The Death Benefit payable on behalf of any Participant shall be paid in equal monthly installments that begin as provided in Section 6.01(b) and end in the month in which the Participant would have attained age 80.

6.03 Administrative Acceleration or Delay of Payment.

A payment is treated as being made on the date when it is due under the Plan if the payment is made (a) no earlier than thirty (30) days before the due date specified by the Plan or (b) on a date later than the due date specified by the Plan that is either (1) in the same Plan Year (for a payment whose specified due date is on or before September 30) or (2) by the fifteenth (15th) day of the third calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1).

6.04 Withholding.

The Company shall withhold from any payment made pursuant to this Plan any taxes the Company reasonably believes are required to be withheld from such payments under local, state, or federal law.

6.05 Payment to Guardian.

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of the property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

6.06 Effect of Payment.

The full payment of the applicable benefit under this Article 6 shall completely discharge all obligations on the part of the Company to the Participant (and the Participant's Beneficiary) with respect to the operation of this Plan, and the Participant's (and Participant's Beneficiary's) rights under this Plan shall terminate.

ARTICLE 7. BENEFICIARY DESIGNATION

7.01 Beneficiary Designation.

Each Participant shall have the right, at any time, to designate one (1) or more persons or entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of the Participant's death. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

7.02 Changing Beneficiary.

Any Beneficiary designation may be changed without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee during the Participant's lifetime.

7.03 No Beneficiary Designation.

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

- (a) the Participant's surviving spouse;
- (b) the Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living; or
- (c) the Participant's estate.

ARTICLE 8. ADMINISTRATION

8.01 Committee; Duties.

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons, who may also be Participants in this Plan, and are named as the initial Committee in this Plan or as subsequently appointed by the Board or its delegee. The Committee shall have the full discretionary authority to (a) make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as they may arise in such administration, and (b) establish and maintain an investment policy, select appropriate investment options to implement the investment policy, monitor the performance of such investment options, and change the selection of investment options from time to time in a manner consistent with the objectives of the investment policy. A Committee member who is also a Participant in this Plan shall be prohibited from voting on any matter which may, in the opinion of the balance of the Committee, directly affect the Committee member's rights or benefits under this Plan. A majority vote of the Committee members permitted to vote shall control any decision.

8.02 Agents.

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.03 Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

8.04 Indemnity of Committee.

The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense (including counsel fees) or liability (including any amounts paid in settlement of any claim or any other matter with the consent of the Board) arising from any action or failure to act with respect to this Plan on account of such member's service on the Committee, except in the case of gross negligence or willful misconduct.

ARTICLE 9. CLAIMS PROCEDURE

9.01 Claim.

Any person or entity claiming a benefit under the Plan (hereinafter referred to as "Claimant") shall present the request in writing to the Corporate Human Resources Department, which shall respond in writing as soon as practical, but not later than ninety (90) days after receipt of the claim, unless the Corporate Human Resources Department notifies the Claimant that special circumstances require an additional period of time (not to exceed 90 days) to review the claim properly.

9.02 Denial of Claim.

If the claim or request is denied, the written notice of denial shall state:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a description of any additional material or information required and an explanation of why it is necessary; and
- (c) an explanation of the Plan's claim review procedure, including a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA if the claim denial is denied (in whole or in part) on appeal.

9.03 Review of Claim.

Any Claimant whose claim or request is denied or who has not received a response within the time limits set forth above may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or, in the event Claimant has not received a timely response, within 60 days after the date the Corporate Human Resources Department was required to respond to the claim under Section 9.01. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

9.04 Final Decision.

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

9.05 Claims for Disability Benefits.

To the extent required by law, the Committee shall develop alternative claims procedures that shall apply with respect to claims for Disability benefits.

ARTICLE 10. AMENDMENT AND TERMINATION OF PLAN

10.01 Amendment.

The Committee may at any time amend the Plan by written instrument executed by or on behalf of all Committee members, notice of which shall be given to all Participants and to any Beneficiary receiving installment payments, except that no amendment shall reduce the amount of any Retirement Benefit or Death Benefit that is vested in accordance with Sections 4.03 or 5.03, respectively, as of the date such notice of the amendment is given.

10.02 Company's Right to Terminate.

The Committee may at any time partially or completely terminate the Plan. Any termination of the Plan must be made by written instrument executed by the Committee and approved by the Board. In the event of complete termination, the Plan shall cease to operate and the Company shall distribute the Retirement Benefit or Death Benefit to the appropriate Participant or Beneficiary in accordance with Article 6.

ARTICLE 11. MISCELLANEOUS

11.01 Company Obligation.

The Company shall not be required to fund any obligations under the Plan. Except as provided in Section 11.02, any assets that may be accumulated by the Company to meet its obligations under the Plan shall for all purposes be part of the general assets of the Company. To the extent that any Participant or Beneficiary acquires a right to receive payments under the Plan for which the Company is liable, such rights shall be no greater than the rights of any unsecured general creditor of the Company.

11.02 Trust Fund.

The Company shall be responsible for the payment of all benefits provided under the Plan. Before a Change in Control, at its discretion, the Company may establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits. Following a Change in Control, the Company shall establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits, and shall fund such trust with the full amount necessary to pay all benefits that are reasonably expected to be payable under the Plan. Although such a trust may be irrevocable, its assets shall be held for payment of all of the Company's general creditors in the event of insolvency and shall not be located or transferred outside the United States. To the extent any benefits provided under the Plan are paid from any such trust, the Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company. No assets of the trust or the Company shall become restricted to provide benefits under the Plan in connection with a change in the Company's financial health.

11.03 Nonassignability.

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency, except that the Committee may recognize a domestic relations order in accordance with procedures that it may establish for this purpose.

11.04 Not a Contract of Employment.

This Plan shall not constitute a contract of employment between the Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

11.05 Governing Law.

The Plan shall be construed and enforced in accordance with applicable federal law and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the legislative or judicial conflict of laws rules of any state or other jurisdiction).

11.06 Severability.

If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. In addition, if any provision of the Plan shall be found to violate section 409A of the Code or otherwise result in benefits under the Plan being subject to income tax prior to distribution, such provision shall be void and unenforceable, and the Plan shall be administered without regard to such provision.

11.07 Headings.

Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

11.08 Notice.

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered mail, certified mail, or reputable overnight delivery service. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail or overnight delivery, as of the date shown on the postmark on the receipt for registration or certification or on the records of the overnight delivery company. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Company's records.

11.09 Successors.

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

AMETEK, INC.

BY: /s/ HENRY J. POLICARE
Henry J. Policare

DATE: December 1, 2016

ATTEST

BY: /s/ KATHRYN E. SENA
Corporate Secretary

**AMETEK, INC.
2004 EXECUTIVE DEATH BENEFIT PLAN**

Amended and Restated Effective January 1, 2017

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ARTICLE 1. PURPOSE AND EFFECTIVE DATE

1.01. Purpose.

This AMETEK, Inc., 2004 Executive Death Benefit Plan (the "Plan") is intended to provide an additional benefit to a select group of management and highly compensated employees of AMETEK, Inc., and certain of its subsidiaries, either in the form of a Retirement Benefit (as set forth in Article 4) or in the form of a Death Benefit (as set forth in Article 5), but not both. If a Participant retires from the Company after attaining early or normal retirement eligibility, he will receive a Retirement Benefit equal to the value of an Account maintained for the Participant under the Plan. In contrast, if a Participant dies while actively employed by the Company and otherwise eligible to participate in the Plan (or after suffering a disability but before attaining eligibility for normal retirement), his Beneficiary(ies) will receive a Death Benefit in the form of fixed monthly installment payments until the month during which the Participant would have attained age 80.

The Retirement Benefit and the Death Benefit are mutually exclusive: no Death Benefit will be paid on behalf of a Participant who receives a Retirement Benefit, and no Retirement Benefit will be paid on behalf of a Participant if a Death Benefit is paid on that Participant's behalf. A Participant who Separates from Service (not on account of his death or Disability) before attaining early or normal retirement eligibility will not receive any benefit under the Plan and no Plan benefit will be paid on his behalf, unless the Participant is involuntarily terminated within two years following a Change in Control of the Company.

1.02. Effective Date.

The Plan is effective as of January 1, 2004, although this amendment and restatement is effective January 1, 2017. Because no benefits under the Plan were vested as of December 31, 2004, no benefits under the Plan are treated as grandfathered for purposes of section 409A of the Code.

ARTICLE 2. DEFINITIONS AND CONSTRUCTION

2.01. Definitions.

For the purpose of this Plan, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise:

- (a) **Account.** "Account" means the hypothetical account maintained on the books of the Company, used solely to calculate the Retirement Benefit payable to each Participant under this Plan, as set forth in Section 4.02.
- (b) **Article.** "Article" means an article of the Plan.
- (c) **Beneficiary.** "Beneficiary" means the person, persons or entity as designated by the Participant, entitled under Article 7 to receive any Plan benefits payable after the Participant's death.
- (d) **Board.** "Board" means the Board of Directors of AMETEK, Inc.
- (e) **Change in Control.** A "Change in Control" shall occur if:
 - (1) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires ownership of stock of the Company that, together with the stock held by such Person or group of Persons, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company before this transfer of the Company's stock, the acquisition of additional stock by the same Person or group of Persons shall not be considered to cause a Change in Control of the Company; or
 - (2) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own 30 percent or more of the total voting power of the stock of the Company before this acquisition, the acquisition of additional control or stock of the Company by the same Person or group of Persons shall not cause a Change in Control of the Company; or

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- (3) A majority of members of the Company's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board before the date of the appointment or election; or
- (4) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) assets from the Company that have a total gross fair market value equal to substantially all but in no event less than 40 percent of the total fair market value of all assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets by the Company will not result in a Change in Control under this Section 2.01(e)(4), if the assets are transferred to:
- (A) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
 - (B) An entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company immediately after the transfer of assets;
 - (C) A Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company; or
 - (D) An entity, at least 50 percent of the total value or voting power of which is owned directly or indirectly, by a person or group of persons described in Section 2.01(e)(4)(C), above.

For purposes of this Section 2.01(e), no acquisition, either directly or indirectly, by the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan shall constitute a Change in Control.

For purposes of this Section 2.01(e), the following terms shall have the meanings set forth below:

- (1) "Company" shall mean AMETEK, Inc., except that, if a Participant is employed by a majority-controlled subsidiary of the Company, for purposes of Sections 2.01(e)(1), 2.01(e)(2), and 2.01(e)(4), "Company" shall mean such subsidiary.

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- (2) "Person" shall mean any individual or individuals other than the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan.
- (f) **Code.** "Code" means the Internal Revenue Code of 1986, as amended.
- (g) **Committee.** "Committee" means the Committee appointed by the Board (or its delegee) to administer the Plan pursuant to Article 8.
- (h) **Company.** "Company" means AMETEK, Inc., a Delaware corporation, and any directly or indirectly affiliated subsidiary corporations, any other affiliate designated by the Board, or any successor to the business of any such entity.
- (i) **Death Benefit.** "Death Benefit" means the benefit paid on behalf of a Participant in accordance with Article 5.
- (j) **Determination Date.** "Determination Date" means the last business day of each Plan Year.
- (k) **Disability.** "Disability" means a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months that (1) renders a Participant unable to engage in any substantial gainful activity or (2) results in a Participant receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. The Committee shall determine the existence of Disability, in its sole discretion, and may rely on advice from a medical examiner satisfactory to the Committee in making the determination. A Participant will also be considered disabled if he has been determined to be totally disabled by the Social Security Administration. The term "Disability" is intended to comply with section 409A(a)(2)(C) of the Code and shall be interpreted to permit a Participant to take a distribution in any circumstance that would be permitted under section 409A(a)(2)(C) of the Code.
- (l) **Early Retirement.** "Early Retirement" means the Separation from Service with the Company by the Participant after attaining age fifty-five (55) with at least five (5) Years of Service and before attaining age sixty-five (65).
- (m) **ERISA.** "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- (n) **Life Insurance Policies.** "Life Insurance Policies" means the life insurance policies maintained by the Company for the purpose of measuring the Retirement Benefits, if any, payable under this Plan. Such Life Insurance Policies shall be owned by and payable to the Company; the Participants shall have no rights or interest in the Policies or any benefits from the Policies, even if a Policy is payable

upon the death of the Participant. The Life Insurance Policies shall be used solely as method to measure the Retirement Benefits, if any, payable under this Plan, and the Participants shall have no greater interest in any benefit under this Plan than that of an unsecured creditor of the Company.

- (o) **Limited Participant.** "Limited Participant" means a Participant whose benefits under the Plan are limited pursuant to Section 3.02 after the Committee determines that the Participant's employment position is no longer at a level that warrants full participation in the Plan.
- (p) **Normal Retirement.** "Normal Retirement" means the Separation from Service with the Company of the Participant on or after attaining age sixty-five (65), or as otherwise determined by the Board in its sole discretion.
- (q) **Participant.** "Participant" means any employee who is eligible and has become a participant pursuant to Section 3.01. Such employee shall remain a Participant in this Plan until such time as all benefits payable under this Plan have been paid in accordance with the provisions hereof.
- (r) **Plan.** "Plan" means this AMETEK, Inc., 2004 Executive Death Benefit Plan, as it may be amended from time to time.
- (s) **Plan Year.** "Plan Year" means the calendar year.
- (t) **Retirement Benefit.** "Retirement Benefit" means the account-based benefit payable to a Participant at Early Retirement or Normal Retirement, as described in Article 4.
- (u) **Section.** "Section" means a section of the Plan.
- (v) **Separation from Service.** "Separation from Service" or "Separates from Service" means separation from service from the Company within the meaning of section 409A of the Code.
- (w) **Year of Service.** "Year of Service" means the 12-month period following the date that the Participant first performs an hour of service for the Company and each consecutive 12-month period following the anniversary of that date that is completed before the Participant Separates from Service.

2.02. Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context,

- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa,
- (b) the use of the singular shall also include within its meaning the plural and vice versa, and
- (c) the word "include" shall mean to include without limitation.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.01. Eligibility and Participation.

Eligibility to participate in the Plan shall be limited to that select group of management and/or highly compensated employees of the Company whom the Committee designated as eligible to participate in the Plan as of January 1, 2004. Eligibility and participation shall be frozen to new participants after that date.

3.02. Change in Employment Status.

If the Committee determines that a Participant's position is no longer at a level that warrants reward through participation in this Plan, but does not terminate the Participant's employment with Company, the Participant shall become a Limited Participant whose benefits under this Plan shall be limited to the Account balance as of the date so specified by the Committee, which shall be adjusted each subsequent year that the Participant remains an active employee of the Company (and does not again become employed in a position that warrants full participation in the Plan) by the lesser of (a) the amount of the Annual Allocation that the Participant would have received had he remained in his former position or (b) the interest that the Participant would have received had he terminated his employment.

If the Committee determines that a Participant's position has risen to a level that warrants additional reward under the Plan, the Committee may, in its sole discretion, adjust the Participant's benefits under this Plan pursuant to Section 4.02(a)(1) by increasing the Participant's Percentage Allocation for that Plan Year and any subsequent year.

If the Committee, in its sole discretion, determines that the Participant no longer qualifies as a member of a select group of management or highly compensated employees, as determined in accordance with ERISA, the Committee may, in its sole discretion, take such action as it deems necessary to preserve the status of the Plan as a "top hat" plan under ERISA.

ARTICLE 4. RETIREMENT BENEFIT

4.01. Nature of Benefit.

A Participant's Retirement Benefit under the Plan shall be equal to the value of an Account that shall be maintained for his benefit on the Company's records. A Participant's Account shall be only hypothetical in nature, and nothing in this Plan shall be construed to grant any rights or interests in any asset of the Company, including the Life Insurance Policies, to any Participant. The Life Insurance Policies (even if payable on the death of the Participant) are used solely as a method to measure the Annual Allocations to be added to Participants' accounts. The Participants shall at all times remain general, unsecured creditors of the Company with respect to the benefits payable under this Plan.

The Retirement Benefit under the Plan is mutually exclusive with the Death Benefit under the Plan (which is described in Article 5). No Retirement Benefit shall be paid to or on behalf of any Participant if a Death Benefit has been or will be paid on behalf of such Participant.

4.02. Accounts.

The Company shall maintain a hypothetical account on behalf of each Participant in the Plan. The opening balance in each Participant's Account shall be zero dollars, and the balance in each Participant's Account shall increase or decrease each year as follows—

- (a) **Annual Allocations.** Each Participant shall receive an Annual Allocation on each Determination Date on which the Participant is either (1) actively employed by the Company and otherwise eligible to participate in the Plan, (2) an inactive employee of the Company by reason of a Disability and not yet eligible for Normal Retirement, or (3) a former employee who terminated service with the Company under the Early or Normal Retirement provisions and has not yet had payments commence under this Plan. As provided in Section 3.02, if the Participant is actively employed by the company as a Limited Participant, the Participant shall receive an Annual Allocation only if the amount of the Annual Allocation is less than the amount of interest he could receive pursuant to Section 4.02(b).

The amount of the Annual Allocation for each Participant entitled to receive an Annual Allocation shall be the product of the Participant's Percentage Allocation and the Aggregate Policy Gain for the Plan Year that ends on the applicable Determination Date. For this purpose—

- (1) A Participant's "Percentage Allocation" means the percentage identified for such Participant in a separate writing at the time he commences participation in the Plan. Once a Participant's Percentage Allocation is established, it shall not be changed unless the Participant is notified in writing that his Percentage Allocation is being changed because—
- (A) the Participant's employment responsibilities have changed such that an adjustment of the Participant's Percentage Allocation is warranted to reflect the Participant's new level of responsibilities; or

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- (B) the number of Participants in the Plan or the Life Insurance Policies have changed or are about to change in such a manner that it is necessary to modify the Participant's Percentage Allocation in order to maintain his level of benefits.

If an individual ceases to be eligible to receive an Annual Addition (by reason of Separation from Service, death, or otherwise), his Percentage Allocation for all years *after* he ceases to be eligible to receive an Annual Addition shall revert to the Company and shall not be reallocated among some or all of the remaining Plan Participants unless the Committee determines that a reallocation is appropriate.

- (2) The "Aggregate Policy Gain" for any given Plan Year means the sum of—
- (A) the annual gains or losses on all of the Life Insurance Policies determined as of the most recent policy anniversary date of each of the Life Insurance Policies in accordance with FASB Technical Bulletin 85-4, and
- (B) any death benefits received by the Company from the Life Insurance Policies during the Plan Year, which are in excess of the sum of (1) and (2), minus (3) where:
- (1) equals the greater of the premiums paid or the cash value of the Life Insurance Policy related to the deceased Participant as of the most recent Determination Date;
- (2) equals the present value of the benefits to be received under this Plan by the deceased Participant's beneficiaries, as determined by the Committee in its sole discretion; and,
- (3) equals the Account balance of the deceased Participant as of the most recent Determination Date.

(By way of example: if the anniversary date of a Life Insurance Policy is December 28th, the gain/loss on the policy will be determined as of each December 27th; the amount of that gain/loss shall be added to the gain/loss of all other listed policies to determine the Aggregate Policy Gain on December 31st, the end of the Plan Year. Such amount will then be used to determine the Annual Allocation as of December 31st. If, in that same year, a death benefit of \$500,000 has been paid to the Company as a result of the death of an insured Participant, the cash value on that Participant's policy as of the most recent Determination Date was \$100,000, the Participant's Account balance at that time was \$50,000, and the Committee determines that, under the terms of this Plan, the beneficiaries of that Participant are entitled to a benefit of \$300,000 on a present value basis, then \$150,000 shall be included in the Aggregate Policy Gain.)

- (b) **Interest.** Each Participant shall receive interest on each Determination Date on

which he does not receive an Annual Allocation. The amount of interest for each such Participant shall be the product of the Participant's Account balance on the applicable Determination Date and the interest rate in effect under section 417(e) of the Code on such Determination Date.

- (c) **Distributions.** Each Account shall be reduced by the amount of each benefit payment made from that Account since the prior Determination Date.

4.03. Timing of Credits; Withholding.

Any Annual Allocations, interest, and distributions shall be credited to (or debited from) the appropriate Account at the time and as provided by the Committee. Any withholding of taxes or other amounts that is, in the discretion of the Committee, required by local, state or federal law shall be withheld from amounts otherwise payable to the Participant to the maximum extent possible, and any remaining amount shall reduce the amount credited to the Participant's Account in a manner specified by the Committee.

4.04. Vesting of Accounts.

Each Participant shall become 100% vested in his Account upon the earliest to occur of the following—

- (a) Separation from Service with the Company pursuant to either an Early Retirement or a Normal Retirement;
- (b) dying while actively employed by the Company as a Limited Participant; or
- (c) incurring an involuntary Separation from Service from the Company for any reason within the two-year period immediately following a Change in Control.

A Participant whose employment terminates for any reason before he has become 100% vested in his Account in accordance with this Section 4.04 (including the Participant's death while actively employed by the Company (as other than a Limited Participant) or while disabled and not yet eligible for Normal Retirement) shall forfeit his entire interest in his Account. If a Participant dies while actively employed by the Company, he shall receive a Death Benefit pursuant to Article 5, except that a Participant who dies while actively employed by the Company as a Limited Participant shall receive a Retirement Benefit pursuant to Section 3.02 and not a Death Benefit.

4.05. Statement of Accounts.

The Committee shall give to each Participant a statement showing the balance in the Participant's Account on an annual basis.

ARTICLE 5. DEATH BENEFIT

5.01. Nature of Benefit.

A Participant's Death Benefit under the Plan shall be a series of equal monthly installment payments that are payable if the Participant dies (a) while actively employed by the Company if the Participant is not a Limited Participant at the time of his death or (b) before reaching eligibility for Normal Retirement if the Participant has a Disability. A Participant's right to a Death Benefit shall not be construed to grant any rights or interests in any asset of the Company, including the Life Insurance Policies, to any Participant. The Life Insurance Policies (even if payable on the Participant's death) are used solely as a method to measure the Annual Allocations to be added to Participants' Accounts for purposes of valuing their Retirement Benefits and have no relationship with the Death Benefit provided under the Plan. The Participants shall at all times remain general, unsecured creditors of the Company with respect to the benefits payable under this Plan.

The Death Benefit under the Plan is mutually exclusive with the Retirement Benefit under the Plan (as described in Article 4). No Death Benefit shall be paid on behalf of any Participant if a Retirement Benefit has been or will be paid to or on behalf of such Participant.

5.02. Benefit Amounts.

The Death Benefit payable upon the death of a Participant shall be a monthly benefit equal to either--

- (a) four thousand, one hundred sixty-six dollars and sixty-seven cents (\$4,166.67) per month, or
- (b) eight thousand, three hundred thirty-three dollars and thirty-three cents (\$8,333.33) per month,

in each case, beginning in the month after the month during which the Participant dies and ending in the month during which the Participant would have attained age eighty (80). The amount of a Participant's Death Benefit shall be identified for the Participant in a separate writing at the time he commences participation in the Plan. Once the amount of a Participant's Death Benefit is established, it shall not be changed unless the Participant is notified in writing.

5.03. Vesting of Death Benefit.

Each Participant shall become 100% vested in his Death Benefit upon his death (a) while actively employed by the Company if the Participant is not a Limited Participant at the time of his death or (b) before reaching eligibility for Normal Retirement if the Participant has a Disability.

5.04. Forfeiture.

- (a) Any portion of a Participant's Death Benefit that does not vest in accordance with

Section 5.03 shall be forfeited on the date the Participant Separates from Service or dies, whichever occurs earlier, except that a Participant who has a Disability shall not forfeit his Death Benefit before Normal Retirement.

- (b)** The Participant's entire Death Benefit shall be forfeited if a Retirement Benefit becomes payable to or on the behalf of the Participant in accordance with Article 4.

ARTICLE 6. PAYMENT OF PLAN BENEFITS

6.01. Timing of Benefit Payments.

(a) Retirement Benefit.

- (1) *Retirement.* A Participant who Separates from Service with the Company pursuant to an Early Retirement or Normal Retirement shall receive his distribution on the first day of the month coincident with or next following the later of (A) the date that the Participant attains age sixty-five (65) or (B) the first date that is more than six (6) months after the date of the Participant's Separation from Service, provided that if the Participant dies after Separation from Service on or after attaining age 65 and before the date that is six (6) months after the date of the Participant's Separation from Service, the Retirement Benefit shall be paid on the first day of the month coincident with or next following the date of the Participant's death. The Participant may request a later distribution in accordance with Section 6.02(a). If a Participant requests a later distribution, Annual Allocations shall be credited to his Account in accordance with Section 4.02(a) until he begins to receive his distribution, and then interest shall be credited to his Account in accordance with Section 4.02(b) until his Account is fully distributed.
- (2) *Disability.* A Participant who has suffered a Disability before his eligibility for Normal Retirement shall receive the Retirement Benefit on the first day of the month coincident with or next following the date that the Participant attains age sixty-five (65). The Participant may request a later distribution in accordance with Section 6.02(a). If a Participant requests a later distribution, interest shall be credited to his Account in accordance with Section 4.02(b) until his Account is fully distributed.
- (3) *Change in Control.* A Participant whose employment is involuntarily terminated for any reason within two (2) years following a Change in Control shall receive his distribution on the first day of the month coincident with or next following the date that is six (6) months after the date of his Separation from Service, provided that if the Participant dies after Separation from Service and before the date that is six (6) months after the date of the Participant's Separation from Service, the Retirement Benefit shall be paid on the first day of the month coincident or next following the date of the Participant's death.
- (4) *Death of a Limited Participant.* The Beneficiaries of a Participant who is actively employed as a Limited Participant on the date of his death shall receive the Limited Participant's Account balance in the form of a lump sum on the first day of the month coincident with or next following the date of the Limited Participant's death.

(b) Death Benefit.

The Death Benefit payable on behalf of a Participant shall be paid monthly beginning on the first day of the month coincident with or next following the date on which the Participant dies.

6.02. Form of Payment.

(a) Retirement Benefit.

The Retirement Benefit payable to any Participant shall be paid in a lump sum unless the Participant elects to receive his Retirement Benefit in annual installments or in the form of a lump sum on a date later than the date provided under Section 6.01(a)(1) or Section 6.01(a)(2) and such election—

- (1) is not effective until at least twelve (12) months after the date on which the election is made,
- (2) defers the first payment with respect to which such election is made for a period of not less than five (5) years from the date such payment would otherwise have been made,
- (3) is not made less than twelve (12) months before the date of the first scheduled payment,
- (4) does not result in the Participant's Retirement Benefit commencing after the later of (A) the Participant's Separation from Service or (B) the Participant's attaining age 70; and
- (5) does not result in any part of a Participant's Retirement Benefit being paid after the earlier of (A) the fifteenth (15th) year after the Participant's Separation from Service or (B) the Participant's attaining age 85.

If the Participant dies after his retirement under this Plan, the Company shall pay to the Participant's Beneficiaries the remaining unpaid Account balance at the same time and in the same manner as if the Participant had survived.

(b) Death Benefit.

The Death Benefit payable on behalf of any Participant shall be paid in equal monthly installments that begin as provided in Section 6.01(b) and end in the month in which the Participant would have attained age 80.

6.03. Administrative Acceleration or Delay of Payment.

A payment is treated as being made on the date that it is due under the Plan if the payment is made (a) no earlier than thirty (30) days before the due date specified by the Plan or (b) on a date later than the due date specified by the Plan that is either (1) in the same Plan Year (for a payment whose specified due date is on or before September 30) or (2) by the fifteenth

(15th) day of the third calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1).

6.04. Withholding.

The Company shall withhold from any payment made pursuant to this Plan any taxes the Company reasonably believes are required to be withheld from such payments under local, state, or federal law.

6.05. Payment to Guardian.

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of the property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

6.06. Effect of Payment.

The full payment of the applicable benefit under this Article 6 shall completely discharge all obligations on the part of the Company to the Participant (and the Participant's Beneficiary) with respect to the operation of this Plan, and the Participant's (and Participant's Beneficiary's) rights under this Plan shall terminate.

ARTICLE 7. BENEFICIARY DESIGNATION

7.01. Beneficiary Designation.

Each Participant shall have the right, at any time prior to complete distribution of the Participant's vested Account, to designate one (1) or more persons or entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of the Participant's death. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only if filed with the Committee during the Participant's lifetime.

7.02. Changing Beneficiary.

Any Beneficiary designation may be changed without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee during the Participant's lifetime.

7.03. No Beneficiary Designation.

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

- (a) the Participant's surviving spouse;
- (b) the Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living; or
- (c) the Participant's estate.

ARTICLE 8. ADMINISTRATION

8.01. Committee; Duties.

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons, who may also be Participants in this Plan, and are named as the initial Committee in this Plan or as subsequently appointed by the Board or its delegee, except in the event of a Change in Control as provided in Section 8.05 below. The Committee shall have the full discretionary authority to (a) make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as they may arise in such administration, and (b) establish and maintain an investment policy for the Life Insurance Policies, select appropriate investment options to implement the investment policy, monitor the performance of such investment options, and change the selection of investment options from time to time in a manner consistent with the objectives of the investment policy. A Committee member who is also a Participant in this Plan shall be prohibited from voting on any matter which may, in the opinion of the balance of the Committee, directly affect the Committee member's rights or benefits under this Plan. A majority vote of the Committee members permitted to vote shall control any decision.

8.02. Agents.

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.03. Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

8.04. Indemnity of Committee.

The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense (including counsel fees) or liability (including any amounts paid in settlement of any claim or any other matter with the consent of the Board) arising from any action or failure to act with respect to this Plan on account of such member's service on the Committee, except in the case of gross negligence or willful misconduct.

8.05. Election of Committee After Change in Control.

After a Change in Control, vacancies on the Committee shall be filled by majority vote of the remaining Committee members and Committee members may be removed only by such a vote. If no Committee members remain, a new Committee shall be elected by majority vote of the Participants in the Plan immediately preceding such Change in Control. No amendment shall be made to Article 8 or other Plan provisions regarding Committee authority with respect to the Plan without prior approval by the Committee.

ARTICLE 9. CLAIMS PROCEDURE

9.01. Claim.

Any person or entity claiming a benefit under the Plan (hereinafter referred to as "Claimant") shall present the request in writing to the Corporate Human Resources Department, which shall respond in writing as soon as practical, but not later than ninety (90) days after receipt of the claim, unless the Corporate Human Resources Department notifies the Claimant that special circumstances require an additional period of time (not to exceed 90 days) to review the claim properly.

9.02. Denial of Claim.

If the claim or request is denied, the written notice of denial shall state:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a description of any additional material or information required and an explanation of why it is necessary; and
- (c) an explanation of the Plan's claim review procedure, including a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA if the claim is denied (in whole or in part) on appeal.

9.03. Review of Claim.

Any Claimant whose claim or request is denied or who has not received a response within the time limits set forth above may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or, in the event Claimant has not received a timely response, within 60 days after the date the Corporate Human Resources Department was required to respond to the claim under Section 9.01. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

9.04. Final Decision.

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

9.05. Claims for Disability Benefits.

To the extent required by law, the Committee shall develop alternative claims procedures that shall apply with respect to claims for Disability benefits.

ARTICLE 10. AMENDMENT AND TERMINATION OF PLAN

10.01. Amendment.

The Committee may at any time amend the Plan by written instrument executed by all Committee members, notice of which shall be given to all Participants and to any Beneficiary receiving installment payments, subject to the following:

- (a) **Preservation of Account Balance.** No amendment shall reduce the amount accrued in any Account as of the date such notice of the amendment is given.
- (b) **Changes in Interest Rate.** No amendment shall retroactively reduce the rate of interest which had been credited to a Participant's Account.
- (c) **Change in Control.** Notwithstanding the foregoing, the Plan may not be amended in any material respect, except as is provided below in Section 10.02, during the two (2) year period following a Change in Control.

10.02. Company's Right to Terminate.

- (a) **Termination.** The Committee may at any time partially or completely terminate the Plan. Any such termination must be made by written instrument executed by the Committee and approved by the Board. In the event of complete termination, the Plan shall cease to operate and the Company shall have the right to accelerate payments of any vested Retirement Benefit or Death Benefit to the appropriate Participant or Beneficiary pursuant to Section 10.02(b).
- (b) **Effect of Termination.** Upon the complete termination of the Plan by the Committee and termination of all arrangements sponsored by the Company that would be aggregated with the Plan under section 409A of the Code, the Company shall have the right, in its sole discretion, and notwithstanding any elections made by the Participant, to pay the Participant's Retirement Benefit or Death Benefit in the form of a lump sum, to the extent permitted under section 409A of the Code. All payments that may be made pursuant to this Section 10.02(b), shall be made no earlier than the thirteenth (13th) month and no later than the twenty-fourth (24th) month after the termination of the Plan. If the Company exercises its discretion to accelerate payments under this Section 10.02(b), it shall not adopt any new arrangement that would have been aggregated with the Plan under section 409A of the Code within three (3) years following the date of the Plan's termination.

ARTICLE 11. MISCELLANEOUS

11.01. Hypothetical Accounts.

Each account and investment established under the Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only. The accounts established under the Plan shall hold no actual funds or assets. Any liability of the Company to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. Neither the Company, the Board, nor any other person shall be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between or among the Company, a Participant, or any other person.

11.02. Company Obligation.

The Company shall not be required to fund any obligations under the Plan. Except as provided in Section 11.03, any assets that may be accumulated by the Company to meet its obligations under the Plan shall for all purposes be part of the general assets of the Company. To the extent that any Participant or Beneficiary acquires a right to receive payments under the Plan for which the Company is liable, such rights shall be no greater than the rights of any unsecured general creditor of the Company.

11.03. Trust Fund.

The Company shall be responsible for the payment of all benefits provided under the Plan. Before a Change in Control, at its discretion, the Company may establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits. Following a Change in Control, the Company shall establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits, and shall fund such trust with the full amount necessary to pay all benefits that are reasonably expected to be payable under the Plan. Although such a trust may be irrevocable, its assets shall be held for payment of all of the Company's general creditors in the event of insolvency and shall not be located or transferred outside of the United States. To the extent any benefits provided under the Plan are paid from any such trust, the Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company. No assets of the trust or the Company shall become restricted to provide benefits under the Plan in connection with a change in the Company's financial health.

11.04. Nonassignability.

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event

of a Participant's or any other person's bankruptcy or insolvency, except that the Committee may recognize a domestic relations order in accordance with procedures that it may establish for this purpose.

11.05. Not a Contract of Employment.

This Plan shall not constitute a contract of employment between Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

11.06. Protective Provisions.

A Participant will cooperate with the Company by furnishing any and all information requested by the Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Company may deem necessary and taking such other action as may be requested by the Company.

11.07. Governing Law.

The Plan shall be construed and enforced in accordance with applicable federal law and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the legislative or judicial conflict of laws rules of any state or other jurisdiction).

11.08. Severability.

If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. In addition, if any provision of the Plan shall be found to violate section 409A of the Code or otherwise result in benefits under the Plan being subject to income tax prior to distribution, such provision shall be void and unenforceable, and the Plan shall be administered without regard to such provision.

11.09. Headings.

Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

11.10. Notice.

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered mail, certified mail, or reputable overnight delivery service. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail or overnight delivery, as of the date shown on the postmark on the receipt for registration or certification or on the records of the overnight delivery company. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Company's records.

11.11. Successors.

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

AMETEK, INC.

BY: /s/ HENRY J. POLICARE
Henry J. Policare

DATE: February 14, 2017

ATTEST

BY: /s/ KATHRYN E. SENA
Corporate Secretary

THE AMETEK RETIREMENT AND SAVINGS PLAN

Amended and Restated as of January 1, 2017

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ARTICLE 1. PURPOSE

1.01 History of Plan.

The AMETEK Retirement and Savings Plan (the "Plan") was originally adopted, effective October 1, 1984, by AMETEK, Inc. (the "Company") with the approval of its Board of Directors.

The Plan was amended and restated, effective January 1, 2012, to reflect amendments adopted since the restatement dated January 1, 2002, the merger of the AMETEK 401(k) Plan for Acquired Businesses into the Plan on January 1, 2008, and additional clarifications and amendments intended to improve administration of the Plan.

The Plan was amended and restated, effective April 1, 2014, to provide for Roth and after-tax contributions, to accept direct rollovers of Roth and after-tax contributions, and to adopt additional clarifications and amendments intended to improve administration of the Plan.

The Plan is hereby amended and restated, effective January 1, 2017, to reflect additional clarifications and amendments.

1.02 Purpose.

The Plan is intended to qualify as a profit sharing plan with a cash or deferred arrangement under sections 401(a) and 401(k) of the Internal Revenue Code (the "Code"). Although the Plan is intended to qualify as a profit sharing plan, employer contributions to the Plan may be made without regard to profits.

1.03 Effective Date.

Except as specifically provided:

- (a) The Plan as amended and restated in this document will apply only to eligible persons who are employees of an Employer Unit on or after January 1, 2017; and
- (b) The rights and benefits of Participants whose employment ended before January 1, 2017, will be determined under the applicable instruments in effect when their employment ended, or as otherwise specifically provided in those instruments.

ARTICLE 2. DEFINITIONS AND CONSTRUCTION

2.01 Definitions.

For the purpose of this Plan, the following terms will have the meanings set forth below, unless the context clearly indicates otherwise.

- (a) **Account or Accounts.** "Account" or "Accounts" for any Participant means any account or accounts established pursuant to Section 7.01. As used in the Plan, the terms "Account" or "Accounts" will mean any relevant one of the Accounts or all Accounts as the context requires.
- (b) **Adoption Agreement.** "Adoption Agreement" means the agreement by which the Plan is adopted with regard to certain Eligible Employees at a Covered Location of an Employer Unit and sets forth certain specifications applicable under the Plan with respect to such Eligible Employees. An Adoption Agreement will be effective as of the Effective Date stated in Paragraph A of the Adoption Agreement.
- (c) **Affiliate.** "Affiliate" means any company not participating in the Plan that is:
 - (1) a member of a controlled group of corporations as defined in section 414(b) of the Code (determined under section 1563(a) of the Code without regard to sections 1563(a)(4) and (e)(3)(C) of the Code) with the Company;
 - (2) any trade or business under common control (as defined in section 414(c) of the Code) with the Company;
 - (3) any member of an affiliated service group (as defined in section 414(m) of the Code) that includes the Company; or
 - (4) any other entity required to be aggregated with the Company pursuant to regulations under section 414(o) of the Code.

Notwithstanding the foregoing, for purposes of Section 6.02, the definitions in sections 414(b) and (c) of the Code will be modified by substituting the phrase "more than 50 percent" for the phrase "at least 80 percent" each place it appears in section 1563(a)(1) of the Code.

- (d) **After-Tax Contributions.** "After-Tax Contributions" means the contributions made to the Plan by an Eligible Employee pursuant to a Participant election under Section 4.02.
- (e) **After-Tax Contribution Account.** "After-Tax Contribution Account" means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from After-Tax Contributions.
- (f) **Alternate Payee.** "Alternate Payee" means any Spouse, former Spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic

Relations Order as having a right to receive all, or a portion, of the benefits payable under the Plan with respect to a Participant.

- (g) **Base Group.** “Base Group” means for any calendar year, each Participant described in Section 3.02:
- (1) other than a Participant who is a non-Highly Compensated Employee, has not attained age twenty-one (21), and has completed less than a Year of Service before the last day of the Plan Year;
 - (2) who is employed by an Employer Unit as an Eligible Employee at any time during that year; and
 - (3) who is not in the Test Group.
- (h) **Beneficiary.** “Beneficiary” means any individual or legal entity who or which becomes eligible to receive benefits payable under the Plan in the event of a Participant’s death, as provided in Section 12.04.
- (i) **Board of Directors.** “Board of Directors” means the Board of Directors of the Company, as it may be constituted from time to time, and any committee, officer, or other individual to which or to whom the Board of Directors will have delegated any of its responsibilities under the Plan.
- (j) **Catch-Up Contributions.** “Catch-Up Contribution” means a Pre-Tax Contribution or Roth Contribution that meets the requirements of Section 4.03.
- (k) **Catch-Up Contribution Account.** “Catch-Up Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from Catch-Up Contributions.
- (l) **Code.** “Code” means the Internal Revenue Code of 1986, as amended.
- (m) **Committee.** “Committee” means the Committee appointed and serving pursuant to Article 14.
- (n) **Company.** “Company” means AMETEK, Inc., a Delaware corporation, or any successor that assumes its obligations under the Plan.
- (o) **Company Stock.** “Company Stock” means common stock of the Company.
- (p) **Company Stock Fund.** “Company Stock Fund” means the Investment Fund established pursuant to Section 8.01(b).
- (q) **Compensation.** “Compensation” means (1) wages as defined in section 3401(a) of the Code and all other payments of compensation to an Employee by the Employer (in the course of the Employer’s trade or business) for which the Employer is required to furnish the Employee a written statement under sections 6041(d), 6051(a) (3), and 6052 of the Code, (2) amounts deferred at the election of the Employee that would be included in wages if not deferred pursuant to the rules of section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the

Code, and (3) any amounts deducted from an Employee's earnings on a pre-tax basis for group health care coverage because the Employer does not request or collect information regarding the Employee's other health care coverage as part of the enrollment process for the health plan, to the extent that the sum of these amounts is less than the applicable limitation under section 401(a)(17) of the Code. Compensation is determined without regard to any rules under section 3401(a) that would otherwise limit the remuneration included in wages based on the nature or location of the employment or the services performed. Compensation includes only amounts actually paid to the Employee during the period he was a Participant in the Plan during a Plan Year or would have been payable during such period but for the Employee's election to defer amounts in accordance with section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code; provided that Compensation will include regular pay (within the meaning of Treasury Regulation section 1.415(c)-2(e)(3)(i)) that is paid by the later of two and one-half months after the Participant terminates employment with an Employer or Affiliate or the end of the Plan Year. Compensation does not include the following:

- (1) sign-on bonuses (and for purposes of Catch-Up Contributions only, any performance or non-performance based bonus payments);
- (2) reimbursements or other expense allowances;
- (3) cash or non-cash fringe benefits (other than elective deferrals as described above), including tuition, housing, dependent education, and car allowance;
- (4) moving expenses;
- (5) deferred compensation (other than elective deferrals as described above), including amounts attributable to the grant, exercise, vesting, or payment of stock options, restricted stock, and other stock-based rights;
- (6) amounts credited or paid under any employee welfare benefit plan (other than the elective deferrals described above);
- (7) severance benefits (paid in any form); and
- (8) imputed income with respect to split-dollar life insurance.

To the extent required by section 414(u)(12) of the Code and guidance issued thereunder, an individual receiving differential wage payments (within the meaning of section 3401(h)(2) of the Code) from the Employer on or after January 1, 2009, will be treated as an employee and the differential wage payments will be treated as Compensation.

The annual Compensation of each Employee taken into account under the Plan will not exceed \$200,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with section 401(a)(17)(B) of the Code.

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- (r) **Contribution Ratio.** “Contribution Ratio” means for any calendar year the ratio of the sum of the Participant’s allocated Matching Contributions, After-Tax Contributions (including Pre-Tax or Roth Contributions that are recharacterized as After-Tax Contributions in accordance with Section 6.03(a)), and Retirement Incentive Contributions for that year (not including any make-up contributions pursuant to section 414(u)(2) of the Code) to the Participant’s Compensation for that year. For this purpose, “compensation” means compensation as defined in section 414(s) of the Code and Treasury Regulation section 1.414(s)-1.
- (s) **Covered Location.** “Covered Location” means a facility, plant, location, or other group of an Employer Unit designated as such in Paragraph C of an Adoption Agreement or Exit Agreement, or any successor to such facility, plant, location, or other group of an Employer Unit. An Employee will be considered employed at a Covered Location for which he performs the majority of his services or at the location that is responsible for the Employee, as determined by the Plan Administrator.
- (t) **Deferral Ratio.** “Deferral Ratio” means for any calendar year the ratio of a Participant’s Pre-Tax Contributions and Roth Contributions for that year (not including any Catch-Up Contributions or make-up contributions pursuant to section 414(u)(2) of the Code) to the Participant’s Compensation for that year. For this purpose, “compensation” means compensation as defined in section 414(s) of the Code and Treasury Regulation section 1.414(s)-1.
- (u) **Disabled.** “Disabled” means (1) if the Participant participated in a defined benefit pension plan maintained by the Employer or the Affiliate immediately before becoming disabled, the meaning of this term under the defined benefit pension plan; or (2) if the Participant does not participate in such a defined benefit pension plan immediately before becoming disabled, a Participant will be considered “Disabled” if he is receiving disability benefits from Social Security for a disability that occurs while he is employed by the Employer or an Affiliate.
- (v) **Discretionary Contributions.** “Discretionary Contributions” means the contributions made to the Plan by an Employer on behalf of a Participant pursuant to Section 5.04.
- (w) **Discretionary Contribution Account.** “Discretionary Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that are derived from Discretionary Contributions.
- (x) **Effective Date.** “Effective Date” means January 1, 2017.
- (y) **Eligible Employee.** “Eligible Employee” means an individual who is (1) an Employee, (2) a member of a group that has been designated as included in the definition of “Eligible Employee” in Paragraph D of an Adoption Agreement, and (3) not a member of a group that has been designated as “Ineligible Employees” in Paragraph D of an Exit Agreement; provided that Eligible Employee will not include the following, unless Paragraph D of the applicable Adoption Agreement expressly provides to the contrary:

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- (1) a Leased Employee, unless required to be included as an Eligible Employee in order to meet the applicable requirements of section 414(n)(3) of the Code;
 - (2) an individual who is classified by the Employer or an Affiliate as a temporary or seasonal employee;
 - (3) a student who is employed by the Employer or an Affiliate while attending school or during his or her breaks from school or any other individual who is classified as an "intern" or temporary employee in accordance with the Employer's or Affiliate's regular employment practices and policies;
 - (4) an individual who is treated or classified by the Employer as a director, independent contractor or otherwise is not classified by the Employer as a "common law employee" of the Employer, even if he is later determined to be a "common law employee" of the Employer by reason of Revenue Ruling 87-41 or any successor thereto. If an individual who is excluded pursuant to this paragraph (4) later becomes classified as a common law employee of the Employer or an Affiliate for any reason, that individual will be deemed to be an Eligible Employee as of the later of (i) the date on which he is reclassified as a common law employee or (ii) the effective date as of which he is reclassified as a common law employee.
 - (5) an individual whose basic compensation for services on behalf of an Employer or Affiliate is not paid directly by an Employer or Affiliate;
 - (6) an individual employed under a contract or other agreement that provides that the individual is not eligible to participate in the Plan; or
 - (7) an individual employed by an Employer who is a non-resident alien and received no earned income (within the meaning of section 911(d)(2) of the Code) from the Employer that constitutes income from sources within the United States (within the meaning of section 861(a)(3) of the Code).

An individual will be a member of a group that has been designated as included in the definition of "Eligible Employee" in Paragraph D of an Adoption Agreement as of the date his Employer Unit treats him as a member of such a group if, within 60 days after such treatment begins, the Company adopts or amends an Adoption Agreement that designates him as included in the definition of "Eligible Employee" in Paragraph D.

- (z) **Employee.** "Employee" means any person who is employed by the Employer or an Affiliate as a common law employee.
- (aa) **Employer.** "Employer" means the Company and any Employer Unit.
- (bb) **Employer Contribution.** "Employer Contribution" means Matching Contributions, Retirement Contributions, Retirement Incentive Contributions, or Discretionary Contributions.

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- (cc) **Employer Unit.** “Employer Unit” means the Company or any Affiliate or any division or other group of the Company or an Affiliate that adopts this Plan as indicated in Paragraph B of an Adoption Agreement or Exit Agreement, or any successor to the Company or any such Affiliate, division, or other group of the Company or an Affiliate.
- (dd) **Exit Agreement.** “Exit Agreement” means the agreement by which certain Employees at a Covered Location of an Employer Unit cease to participate in the Plan and that sets forth certain specifications applicable under the Plan with respect to such Employees. An Exit Agreement will be effective as of the Effective Date stated in Paragraph A of the Exit Agreement.
- (ee) **Highly Compensated Employee.** “Highly Compensated Employee” means an Employee who:
- (1) during the Plan Year or the preceding Plan Year was a Five Percent Owner (within the meaning of Section 19.02(d)), or
 - (2) for the preceding Plan Year had compensation (within the meaning of Section 6.02(c)(2)) in excess of \$110,000 (or such other amount as may be prescribed from time-to-time by the Secretary of the Treasury pursuant to section 414(q)(1)(B)(i) of the Code).

This definition is intended to implement the definition of highly compensated employee in section 414(q) of the Code, and will be applied in a manner that is consistent with that section and with any relevant regulations or other guidance issued thereunder, including any regulations or other guidance adjusting the \$110,000 amount.

- (ff) **Hour of Service.** “Hour of Service” means each of the following, without duplication:
- (1) each hour for which an Employee is paid or entitled to payment for the performance of duties for an Employer or an Affiliate;
 - (2) each hour for which an Employee is paid or entitled to payment by an Employer or Affiliate although no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, layoff, jury duty, military duty, or leave of absence;
 - (3) each hour for which back pay is awarded or agreed to by an Employer or Affiliate, irrespective of mitigation of damages; and
 - (4) each hour of military leave, in accordance with Section 20.03, or family and medical leave that is required by Federal law to be credited.
- (gg) **Insurance Contract.** “Insurance Contract” means an insurance policy, including, but not limited to, universal life insurance policies issued by a licensed insurance carrier, issued to the Trustee for the benefit of a Participant.

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- (hh) **Investment Fund.** “Investment Fund” means the one or more investment funds provided pursuant to Section 8.01.
- (ii) **Leased Employee.** “Leased Employee” means any person who, pursuant to an agreement between the Employer or an Affiliate and any other person (“leasing organization”), performed services for the Employer or Affiliate or any related persons determined in accordance with section 414(n)(6) of the Code on a substantially full-time basis for a period of at least one year and such services are performed under the primary direction of or control by the Employer or Affiliate. In the case of any person who is a Leased Employee before or after a period of Service as an Employee, the entire period during which he performed services as a Leased Employee will be counted as service as an Employee for all purposes of the Plan, except that he will not, by reason of that status, become a Participant of the Plan. However, the period during which such individual performed services as a Leased Employee will not be counted as service as an Employee if, while a Leased Employee, (1) the individual is covered by a plan maintained by his leasing organization that meets the requirements of section 414(n)(5)(B) of the Code and (3) Leased Employees do not constitute more than twenty percent (20%) of the non-highly compensated workforce of the Employer. A Participant will not be deemed to have terminated employment for purposes of this Plan if he becomes a Leased Employee.
- (jj) **Loan Fund.** “Loan Fund” means the Investment Fund described in Section 8.01(a).
- (kk) **Matching Contributions.** “Matching Contributions” means the contributions made to the Plan by an Employer on behalf of a Participant pursuant to Section 5.01.
- (ll) **Matching Contribution Account.** “Matching Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that are derived from Matching Contributions.
- (mm) **Merged Plan Contributions.** “Merged Plan Contributions” means the amounts that (1) are subject to a vesting schedule, distribution right, or other special right or feature identified in the Adoption Agreement that is not otherwise available under the Plan and (2) are transferred to the Plan on behalf of a Participant from a plan that is merged into the Plan pursuant to Section 18.04. Merged Plan Contributions will be treated the same as Matching Contributions except as provided in the Adoption Agreement.
- (nn) **Merged Plan Contribution Account.** “Merged Plan Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that are derived from Merged Plan Contributions.
- (oo) **Normal Retirement Age.** “Normal Retirement Age” means (1) age 65 for a Participant who is not eligible for Retirement Contributions pursuant to Paragraph E of the applicable Adoption Agreement or (2) the later of (i) age 65 or (ii) the fifth (5th) anniversary of the Participant’s commencement of participation in the Plan.

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- (pp) **Participant.** “Participant” means any Eligible Employee who satisfies the requirements set forth in Article 3. In the event of the death or incompetency of a Participant, the term will mean the Participant’s personal representative or guardian.
- (qq) **Period of Severance.** “Period of Severance” means for any Employee, the period beginning on the Employee’s Severance from Service Date and ending on the date the Employee next completes an Hour of Service.
- (rr) **Plan.** “Plan” means The AMETEK Retirement and Savings Plan as it may be amended from time to time.
- (ss) **Plan Administrator.** “Plan Administrator” means the person, group of persons, firm, or corporation serving as plan administrator pursuant to Section 14.01.
- (tt) **Plan Year.** “Plan Year” means the 12-month period beginning on each January 1 and ending the following December 31.
- (uu) **Predecessor Employer.** “Predecessor Employer” means a prior employer of an eligible Employee designated as such in Paragraph H of an Adoption Agreement.
- (vv) **Pre-Tax Contributions.** “Pre-Tax Contributions” means the contributions made to the Plan by an Employer pursuant to a Participant election under Section 4.01.
- (ww) **Pre-Tax Contribution Account.** “Pre-Tax Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from Pre-Tax Contributions.
- (xx) **Qualified Domestic Relations Order.** “Qualified Domestic Relations Order” or “Order” means a domestic relations order (as defined in section 414(p) of the Code) that (1) creates or recognizes the existence of an Alternate Payee’s right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable with respect to a Participant under the Plan and (2) meets the requirements of section 206(d)(3) of ERISA and section 414(p) of the Code, as determined by the Plan Administrator.
- (yy) **Retirement Contributions.** “Retirement Contributions” means the contributions made to the Plan by an Employer on behalf of a Participant pursuant to Section 5.02.
- (zz) **Retirement Contribution Account.** “Retirement Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from Retirement Contributions.
- (aaa) **Retirement Incentive Contributions.** “Retirement Incentive Contributions” means the contributions made to the Plan by an Employer on behalf of a Participant pursuant to Section 5.03.
- (bbb) **Retirement Incentive Contribution Account.** “Retirement Incentive Contribution Account” means the record of assets held by the Trustee for a

Participant or Beneficiary under the Plan that is derived from Retirement Incentive Contributions.

- (ccc) **Rollover Contributions.** “Rollover Contributions” means the elective contributions made to the Plan by a Participant under Section 4.05.
- (ddd) **Rollover Contribution Account.** “Rollover Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from Rollover Contributions. The Rollover Contribution Account includes the subaccounts specified in Section 7.02(f).
- (eee) **Roth Contributions.** “Roth Contributions” means the portion of a Participant’s Pre-Tax Contributions designated irrevocably as Roth Contributions pursuant to a Participant election under Section 4.01(a)(3).
- (fff) **Roth Contribution Account.** “Roth Contribution Account” means the record of assets held by the Trustee for a Participant or Beneficiary under the Plan that is derived from Roth Contributions.
- (ggg) **Service.** “Service” means, with respect to any Employee, his periods of employment with an Employer or Affiliate that are counted as “Service” in accordance with the following rules:
- (1) Each Employee will be credited with Service under the Plan for the period or periods during which such Employee maintains an employment relationship with an Employer or Affiliate. An Employee’s employment relationship begins on the date the Employee first renders one Hour of Service and ends on his Severance from Service Date.
 - (2) Notwithstanding anything to the contrary in paragraph (1) or subsection (hhh), if an Employee is continuously absent from employment with an Employer or Affiliate for more than one year for a reason described in subsection (hhh)(2)(A), the period between the first and second anniversaries of the Employee’s first date of absence will not be treated as Service.
 - (3) Service also will include a Period of Severance between an Employee’s Severance from Service Date and the first anniversary of the date on which the Employee was first absent, if the Employee completes an Hour of Service on or before such first anniversary date.
 - (4) Service credit for a period of “qualified military service” will be determined in accordance with Section 20.03.
- (hhh) **Severance from Service Date.** “Severance from Service Date” means the earliest of:
- (1) the date an Employee quits, is discharged, retires, or dies (but not including the date a Participant becomes a Leased Employee); or
 - (2) the later of:

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- (A) the second anniversary of the date the Employee is first absent from employment by the Employer or an Affiliate on account of the Employee's pregnancy, the birth of the Employee's child, the placement of a child with the Employee in connection with the Employee's adoption of that child, or the Employee's caring for such child immediately following birth or placement; or
- (B) the first anniversary of the date the Employee is first absent from employment by the Employer or an Affiliate for any other reason (including a reason other than those set forth in paragraph (1)), such as vacation, holiday, sickness, disability, leave of absence (including pursuant to the Family and Medical Leave Act of 1993 and the regulations thereunder), or layoff.
- (iii) **Spouse.** "Spouse" means the individual to whom the Participant is legally married, determined in accordance with IRS Revenue Ruling 2013-17 and other relevant guidance issued by the Internal Revenue Service and the Department of Labor, as of the earlier of the date on which the first payment of his retirement benefit is to be made or the date of his death. For periods before June 26, 2013, an individual shall be treated as a Spouse only to the extent provided in the provisions of the Plan then in effect. The term "Spouse" also will include a former Spouse of a Participant to the extent required by a Qualified Domestic Relations Order.
- (jj) **Taxable Wage Base.** "Taxable Wage Base" for a Plan Year means 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 Retirement Contributions are made. The Taxable Wage Base will be deemed to be the full amount of the Taxable Wage Base even if a Participant's Compensation for a Plan Year is less than the Taxable Wage Base for reasons which include becoming a Participant after the first day of the Plan Year or experiencing a Severance From Service Date before the end of the Plan Year.
- (kkk) **Test Group.** "Test Group" means for any calendar year, each Participant described in Section 3.02:
- (1) other than a Participant who is a non-Highly Compensated Employee, has not attained age twenty-one (21), and who has completed less than a Year of Service before the last day of the Plan Year;
 - (2) who is employed by an Employer Unit as an Eligible Employee at any time during that year; and
 - (3) who is a Highly Compensated Employee.
- (lll) **Trust Fund.** "Trust Fund" means all money, securities, and other property that is held by the Trustee, pursuant to the terms of the trust agreement established for such purposes.
- (mmm) **Trustee.** "Trustee" means the entity or individuals appointed from time to time by the Company to hold the assets of the Plan.

(nnn) **Valuation Date.** “Valuation Date” means the date as of which the Trustee will determine the value of the assets in the Trust Fund for purposes of enabling the Plan Administrator or its delegate to determine the value of the Accounts.

(ooo) **Year of Service.** “Year of Service” means for any Employee, each consecutive 12-month period of Service.

2.02 Construction.

For purposes of the Plan, unless the contrary is clearly indicated by context,

- (a) the use of the masculine gender will also include within its meaning the feminine and vice versa,
- (b) the use of the singular will also include within its meaning the plural and vice versa,
- (c) the word “include” will mean to include without limitation, and
- (d) any reference to a statute or section of a statute will further be a reference to any successor or amended statute or section, and any regulations or other guidance of general applicability issued thereunder.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.01 Eligibility.

- (a) Generally. Except as provided in subsection (b), an individual will be eligible to participate in the Plan if the individual is an Eligible Employee and has attained the age of eighteen (18).
- (b) Restrictions on Eligibility.
 - (1) An Employee covered by a currently effective collective bargaining agreement will not be eligible to participate in the Plan unless the Employee is otherwise eligible and the agreement expressly provides for inclusion in the Plan of Eligible Employees in his bargaining unit. Expiration of a collective bargaining agreement will not by itself affect an Employee's status as eligible to participate in the Plan pending execution of a new collective bargaining agreement.
 - (2) No Employee will be eligible to participate or to continue to participate in the Plan if the applicable laws of any state, country, or other jurisdiction prohibit participation in the Plan or render its provisions invalid or inoperative in their application to that Employee.

3.02 Participation.

Any individual who was a Participant in the Plan immediately preceding the Effective Date will be considered a Participant on the Effective Date. Each other Eligible Employee who meets the requirements of Section 3.01 will become a Participant on the first day that the Eligible Employee first performs an Hour of Service as an Eligible Employee. No Employee will participate before the effective date set forth in Paragraph A of the applicable Adoption Agreement.

3.03 Cessation of Active Participation.

Once an Eligible Employee has become an active Participant in the Plan in accordance with Section 3.02, the Eligible Employee will remain a Participant in the Plan until the Participant's entire Account balance under the Plan has been distributed in accordance with the provisions of the Plan. While a Participant is an Eligible Employee, the Participant will be considered an "Active Participant." During all other periods of participation, a Participant will be considered an "Inactive Participant." Except as otherwise provided, only those Participants who are Active Participants will be entitled to share in Matching, Retirement, or Retirement Incentive Contributions or to elect to make Pre-Tax, Roth, After-Tax, Catch-Up, or Rollover Contributions.

3.04 Reemployment of Former Employees and Former Participants.

Any person employed by an Employer as an Eligible Employee who was previously a Participant or was previously eligible to become a Participant will be immediately eligible to become a Participant in the Plan. Any other person reemployed by an Employer may participate in the Plan on meeting the requirements of Section 3.02.

ARTICLE 4. CONTRIBUTIONS BY EMPLOYEES

4.01 Pre-Tax Contributions and Roth Contributions.

(a) Affirmative Election.

- (1) Amount of Election. Subject to the limits imposed by Section 4.04 and Article 6, a Participant may elect a reduction in Compensation equal to not less than one percent (1%) and not more than fifty percent (50%) of his Compensation for each payroll period beginning after the effective date of his election; provided that if the Participant is a Highly Compensated Employee, he may not elect a reduction in Compensation equal to more than ten percent (10%) of his Compensation. Pursuant to each such election, the Participant's Employer Unit will, in accordance with Section 4.07, contribute the amount of the reduction in Compensation elected for a payroll period to the Plan on the Participant's behalf as a Pre-Tax Contribution. The Plan Administrator may change the maximum percentages set forth in this subsection at any time with respect to non-discriminatory groups of Eligible Employees of an Employer Unit.
- (2) Election Procedures. A Participant may elect to have Compensation that would otherwise be paid to him by his Employer Unit in cash reduced as provided in subsection (1) by filing an election with the Plan Administrator in such form and at such time as the Plan Administrator will require. Such election will be effective on the first day of the first payroll period that follows the date that the election is made, subject to such rules as the Plan Administrator may establish for this purpose (including a deadline for making an election effective as of the first day of a particular payroll period). A Participant's election will evidence the Participant's agreement, until subsequently modified by the Participant in accordance with Section 4.06, to have contributions made on the Participant's behalf in accordance with paragraph (1).
- (3) Roth Contributions. A Participant may elect to designate all or a portion of his Pre-Tax Contribution irrevocably, at the time of the election, as a Roth Contribution that is being made in lieu of all or a portion of the Pre-Tax Contribution. Roth Contributions shall be includible in the Participant's income pursuant to section 402A of the Code.

(b) Automatic Election of Pre-Tax Contributions.

(1) Amount of Automatic Election.

- (A) Each Participant will be deemed to have elected to reduce his Compensation by three percent (3%), effective with respect to the first administratively feasible payroll period following the thirtieth (30th) day after the Participant receives the notice described in paragraph (2), unless within a reasonable period before such date, as determined by the Plan Administrator, the Participant elects in accordance with Section 4.06(a) either to reduce his

Compensation by a different percentage or not to make Pre-Tax Contributions. This deemed election will be a Pre-Tax Contribution election for all purposes of the Plan and will remain in effect unless the election is changed by the Participant in accordance with the provisions of Section 4.06(a).

- (B) The amount of a deemed Pre-Tax Contribution election under this Section 4.01(b) will increase by one percent (1%) of Compensation each year until it equals six percent (6%) of Compensation as follows:
- (I) the first automatic increase will apply with respect to the first payroll period that begins in January of the year after the year in which the Participant is hired or rehired, as applicable, except that, for Participants hired or rehired after October 31 of a year, the first automatic increase will not apply until the first payroll period that begins in the second January following their hire or rehire, and
 - (II) each subsequent automatic increase will apply with respect to the first payroll period that begins in the January following the first automatic increase or any subsequent automatic increase.

Any automatic increases in a deemed Pre-Tax Contribution election will remain in place until the Participant's deemed election equals six percent (6%) of Compensation unless the Participant revokes or changes his election pursuant to Section 4.06(a) before that time.

(2) Notice Regarding Automatic Election.

- (A) Timing of Notice. At least thirty (30) days, but not more than ninety (90) days, before each Plan Year, the Plan Administrator will provide each Participant a comprehensive notice described in paragraph (B), below, written in a manner calculated to be understood by the average Participant. If a Participant is hired (or rehired following a Severance from Service Date) or becomes eligible to participate in the Plan after the ninetieth (90th) day before the beginning of the Plan Year and does not receive the notice for that reason, the notice will be provided no earlier than ninety (90) days before the date that the Participant becomes eligible to participate in the Plan but not later than the first administratively feasible date after the Participant becomes eligible to participate in the Plan.
- (B) Content of Notice. The notice will describe:
- (I) the amount of Pre-Tax Contributions that will be made on the Participant's behalf pursuant to an automatic election;

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- (II) the Participant's right to elect not to have any Pre-Tax Contributions made on his or her behalf or to elect to reduce his Compensation by a different percentage or not to make Pre-Tax Contributions; and
 - (III) how Pre-Tax Contributions made pursuant to an automatic election will be invested in the absence of the Participant's investment instructions.

4.02 After-Tax Contributions.

- (a) Amount of Election. Subject to the limits imposed by Section 4.04 and Article 6, a Participant may elect to make After-Tax Contributions to the Plan equal to not less than one percent (1%) and not more than fifty percent (50%) of his Compensation for each payroll period beginning after the effective date of his election; provided that if the Participant is a Highly Compensated Employee, he may not elect a reduction in Compensation equal to more than (eight percent (8%) of his Compensation. Pursuant to each such election, the Participant's Employer Unit will, in accordance with Section 4.07, contribute the amount of the reduction in Compensation elected for a payroll period to the Plan on the Participant's behalf as an After-Tax Contribution. The Plan Administrator may change the maximum percentages set forth in this subsection at any time with respect to non-discriminatory groups of Eligible Employees of an Employer Unit. Any portion of an After-Tax Contribution made by a Participant for any Plan Year that exceeds the maximum amount permitted by the Plan shall be returned to him, together with the allocable gain or loss, as soon as practicable and shall not be considered an After-Tax Contribution for any purpose of the Plan.
- (b) Election Procedures. A Participant may elect to have Compensation that would otherwise be paid to him by his Employer Unit in cash reduced as provided in subsection (a) by filing an election with the Plan Administrator in such form and at such time as the Plan Administrator will require. Such election will be effective on the first day of the first payroll period that follows the date that the election is made, subject to such rules as the Plan Administrator may establish for this purpose (including a deadline for making an election effective as of the first day of a particular payroll period). A Participant's election will evidence the Participant's agreement, until subsequently modified by the Participant in accordance with Section 4.06, to have contributions made on the Participant's behalf in accordance with subsection (a).

4.03 Catch-Up Contributions.

Each Participant who has attained (or will attain) age 50 before the close of a Plan Year and on whose behalf his Employer Unit is contributing the maximum combined Pre-Tax and Roth Contributions permitted under the Plan (by reason of either Section 4.01, Section 4.04, or Article 6) may elect, in accordance with the procedures described in Section 4.01(a)(2), an additional reduction in Compensation of no more than the least of the following:

- (a) Fifty percent (50%) of the Participant's Compensation;

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- (b) \$5,000, as adjusted by the Internal Revenue Service in accordance with section 414(v)(2)(C) of the Code; or
 - (c) The excess, if any, of:
 - (1) the Participant's Compensation (as defined in Section 6.02(c)(2)) for the Plan Year, over
 - (2) the Participant's Pre-Tax and Roth Contributions for the Plan Year.

Pursuant to each such election by a Participant, the Participant's Employer Unit will, in accordance with Section 4.07, contribute the amount of the reduction in Compensation to the Plan on the Participant's behalf as a Catch-Up Contribution. Catch-Up Contributions are not subject to the limits of Section 4.04 or Article 6.

4.04 Limitation on Contributions.

Except as provided in Section 4.03 (with respect to Catch-Up Contributions), the sum of a Participant's Pre-Tax, Roth, and After-Tax Contributions for any payroll period shall not exceed fifty percent (50%) of his Compensation for that payroll period; provided that if the Participant is a Highly Compensated Employee: (a) the sum of his Pre-Tax and Roth Contributions shall not exceed ten percent (10%) of his Compensation for that payroll period, and (b) his After-Tax Contributions shall not exceed eight percent (8%) of his Compensation for that payroll period.

4.05 Rollover Contributions.

- (a) Subject to Plan Administrator procedures and without regard to any limitations on contributions set forth in Section 4.01(a), 4.02, 4.03, 4.04, or Article 6, the Plan may receive from an Eligible Employee, regardless of whether he has completed the age requirements of Section 3.01, in cash, any portion of:
 - (1) an eligible rollover distribution (as defined in subsection (f)) paid to an Eligible Employee from an eligible retirement plan (as defined in subsection (f)), provided that the rollover satisfies the requirements of section 402(c) or 408(d)(3)(A) of the Code and the Eligible Employee pays such amount to the Trustee on or before the 60th day after the day it was received by the Eligible Employee; or
 - (2) an eligible rollover distribution (as defined in subsection (f)) paid as a direct rollover that satisfies section 401(a)(31) of the Code to the Trustee on behalf of the Eligible Employee by an eligible retirement plan.
- (b) The Plan will accept amounts attributable to a designated Roth account or after-tax amounts; provided that such rollover is in the form of a direct rollover described in subsection (a)(2).
- (c) Upon approval by the Plan Administrator, the amount transferred to the Plan by an Eligible Employee pursuant to this Section 4.05 will be credited to the Eligible Employee's Rollover Contribution Account, and, in accordance with Article 7, shall be allocated within such Rollover Contribution Account to Pre-Tax Rollover,

Roth Rollover, and After-Tax Rollover Subaccounts, as applicable. The Eligible Employee will be fully vested in his Rollover Contribution Account and will share in allocations of income, gains and losses from investment options.

- (d) Upon a transfer described in this Section 4.05 by an Eligible Employee who is not a Participant, the Eligible Employee's Rollover Contribution Account will represent his sole interest in the Plan until he becomes a Participant.
- (e) The Plan Administrator will develop such other procedures and may require such information from an Eligible Employee as it deems necessary or desirable to determine that a proposed rollover will meet the requirements of this Section 4.05 and that the amount rolled over qualifies for rollover treatment pursuant to applicable provisions of the Code. If the Plan Administrator determines that any Rollover Contribution previously made to the Plan by a Participant is not a valid Rollover Contribution, the Plan Administrator will return to the Participant, as soon as administratively possible, the amount of the invalid Rollover Contribution, together with earnings attributable to the Rollover Contribution.
- (f) For purposes of this Section 4.05, the following terms are defined as follows:
 - (1) Eligible Rollover Distribution. An "Eligible Rollover Distribution" is all or any portion of the distribution from an eligible retirement plan, excluding (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Eligible Employee and his designated beneficiary, or for a specified period of ten years or more; (B) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; or (C) any amount that is distributed on account of hardship.
 - (2) Eligible Retirement Plan. An "Eligible Retirement Plan" means (A) a qualified plan described in section 401(a) or 403(a) of the Code; (B) an annuity contract described in section 403(b) of the Code; (C) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (D) an individual retirement account or annuity described in section 408(a) or 408(b) of the Code; or (E) a Roth individual retirement account described in section 408A(b) of the Code.

4.06 Changes and Suspensions.

- (a) A Participant may elect to:
 - (1) discontinue Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, or Catch-Up Contributions and receive cash,
 - (2) resume Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, or Catch-Up Contributions;
or
 - (3) change the rate of his Pre-Tax, Roth Contributions, After-Tax Contributions, or Catch-Up Contributions;

by filing an election with the Plan Administrator in such form as the Plan Administrator may require. Such election will be effective on the first day of the first payroll period that follows the date that the election is made, discontinued, or changed, subject to such rules as the Plan Administrator may establish for this purpose (including a deadline for making, discontinuing, or changing an election effective as of the first day of a particular payroll period). The Plan Administrator, in its sole discretion, may permit such election to be transmitted electronically or telephonically, to the extent permitted by, and in accordance with any procedures set forth in, applicable law and regulations.

- (b) A Participant may elect for his Pre-Tax Contributions to automatically increase each Plan Year by either one percent (1%), two percent (2%) or three percent (3%) of Compensation to the extent that the increases do not cause the Participant's Pre-Tax Contributions, Roth Contributions, or Catch-Up Contributions to exceed the applicable limits described in Section 4.01(a), 4.03, 4.04, and Article 6. The Participant may elect the month that the increase will become effective during a Plan Year, and any increase will be applied beginning with Compensation earned during the first payroll period of that month. If the Participant does not elect a month for the automatic increase to apply, the increase will be applied effective beginning with Compensation earned during the first payroll period that begins in each Plan Year. A Participant may prospectively elect, at any time, to apply, discontinue or to change the time and amount of an automatic increase to the amount of his Pre-Tax Contributions.
- (c) If a Participant ceases to receive Compensation due to a change of status of employment, the Participant's Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, and Catch-Up Contributions will be automatically suspended as of the date of the change of status and discontinued as of the later of two and one half months after the change of status or the end of the Plan Year in which the change of status occurs. If a Participant's contributions are discontinued due to a change of status of employment, his participation in the Plan upon his reemployment will be subject to Section 3.04. If a Participant ceases to receive Compensation by reason of a layoff, an authorized leave of absence, or a change of status of employment that does not result in discontinuance of the Participant's contributions, the Participant's Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, and Catch-Up Contributions will be automatically suspended at the beginning of the leave period or as of the date of the change of status of employment and will be automatically reinstated upon his return.
- (d) An Employer Unit may suspend a Participant's Pre-Tax Contributions, Roth Contributions, or After-Tax Contributions at any time if, based on the Employer Unit's estimates, suspension appears to be necessary to avoid or reduce any year-end adjustment that it otherwise may expect to make under Section 6.02.
- (e) No Employee will make Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, or Catch-Up Contributions for any payroll period beginning after the effective date as set forth in Paragraph A of an applicable Exit Agreement.

4.07 Credit to Accounts.

- (a) Employer Units will make payment in cash of Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, and Catch-Up Contributions to the Trustee. The Trustee will credit the amounts so received to the Pre-Tax Contribution, Roth Contribution, After-Tax Contribution, and Catch-Up Contribution Accounts, respectively, of the appropriate Participants as soon as administratively feasible after receipt of the amounts.
- (b) Each contribution made by the Employer Units pursuant to the provisions of this Article 4 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.

ARTICLE 5. EMPLOYER CONTRIBUTIONS

5.01 Matching Contributions.

- (a) Subject to the limitations imposed by Article 6, the appropriate Employer Unit will contribute for each Participant the lesser of:
 - (1) the percentage specified in Paragraph E of the applicable Adoption Agreement multiplied by the sum of any Pre-Tax Contributions and Roth Contributions (not including Catch-up Contributions or amounts initially intended to be Catch-up Contributions but reclassified as Pre-Tax Contributions or Roth Contributions pursuant to Section 6.01(b)) made on behalf of that Participant for that payroll period, or
 - (2) the maximum Matching Contribution specified in Paragraph E of the applicable Adoption Agreement;provided, however, that if the Participant is an active participant in a defined benefit pension plan sponsored by the Company or an Affiliate, and paragraph E of the applicable Adoption Agreement does not provide for Retirement Contributions and/or Retirement Incentive Contributions on behalf of any Eligible Employee, the Employer Unit will contribute for the Participant 33 1/3% of the Participant's Pre-Tax Contributions (but not Catch-Up Contributions), on the first 6% of such Eligible Employee's Eligible Compensation for the applicable payroll period, up to a maximum Matching Contribution of 2% of the Participant's Compensation for the applicable payroll period; provided that the Matching Contribution made on behalf of any such Participant will not exceed \$1,200 in any Plan Year.
- (b) Employer Units will make payment in cash of Matching Contributions to the Trustee as soon as practicable after the Pre-Tax Contributions and Roth Contributions on which such Matching Contributions are based are contributed to the Plan. Matching Contributions will be allocated to Participants' Matching Contribution Accounts in accordance with Section 7.02(g).

5.02 Retirement Contributions.

Subject to the limitations imposed by Article 6, if a Participant is eligible for a Retirement Contribution, as provided in Paragraph E of the applicable Adoption Agreement, the appropriate Employer Unit will contribute to the Plan a percentage (based upon the table set forth below) of the Compensation earned for each payroll period during the Plan Year that the Participant is eligible for a Retirement Contribution.

<u>Total of Participant's Age Plus Full Years of Service</u>	<u>Percentage of Compensation Up to Taxable Wage Base</u>	<u>Percentage of Compensation Exceeding Taxable Wage Base</u>
Less than 50	3%	5%
50 or more, but less than 65	4%	6%

65 or more, but less than 75	5%	7%
75 or more	6%	8%

For purposes of this Section 5.02, a Participant's age and full Years of Service means the Participant's age and full Years of Service, not rounded, on the first day of the Plan Year. A Participant who is reemployed after having a Period of Severance of at least one year will not receive credit for Years of Service preceding the Period of Severance for purposes of calculating a Retirement Contribution under this Section 5.02.

Retirement Contributions will be allocated to eligible Participants' Retirement Contribution Accounts in accordance with Section 7.02(h).

5.03 Retirement Incentive Contributions.

Subject to the limitations imposed by Article 6, if a Participant who is eligible for a Retirement Contribution under Section 5.02 elects to make Pre-Tax Contributions and/or Roth Contributions to the Plan in accordance with Section 4.01 (not including Catch-Up Contributions or amounts initially intended to be Catch-Up Contributions but reclassified as Pre-Tax Contributions or Roth Contributions pursuant to Section 6.01(b)) in an amount equal to not less than six percent (6%) of his Compensation for any payroll period, his Employer Unit will contribute to the Plan for such payroll period an amount equal to one percent (1%) of the Participant's Compensation for that payroll period.

Employer Units will make payment in cash of Retirement Incentive Contributions to the Trustee as soon as practicable after the Pre-Tax Contributions and/or Roth Contributions on which such Retirement Incentive Contributions are based are contributed to the Plan. Retirement Incentive Contributions will be allocated to Participants' Retirement Incentive Contribution Accounts in accordance with Section 7.02(i).

5.04 Discretionary Contributions.

Subject to the limitations imposed by Article 6, an Employer Unit may make a contribution to the Plan in such amount as the Employer Unit may, in its sole discretion, deem appropriate, and such amount may be zero. Any Discretionary Contribution will be allocated to the Discretionary Contribution Account of each Participant who (a) is a member of a group that has been designated as included in the definition of "Eligible Employee" in Paragraph D of the appropriate Adoption Agreement, and (b) completes at least one (1) Hour of Service with the Employer Unit during the Plan Year in the same ratio that each such Participant's Compensation for such Plan Year bears to the total Compensation of all such eligible Participants for the Plan Year. Notwithstanding the foregoing, an Employer Unit may provide in the written instrument providing for the Discretionary Contribution a different group of Participants or basis for allocating the Discretionary Contribution that satisfies the nondiscrimination requirements of section 401(a)(4) of the Code and otherwise complies with the requirements of the Code and ERISA.

5.05 Credit to Accounts.

Employer Contributions made pursuant to this Article 5 for any Plan Year will be made no later than the last day on which amounts may be deducted for federal income tax purposes for the taxable year of the Employer Unit in which the Plan Year ends. Each contribution made by Employer Units pursuant to the provisions of this Article 5 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.

**ARTICLE 6. LIMITATIONS ON CONTRIBUTIONS AND ALLOCATIONS TO
ACCOUNTS**

6.01 Limits on Employee Contributions.

- (a) In General. Except as provided in Section 4.03 (with respect to Catch-Up Contributions) and Section 20.02(b), a Participant's Pre-Tax Contributions and Roth Contributions for any calendar year will not exceed the amount set forth in section 402(g)(1) of the Code, as adjusted from time to time by the Secretary of the Treasury or by applicable law, reduced by contributions to other plans excludible from his taxable income by reason of sections 401(k), 403(b), 408(k), or 408(p) of the Code.
- (b) Correction of Excess Deferrals. If the sum of the Participant's Pre-Tax Contributions and Roth Contributions (excluding Catch-Up Contributions) and similar contributions to any other qualified defined contribution plan maintained by the Employer or an Affiliate on behalf of a Participant exceeds the dollar limit set forth above for any calendar year, the Participant will be deemed to have elected a return of the contributions in excess of such limit ("excess deferrals") from this Plan. In addition, if a Participant makes pre-tax contributions or Roth contributions under another qualified defined contribution plan maintained by an employer other than the Employer or an Affiliate for any calendar year and those contributions when added to his Pre-Tax Contributions and Roth Contributions under this Plan exceed the dollar limit set forth above for that calendar year, the Participant may allocate a portion of such excess deferrals to this Plan so long as he notifies the Plan Administrator by April 1 of that following year of the amount of excess deferral allocated to this Plan. The excess deferrals, together with earnings, will be returned to the Participant no later than April 15 following the end of the calendar year in which the excess deferrals were made. Roth Contributions will be returned first and, to the extent that the excess deferrals are more than the Participant's Roth Contributions for the year, then Pre-Tax Contributions equal to the remainder of the excess deferrals will be returned. The amount of excess deferrals to be returned for any calendar year will be reduced by any Pre-Tax Contributions or Roth Contributions previously returned to the Participant under Section 6.03(a) for that calendar year or re-characterized as Catch-Up Contributions contributed pursuant to Section 4.03 to the extent permitted by section 414(v) of the Code. If any Pre-Tax Contributions or Roth Contributions returned or re-characterized under this paragraph were matched by Matching Contributions or Retirement Incentive Contributions under Sections 5.01 and 5.03, respectively, those Matching Contributions and Retirement Incentive Contributions, together with earnings, will be forfeited and used to reduce Employer Contributions.

6.02 Limits on Annual Additions.

- (a) In General. The Annual Additions to the Accounts of any Participant for a Plan Year, when added to the Annual Additions of his accounts under all other defined contribution plans maintained by the Employer or an Affiliate, may not exceed the lesser of:

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- (1) Forty-nine thousand dollars (\$49,000), as adjusted in accordance with section 415(d) of the Code, or
 - (2) One hundred percent (100%) of the Participant's Compensation (as defined below) for the Plan Year.

The limit referred to in subsection (2) will not apply to any contribution for medical benefits (within the meaning of section 401(h) or section 419A(f)(2) of the Code) after separation from service which is otherwise treated as an Annual Addition.

(b) Correction of Excess Annual Additions.

- (1) If for any Plan Year the Annual Additions on behalf of a Participant exceed the limitations of subsection (a), the excess will be disposed of in accordance with the requirements of the Employee Plans Compliance Resolution System or such other method approved by the Internal Revenue Service.
- (2) If the Annual Additions on behalf of a Participant for a Plan Year exceed the limitations of subsection (a) because the Participant is also participating in or has participated in a Related Plan, the Annual Additions with respect to the Participant under the other plan will, to the extent permitted by the other plan, be suspended or reduced until the limitations are satisfied. If the Participant has Annual Additions allocated on his behalf under more than one other Related Plan, suspensions or reductions will be made in reverse chronological order, beginning with the plan under which the Participant most recently was allocated an Annual Addition and ending with the plan under which the Participant least recently was allocated an Annual Addition. If the other Related Plan does not permit suspensions or reductions as a result of excess annual additions, reductions or suspensions will be made under this Plan.

(c) Definitions. For purposes of this Section 6.02, the following definitions and rules of interpretation will apply:

- (1) Annual Additions means the sum of the following amounts:
 - (A) Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, Matching Contributions, Retirement Contributions, Retirement Incentive Contributions, and Discretionary Contributions allocated to a Participant's Accounts under the Plan and similar contributions allocated to a Participant's accounts under any Related Plan during the Plan Year;
 - (B) Forfeitures allocated to a Participant's Accounts under this Plan and any Related Plan;
 - (C) Any amounts allocated to an individual medical account, as defined in section 414(l)(2) of the Code, that is part of a pension or annuity plan maintained by an Employer; and

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- (D) Any amounts derived from contributions for post-retirement medical benefits allocated to the separate account of a key employee (as defined in section 419(A)(d)(3) of the Code) under a welfare benefit plan (as defined in section 419(e) of the Code) maintained by an Employer.
- (2) Compensation means (1) wages as defined in section 3401(a) of the Code and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under sections 6041(d), 6051(a)(3), and 6052 of the Code, plus (2) any amounts deducted from a Participant's earnings on a pre-tax basis for group health care coverage because the Employer does not request or collect information regarding the Participant's other health care coverage as part of the enrollment process for the health plan, to the extent that the sum of these amounts is less than the applicable limitation under section 401(a)(17) of the Code. "Compensation" will not include compensation paid or made available to the Participant after the Participant's termination of employment with the Employer or Affiliate, except regular pay (within the meaning of Treasury Regulation section 1.415(c)-2(e)(3)(i)) that is paid by the later of two and one-half months after the Participant terminates employment or the end of the Plan Year.
- (3) Related Plan means any other plan or portion of a plan that is maintained by the Employer or an Affiliate and treated as a "defined contribution plan" under section 414(k) of the Code and Treasury Regulation section 1.415(c)-1(a)(2).

6.03 Nondiscrimination Tests.

- (a) Pre-Tax Contributions and Roth Contributions. Pre-Tax Contributions and Roth Contributions (not including Catch-Up Contributions) of a Participant in the Test Group will not be given effect and the amounts otherwise deferred will constitute first Catch-Up Contributions (to the extent permitted under Section 4.03), and then After-Tax Contributions (to the extent permitted under Section 4.02), to the extent necessary to reduce the average of the Deferral Ratios of all Eligible Employees in the Test Group to the greater of the following amounts (the "Maximum Ratio"):
- (1) 1.25 times the average of the Deferral Ratios of all Eligible Employees in the Base Group for the applicable Plan Year; or
- (2) 2.0 times the average of the Deferral Ratios of all Eligible Employees in the Base Group, but not more than this average plus 2%, for the applicable Plan Year.

To the extent the recharacterization of Pre-Tax Contributions and Roth Contributions as Catch-Up Contributions or as After-Tax Contributions does not reduce the average of the Deferral Ratios to the amounts set forth in either subsection (1) or (2), the adjustment will be made by calculating the dollar amount of excess contributions for each affected Highly Compensated Employee

in the Test Group in the manner described in section 401(k)(8)(B) of the Code and Treas. Reg. § 1.401(k)-2(b)(2), and then returning first the Roth Contributions and then the Pre-Tax Contributions of each such Highly Compensated Employee with the then-largest dollar amount of Pre-Tax Contributions and Roth Contributions until the total amount of excess contributions that would be required to satisfy this subsection (a) is returned. Any amounts recharacterized pursuant to this subsection (a) will include income allocable to such amounts accrued through a date not more than seven days before such amount is recharacterized. Any amounts returned pursuant to this subsection (a) will include income allocable to such amounts accrued through the end of the Plan Year in which such contributions were made. The amount of income allocable to such amounts will be determined using a reasonable method that is (x) applied consistently for all corrective distributions to Participants for the Plan Year and (y) used by the Plan for allocating income to Participants' Accounts. Matching Contributions and Retirement Incentive Contributions (including the earnings and losses thereon, as necessary) made on amounts recharacterized or returned pursuant to this subsection (a) will be forfeited.

The Plan will use the prior year testing method as provided in section 401(k)(3)(A) of the Code.

(b) After-Tax Contributions, Matching Contributions, and Retirement Incentive Contributions. The average of the Contribution Ratios of all Eligible Employees in the Test Group may not exceed the greater of the following amounts:

- (1) 1.25 times the average of the Contribution Ratios of all Eligible Employees in the Base Group for the applicable Plan Year; or
- (2) to the extent not prohibited by applicable regulations, 2.0 times the average of the Contribution Ratios of all Eligible Employees in the Base Group, but not more than this average plus 2%, for the applicable Plan Year.

Adjustment will be made by returning the After-Tax Contributions, by forfeiting unvested Matching Contributions or Retirement Incentive Contributions (including the earnings and losses thereon), and by distributing vested Matching Contributions or vested Retirement Incentive Contributions of each Participant in the Test Group.

Any such adjustment will be performed in a manner consistent with that provided for Pre-Tax Contributions and Roth Contributions in subsection (a), including the requirement to include income on amounts returned, forfeited, or distributed. The amounts forfeited pursuant to this subsection (b) will be used to reduce Matching Contributions or Retirement Incentive Contributions for the Plan Year in which the forfeiture occurs.

The Plan will use the prior year testing method as provided in section 401(m)(2)(A) of the Code.

(c) Notwithstanding any provision of this Section 6.03 to the contrary, Eligible Employees who are included in a unit of employees covered by an agreement

that the Secretary of Labor finds to be a collective bargaining agreement will be tested separately under subsections (a) and (b) from Eligible Employees who are not included in a unit covered by such an agreement or excluded from such testing, as permitted by applicable law.

ARTICLE 7. ALLOCATION TO ACCOUNTS

7.01 Accounts.

The Plan Administrator will create and maintain adequate records to disclose the interest in the Trust Fund of each Participant and Beneficiary. Such records will be in the form of individual accounts and credits and charges will be made to such accounts in the manner described in this Article 7. When appropriate, a Participant will have any or all of the following separate accounts: a Pre-Tax Contribution Account, a Roth Contribution Account, an After-Tax Contribution Account, a Catch-Up Contribution Account, a Matching Contribution Account, a Retirement Contribution Account, a Retirement Incentive Contribution Account, a Discretionary Contribution Account, a Rollover Contribution Account, and a Merged Plan Contribution Account. The maintenance of individual accounts is only for accounting purposes, and a segregation of the assets of the Trust Fund to each account will not be required. Distributions and withdrawals made from an account will be charged to the account as of the date paid.

7.02 Account Allocations.

The Accounts of Participants and Beneficiaries will be adjusted in accordance with the following:

- (a) Income. As of each Valuation Date, each Investment Fund will be revalued separately. Based on such revaluation of the Investment Funds, each Account will be revalued as of the applicable Valuation Date to reflect its proportionate share of investment experience since the immediately preceding Valuation Date.
- (b) Pre-Tax Contributions. As of each Valuation Date, the Pre-Tax Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Pre-Tax Contribution Accounts of the Participants on whose behalf such contributions were made.
- (c) Roth Contributions. As of each Valuation Date, the Roth Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Roth Contribution Accounts of the Participants on whose behalf such contributions were made.
- (d) After-Tax Contributions. As of each Valuation Date, the After-Tax Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the After-Tax Contribution Accounts of the Participants on whose behalf such contributions were made.
- (e) Catch-Up Contributions. As of each Valuation Date, the Catch-Up Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Catch-Up Contribution Accounts of the Participants on whose behalf such contributions were made. A Catch-Up Contribution Account will consist of the following subaccounts:
 - (1) A Pre-Tax Catch-Up Subaccount, to which any pre-tax Catch-Up Contributions are credited; and

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- (2) A Roth Catch-Up Subaccount, to which any Roth Catch-Up Contributions are credited.
- (f) Rollover Contributions. As of each Valuation Date, the Rollover Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Rollover Contribution Accounts of the Participants on whose behalf such contributions were made. The Rollover Contribution Account will consist of the following subaccounts:
- (1) A Pre-Tax Rollover Subaccount, to which any pre-tax rollover contributions are credited;
 - (2) A Roth Rollover Subaccount, to which any Roth rollover contributions are credited; and
 - (3) An After-Tax Rollover Subaccount, to which any after-tax rollover contributions are credited.
- (g) Matching Contributions. As of each Valuation Date, the Matching Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Matching Contribution Accounts of the Participants on whose behalf such contributions were made.
- (h) Retirement Contributions. As of each Valuation Date, the Retirement Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Retirement Contribution Account of the Participants on whose behalf such contributions were made.
- (i) Retirement Incentive Contributions. As of each Valuation Date, the Retirement Incentive Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Retirement Incentive Contribution Accounts of the Participants on whose behalf such contributions were made.
- (j) Discretionary Contributions. As of each Valuation Date, the Discretionary Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Discretionary Contribution Accounts of the Participants on whose behalf such contributions were made.
- (k) Merged Plan Contributions. As of each Valuation Date, the Merged Plan Contributions received by the Trust Fund since the immediately preceding Valuation Date will be allocated to the Merged Plan Contribution Accounts of the Participants on whose behalf such contributions were received.

7.03 Statement of Accounts.

The Plan Administrator will furnish each Participant, each Alternate Payee, and each Beneficiary of a deceased Participant, at least quarterly, a statement showing the value of his Accounts, the allocations to and distributions from his Accounts, and such other information as may be required by applicable law. No statement will be provided to a

Participant or Beneficiary after the Participant's entire vested and nonforfeitable interest in his Accounts is distributed.

7.04 Allocations Do Not Create Rights.

No Participant will 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 8. INVESTMENT ELECTIONS

8.01 Investment Funds.

- (a) The Plan Administrator has the authority to direct the Trustee to maintain the assets of the Trust Fund in multiple Investment Funds so as to provide alternative investment vehicles for the assets of the Plan. The Plan Administrator, in its sole discretion, has the authority to establish the number and type of Investment Funds, to establish additional Investment Funds (including the authority to establish a default fund) and to close, limit, or eliminate the availability of any of the Investment Funds.

Such separate Investment Funds may include a loan fund. The Loan Fund is not available to receive contributions and transfers of funds at the direction of a Participant, but will be administered solely in connection with loans to Participants pursuant to Article 11.

The Plan Administrator will have the authority (1) to charge any applicable fee against the appropriate Participant's (or Beneficiary's or Alternate Payee's, as applicable) Accounts, and (2) to refuse any investment instruction that would violate an incorporated policy or practice.

Dividends, interest, and other distributions received on the assets held by the Trustee in each of the Investment Funds will be reinvested in that Investment Fund.

- (b) Company Stock Fund. The Company Stock Fund will be an Investment Fund under the Plan.
- (1) The Company Stock Fund will not be a managed investment fund and will be invested primarily in Company Stock at all times. The Company Stock Fund will be a unitized fund and as such will include cash or short-term liquid investments. The Plan Administrator will, after consultation with the Trustee, establish and communicate to the Trustee in writing a target liquidity percentage and drift allowance for such short-term liquid investments.
- (2) The Company, as the settlor of the Plan, intends the Company Stock Fund to offer eligible employees opportunities to invest indirectly in Company Stock and to participate in the performance of Company Stock on terms similar to those that apply to Company shareholders. The Company intends the Company Stock Fund to offer such opportunities over an indefinite period of time during which the performance of Company Stock could vary widely. The Company intends the Company Stock Fund to continue to offer such opportunities under all market conditions and regardless of the current, recent, or historical performance of the Company or Company Stock (for example, regardless of whether, over any period of time (of whatever duration), the Company pays dividends to its shareholders and regardless of whether, over any period of time (of whatever duration), the market price of Company Stock (I) rises or falls, (II) is volatile or stable, or (III) is high or low in relation to any

reference point). The Company recognizes that an investment in an undiversified fund, such as the Company Stock Fund, is subject to greater risk than is an investment in a diversified fund, and the Company expects eligible employees to take that greater risk into account when deciding whether to participate (or to continue participating) in the Company Stock Fund.

- (3) Because the purpose of the Company Stock Fund is to offer Eligible Employees opportunities to invest indirectly in Company Stock and to participate in the performance of such stock on terms similar to those that apply to Company shareholders, the Plan's fiduciaries and administrators will not (I) disclose material non-public information regarding the Company or Company Stock to the Plan, to the Trustee or other Plan fiduciaries, or to Participants or their Beneficiaries or Alternate Payees before such information is publicly disclosed or (II) based on such non-public information (and before such information is publicly disclosed), cause the Plan, the Trustee or other Plan fiduciaries, or Participants or their Beneficiaries or Alternate Payees to take any action with respect to Company Stock (such as buying or selling Company Stock or directing funds into or out of the Company Stock Fund).
 - (4) Dividends received by the Company Stock Fund will be reinvested in additional shares of Company Stock (to the extent it is unnecessary to retain such dividends as cash to maintain the target liquidity percentage)
- (c) The Plan will comply with the diversification requirements of section 401(a)(35) of the Code and Treasury regulations and other applicable guidance issued thereunder. In this respect, a Participant, Beneficiary, or Alternate Payee will be eligible to transfer all or part of the portion of his Account that is invested in the Company Stock Fund to any of the other available Investment Funds (to the extent available for transfers in), as provided in Section 8.03. In addition:
- (1) The Investment Funds described in subsection (a) will include not less than three Investment Funds, other than the Company Stock Fund, into which a Participant, Beneficiary, or Alternate Payee may elect to transfer amounts invested in the Company Stock Fund. Each such additional Investment Fund will be diversified and have materially different risk and return characteristics.
 - (2) As currently provided in Section 8.03, Participants, Beneficiaries, and Alternate Payees will be provided with reasonable, periodic opportunities to direct the transfer described in paragraph (1), occurring not less frequently than quarterly; and
 - (3) except as provided in Treasury regulations and other applicable guidance, will not impose restrictions or conditions with respect to investment in the Company Stock Fund (other than restrictions or conditions imposed by reason of securities laws or designed to ensure compliance with such laws) which are not imposed on investments in other Investment Funds.

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- (4) The Plan Administrator will notify Participants, Beneficiaries, and Alternate Payees of their diversification rights at the time, in the manner, and to the extent required pursuant to section 101(m) of ERISA and regulations and other guidance issued thereunder.

8.02 Investment Direction.

Amounts paid to Participants' Accounts will be invested in such Investment Fund or Funds as the Participant will direct in an application filed with the Plan Administrator in such manner and form, and at such time, as the Plan Administrator prescribes; provided however, that:

- (a) the amounts to be invested in the Investment Funds will be in integral multiples of one percent (1%) of the amounts contributed by or on behalf of the Participant under the Plan;
- (b) that the sum of such percentages does not exceed 100 percent (100%); and
- (c) the Participant may not elect for more than twenty-five percent (25%) of future contributions to be invested in the Company Stock Fund and may not elect to transfer amounts from other Investment Funds that would cause more than twenty-five percent (25%) of the value of his Accounts to be allocated to the Company Stock Fund.

A Participant's investment election for his Pre-Tax Contributions (or Roth Contributions if no Pre-Tax Contributions) will also apply to his Roth Contributions, After-Tax Contributions, Catch-Up Contributions, Retirement Contributions, Retirement Incentive Contributions, and Matching Contributions unless the Participant elects otherwise in accordance with the Plan Administrator's rules. If the Participant fails to make an investment election for all or any portion of his Account, the Trustee will invest the portion of the Participant's Accounts for which no election is made in the default Investment Fund selected by the Plan Administrator. If part of a Participant's Accounts are invested in an Insurance Contract, his investment directions will be subject to the additional rules provided in Section 8.06(c).

8.03 Change in Investment Direction.

Any investment direction by a Participant pursuant to Section 8.02 will be deemed a continuing direction until changed by the Participant. A Participant may change his election by submitting his request with the Plan Administrator in the manner and form, and at such time, as the Plan Administrator prescribes; provided however, that the change in investment direction meets the requirements of Section 8.02. Such change will be implemented in accordance with the conditions and procedures prescribed by the Plan Administrator.

8.04 Voting of Company Stock.

Each Participant with an interest in the Company Stock Fund will have the right to direct the Trustee as to the manner in which the Trustee is to vote (including not to vote) that number of shares of Company Stock reflecting such Participant's proportional interest in the Company Stock Fund. Directions from a Participant to the Trustee concerning the

voting of Company Stock will be communicated in writing, or by such other means as is agreed upon by the Trustee and the Company. These directions will be held in confidence by the Trustee and will not be divulged to the Company, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such persons in the ordinary course of the performance of the Trustee's services. Upon its receipt of the directions, the Trustee will vote the shares of Company Stock reflecting the Participant's proportional interest in the Company Stock Fund as directed by the Participant. Except as otherwise required by law, the Trustee will vote shares of Company Stock reflecting the Participant's proportional interest in the Company Stock Fund for which it has received no direction from the Participant in the same proportion on each issue as it votes those shares reflecting Participants' proportional interests in the Company Stock Fund for which the Trustee has received voting directions from Participants.

8.05 Tender and Exchange Offers.

Each Participant with an interest in the Company Stock Fund will have the right to direct the Trustee to tender or not to tender some or all of the shares of Company Stock reflecting such Participant's proportional interest in the Company Stock Fund. Directions from a Participant to the Trustee concerning the tender of Company Stock will be communicated in writing, or by such other means as is agreed upon by the Trustee and the Company. These directions will be held in confidence by the Trustee and will not be divulged to the Company, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such persons in the ordinary course of the performance of the Trustee's services. The Trustee will tender or not tender shares of Company Stock as directed by the Participant. Except as otherwise required by law, the Trustee will not tender shares of Company Stock reflecting a Participant's proportional interest in the Company Stock Fund for which it has received no direction from the Participant.

A Participant who has directed the Trustee to tender some or all of the shares of Company Stock reflecting the Participant's proportional interest in the Company Stock Fund may, at any time before the tender offer withdrawal deadline, direct the Trustee to withdraw some or all of the tendered shares reflecting the Participant's proportional interest, and the Trustee will withdraw the directed number of shares from the tender offer before the tender offer withdrawal deadline. A Participant will not be limited as to the number of directions to tender or withdraw that the Participant may give to the Trustee.

A direction by a Participant to the Trustee to tender shares of Company Stock reflecting the Participant's proportional interest in the Company Stock Fund, will not be considered a written election under the Plan by the Participant to withdraw, or have distributed, any or all of his withdrawable interest in the Plan. The Trustee will credit to each proportional interest of the Participant from which the tendered shares were taken the proceeds received by the Trustee in exchange for the shares of Company Stock tendered from the interest. Pending receipt of directions from the Participant or the Plan Administrator, in accordance with the Plan, as to which of the remaining Investment Funds the proceeds should be invested in, the Trustee will invest the proceeds in such Investment Fund as the Plan Administrator may prescribe in its discretion.

All of the provisions of this Section 8.05 will apply to exchange offers as well as to tender offers.

8.06 Insurance Contract.

- (a) Insurance Contracts are offered as an Investment Fund with respect to Participants who elected to make contributions to the Insurance Contracts or to transfer amounts from other Investment Funds to the Insurance Contract before January 1, 1987. No Participants are permitted to make an initial election to contribute to the Insurance Contracts pursuant to Section 8.02 or 8.03. Subject to the provisions of this Section 8.06, Participants who elected to make contributions to the Insurance Contracts before January 1, 1987, may increase the amount their Accounts contributed to Insurance Contracts to an amount equal to the premium costs associated with such Insurance Contracts. Participants are permitted to transfer amounts invested in an Insurance Contract to other Investment Funds pursuant to Section 8.03 only at the times and to the extent permitted under the Insurance Contract.
- (b) The premiums for such Insurance Contracts are paid from the amounts 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. If such amounts are insufficient to pay any premiums due on the Insurance Contract, the Plan Administrator will notify the Participant and the Insurance Contract will be surrendered to the insurance company and the proceeds will be invested in either the default Investment Fund selected by the Plan Administrator as the Participant so elects in accordance with Section 8.03, after being notified by the Plan Administrator 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 any other Investment Fund.
- (c) If a Participant is permitted to invest a portion of his Account or future contributions in an Insurance Contract, the following rules apply to his investment directions:
 - (1) The provisions of Sections 8.02(b) and 8.02(c) will apply to any amounts contributed by or on behalf of the Participant under the Plan that remain after the appropriate amount is allocated to Insurance Contracts. For example, the Participant cannot elect for more than 25% of the value of his Account that is not invested in Insurance Contracts to be invested in the Company Stock Fund.
 - (2) 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 Participant's Pre-Tax Contribution Account, Catch-up Contribution Account, Employer Matching Contribution Account, and Rollover Account, at any particular time.
- (d) After a Participant terminates employment with the Employer, the Participant may elect to terminate any Insurance Contract in which a portion of his Account is

invested. If the Participant elects to terminate the Insurance Contract, he will receive the entire value of an Insurance Contract as a single lump sum cash distribution.

8.07 Additional Rules.

- (a) If a Participant dies, his Beneficiary has the same investment election rights as the Participant had before his death, until the Participant's Account is distributed to the Beneficiary.
- (b) The Plan is intended to constitute a plan described in section 404(c) of ERISA and Title 29 of the Code of Federal Regulations, section 2550.404c-1. As such, the Plan's fiduciaries will be relieved of liability for any losses that are the direct and necessary result of investment instructions given by a Participant or a Beneficiary.
- (c) Each Participant is solely responsible for the selection of his investment options. The Trustee, the Plan Administrator, the Employer, and the officers, supervisors and other employees of the Employer are not empowered to advise a Participant as to the manner in which his accounts will be invested. The fact that an Investment Fund is available to Participants for investment under the Plan will not be construed as a recommendation for investment in that particular Investment Fund.

ARTICLE 9. VESTING

9.01 Immediate Vesting.

A Participant will at all times be 100% vested in and have a nonforfeitable right to the value of his Pre-Tax Contribution Account, his Roth Contribution Account, his After-Tax Contribution Account, his Catch-Up Contribution Account, his Matching Contribution Account, and his Rollover Contribution Account. A Participant will be 100% vested in and have a nonforfeitable right to the value of his Discretionary Contribution Account unless otherwise provided in the written instrument providing for the Discretionary Contribution.

9.02 Delayed Vesting.

Unless an event described in Section 9.03 occurs earlier, a Participant will be 100% vested in and have a nonforfeitable right to the value of his Retirement Contribution Account and his Retirement Incentive Contribution Account after completing three (3) Years of Service.

9.03 Vesting Upon Certain Events.

Each Participant will become fully vested in his Retirement Contribution Account and his Retirement Incentive Contribution Account upon the first to occur of the following events:

- (a) death while employed by the Employer and or an Affiliate;
- (b) employment with the Employer and its Affiliates that terminates at or after the later of (1) a Participant's 65th birthday or (2) the fifth (5th) anniversary of the Participant's commencement of participation in the Plan;
- (c) becoming Disabled while employed by the Employer or an Affiliate;
- (d) termination of the Plan;
- (e) a partial termination of the Plan applicable to the Participant as provided in Section 18.02; or
- (f) upon a sale or closing of a covered location, to the extent set forth in an applicable Exit Agreement.

9.04 Forfeitures.

- (a) Upon termination of employment, a Participant who is not fully vested in his Retirement Contribution Account or Retirement Incentive Contribution Account will forfeit the entire unvested amounts in these Accounts as of the earlier of (1) the date on which he receives a distribution of his Retirement Contribution Account or Retirement Incentive Account, as applicable, or (2) the date on which he incurs a Period of Severance of at least five (5) years.
- (b) Any amounts forfeited under subsection (a) will be restored if the Participant is reemployed with the Employer or an Affiliate before incurring a Period of

Severance of at least five (5) years. Such restored amounts will be allocated to the Participant's Retirement Contribution Account and his Retirement Incentive Account. In addition, for purposes of Section 9.02, the Participant's vested right to the amount so contributed will be determined based upon his Years of Service completed both before and after his Period of Severance.

- (c) If a Participant who was eligible to receive Retirement Contributions or Retirement Incentive Contributions incurs a Period of Severance of less than five (5) consecutive years, such Employee's Years of Service completed before the Period of Severance will be taken into account to determine the vested percentage of his Retirement Contribution Account or Retirement Incentive Contribution Account upon his reemployment by an Employer or an Affiliate, whether or not the Participant is again eligible to receive Retirement Contributions or Retirement Incentive Contributions.
- (d) Retirement Contributions or Retirement Incentive Contributions forfeited in any Plan Year pursuant to this Section 9.04 will be applied (1) to reduce any future Employer Contributions, or (2) to pay reasonable expenses of administering the Plan. Any forfeitures used to reduce future Employer Contributions may be allocated among the types of Employer Contributions in any manner that the Plan Administrator or their designee deems to be appropriate.

ARTICLE 10. WITHDRAWALS DURING EMPLOYMENT

10.01 Limited In-Service Withdrawals.

A Participant who has not terminated employment may request a distribution of all or part of his Account only as follows:

- (a) Age 59 ½. A Participant who has attained age 59 ½ may request a distribution of the sum of the outstanding balances in his Pre-Tax Contribution Account, Roth Contribution Account, After-Tax Contribution, Catch-Up Contribution Account, vested Matching Contribution Account, and Rollover Contribution Account at any time less any outstanding loan the Participant may have. Such distribution will be made as soon as practicable following the Plan Administrator's receipt of the Participant's request for withdrawal in the form and manner required by the Plan Administrator and will be made in the form of a single lump sum payment.
- (b) After-Tax Contribution Account. A Participant may withdraw all or part of his After-Tax Contribution Account, including after-tax contributions that have been transferred to the Plan from a plan that is merged into the Plan pursuant to Section 18.04; provided, however, that (i) the minimum withdrawal shall be \$1,000 (or, if less, the balance of the Participant's After-Tax Contribution Account), and (ii) a Participant may request only one such withdrawal in any Plan Year. The limits on the amount and frequency of withdrawals shall not apply to after-tax contributions that have been transferred to the Plan from a plan that is merged into the Plan pursuant to Section 18.04. If a Participant's After-Tax Contribution Account includes amounts attributable to after-tax contributions made before January 1, 1987, such contributions shall be withdrawn before amounts attributable to after-tax contributions made after December 31, 1986, or earnings on pre-1987 after-tax contributions.
- (c) Hardship Withdrawal. A Participant may request a hardship withdrawal to the extent permitted by Section 10.02.

10.02 Hardship Withdrawals.

- (a) A Participant who has not terminated employment may request, in the manner prescribed by the Plan Administrator, a distribution in the event the Participant has a hardship as defined in subsections (b) and (c). Hardship withdrawals are limited to the excess of (1) the sum of the Participant's Rollover Contribution Account, Pre-Tax Contribution Account (excluding earnings), Roth Contribution Account (excluding earnings), Catch-Up Contribution Account (excluding earnings), and After-Tax Contribution Account (excluding earnings) over (2) the sum of (i) any outstanding loan the Participant may have and (ii) the sum of all prior distributions from such Accounts.
- (b) A distribution will be made on account of hardship only if the distribution is necessary to satisfy an immediate and heavy financial need of the Participant. For purposes of this Plan, a distribution is made on account of an immediate and heavy financial need of the Participant only if the distribution is for:

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- (1) expenses for (or necessary to obtain) medical care that would be deductible under section 213(d) of the Code (determined without regard to whether the expenses exceed the adjusted gross income threshold specified in section 213(a) of the Code);
 - (2) costs directly related to the purchase of a principal residence for the Participant (excluding mortgage payments);
 - (3) the payment of tuition, related educational fees, room and board for up to the next twelve (12) months of post-secondary education for the Participant, his or her Spouse, children, or dependents (as defined in Code section 152, but without regard to sections 152(b)(1), (b)(2), and (d)(1)(B));
 - (4) payments necessary to prevent eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence;
 - (5) the payment of burial or funeral expenses for the Participant's deceased Spouse, child, parent other dependents (as defined in Code section 152, but without regard to section 152(d)(1)(B)); or
 - (6) expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income).
- (c) A distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if all three (3) of the following requirements are satisfied:
- (1) the distribution is not in excess of the amount required to relieve the immediate and heavy financial need of the Participant (taking into account the taxable nature of the distribution);
 - (2) the Participant has obtained (or is currently obtaining) all distributions, withdrawals, and loans available under the Plan and all other plans maintained by any Employer or any Affiliate other than hardship distributions and the Participant represents in writing, on forms provided by the Plan Administrator and by providing any documentation required by the Plan Administrator, that the need cannot be relieved through reimbursement or compensation by insurance or otherwise, by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need, by cessation of Pre-Tax, Roth, After-Tax, and Catch-Up Contributions under the Plan, by withdrawals, distributions (other than hardship distributions) or nontaxable loans (at the time of the loan) from any plan maintained by any other entity by which the Participant is employed, or by borrowing from commercial sources on reasonable commercial terms; and

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- (3) the Plan Administrator determines that it can reasonably rely on the Participant's written representation.
 - (d) Distributions pursuant to this Section will be made as soon as practicable following the Plan Administrator's approval of the Participant's written request for withdrawal and will be made in the form of a single lump sum payment. The Plan Administrator may request any documentation it may require from a Participant to make a determination that the Participant is eligible for a hardship withdrawal.
 - (e) A Participant who receives a hardship withdrawal under this Section 10.02 will be prohibited from making Pre-Tax, Roth, After-Tax, or Catch-Up Contributions under this Plan and elective deferrals and employee contributions under all other plans of the Employer or an Affiliate for six months after receipt of the distribution.
 - (f) A hardship withdrawal fee, in an amount to be determined by the Plan Administrator annually, may be charged to each Participant receiving an approved hardship withdrawal and will be deducted from the Participant's Account.

ARTICLE 11. LOANS

11.01 In General.

The Plan Administrator is authorized to administer a loan program under the Plan, pursuant to this Article 11. The loan program and this Article 11 are intended to comply with the requirements of section 4975(d)(1) of the Code and section 408(b)(1) of ERISA, and the regulations thereunder.

11.02 Eligibility for Loans.

Loans will be made available to Participants. Beneficiaries and Alternate Payees are not eligible to receive loans under the Plan.

11.03 Application for Loans.

A Participant may borrow from the Plan a portion of the balance of his Accounts, excluding his Retirement Contribution Account or Retirement Incentive Contribution Account, by making application to the Plan Administrator in writing on a form designated by the Plan Administrator.

11.04 Treatment of Loans and Loan Repayments.

- (a) The value of the Participant's affected Accounts then invested in Investment Funds will be liquidated on a pro rata basis to the extent required to provide sufficient cash to make the loan, provided that no portion of a borrowed amount will be charged against Insurance Contracts unless value of amounts held in other Investment Funds is less than the borrowed amount and then only to the extent permitted under the Insurance Contract. The cash will be transferred to the Loan Fund from which all loans will be made.
- (b) The investment earnings of the Loan Fund that are attributable to any loan made or renegotiated pursuant to the promissory note (including the interest on any such loan) will be allocated to a separate loan account established on behalf of the Participant who made or renegotiated the loan.
- (c) As of each Valuation Date, the interest allocated pursuant to subsection (b), above, will be reallocated among and invested in the then available Investment Funds in the same proportions as the current Employee and Employer Contributions on behalf of the Participant are invested; provided that if no such contributions are being made on behalf of the Participant as of such Valuation Date, such interest will be invested in accordance with the Participant's most recent allocation election pursuant to Section 8.02 or 8.03 or, if the Participant fails to make an allocation election, in accordance with the default allocation provided under Section 8.02.
- (d) A Participant's repayment of the principal of a loan will reduce the Participant's interest in the Loan Fund and will be invested as soon as practicable in the then available Investment Funds first, to repay any amount that may have been borrowed under the terms of any Insurance Contracts allocated to the Participant's Accounts if such loan was originally charged against such Insurance

Contracts and second, in the same proportions as the current Employee and Employer Contributions on behalf of each such Participant are invested; provided that if no such contributions are then being made on behalf of the Participant, such repayments will be invested in accordance with the Participant's most recent allocation election pursuant to Section 8.02 or 8.03 or, if the Participant fails to make an allocation election, in accordance with the default allocation provided under Section 8.02 of the Plan.

11.05 Terms and Conditions of Loans.

All loans pursuant to the loan program will be made to Participants on the following terms and conditions:

- (a) Amount. A loan will not be made to a Participant pursuant to the loan program unless, immediately after the loan is approved, the total outstanding balance of all loans made to the Participant pursuant to the loan program (including the loan that is then being approved) does not exceed 50% of the vested balance of the Participant's Account less the value of the sum of any Retirement Contribution Account and Retirement Incentive Contribution Account; nor may any single loan pursuant to the loan program be for an amount that is:
 - (1) more than \$50,000 (reduced by the excess (if any) of the highest outstanding balance of the loans made to the Participant pursuant to the loan program during the one-year period ending on the day before the date on which the loan is made over the outstanding balance of the loans made to the Participant pursuant to the loan program on the date on which the loan is made), or
 - (2) less than \$1,000.
- (b) Number of Outstanding Loans. A Participant may have no more than two (2) outstanding loans at any time. If a Participant already has an outstanding loan from his Accounts, he may apply for a second loan, provided that (1) the application is made no sooner than six (6) months after the last loan application, (2) the limits described in subsection (a) are not exceeded by the total outstanding balance of the two loans, and (3) if the proceeds of the first loan were intended to be used by the Participant to acquire the principal residence of the Participant, notwithstanding anything to the contrary in subsection (a), the proceeds of the second loan may not be used to acquire a principal residence and the Participant will be required to repay the amount of the second loan within five (5) years of the date of the loan.
- (c) Loan Terms Must Be In Writing. The loan will be evidenced in a written instrument for the amount of the loan plus interest, executed by the Participant, on which the Participant will be personally liable and which will be payable to the Trustee. The written instrument will state the terms of the loan. The written instrument for the loan and the instrument granting the Plan a security interest in the Participant's Account will be executed by the Participant.
- (d) Security. The loan will be secured by the Participant's entire right, title, and interest in and to the portion of the balance of the Participant's Account equal to

the amount of the loan (up to 50% of the vested balance, excluding the balance in any Retirement Contribution Account or Retirement Incentive Contribution Account, as of the time the loan is made). The Plan Administrator may request such other or further security as it deems necessary and prudent from time to time, in order to protect the Plan from risk of loss of principal or income if a default were to occur.

- (e) Term of Loan. The term of the loan will be for at least 1 and not more than 5 years from the disbursement of the loan, except that the term of a loan to purchase principal residence for the Participant may be for not more than 10 years.
- (f) Interest. The unpaid balance of any loan will bear interest at a reasonable fixed rate as determined by the Plan Administrator based on interest rates charged by commercial lending institutions for loans that would be made under similar circumstances.
- (g) Repayment of Loan.
 - (1) *Generally.* The repayment of the loan will be made by payroll deduction, authorized by the Participant at the time of applying for the loan, in a level amount sufficient to amortize the balance of the loan, together with interest, over the term of the loan; provided that the Participant may prepay the loan in full, without penalty, at any time by payment in cash; and further provided that, if the Participant's Compensation is insufficient to permit the repayment of the loan, together with interest, by payroll deduction, the Participant will make payments in cash of amounts sufficient to amortize the balance of the loan, together with interest, over the term of the loan. Payroll deductions will commence as of the payday for the first payroll period beginning on or after the date as of which the loan is made, or as soon thereafter as practicable, and will be made with the same frequency as the Participant is paid but not less frequently than quarterly.
 - (2) *Leaves of Absence.* If a Participant becomes Disabled or is on an approved unpaid leave of absence, the Plan Administrator 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 and the number of installments due after the leave ends is not less than the number required under the terms of the original loan.
 - (3) *Military Service.* If a Participant is absent during a period of qualified military service (within the meaning of Section 20.01, repayment will 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 will resume with the original maturity date of the promissory note adjusted to reflect the period of qualified military service.

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- (h) Default. 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 10.02 or a distribution on or after a Participant reaches age 59 1/2 pursuant to Section 10.01(a)) under this Plan, or any other default event set forth by the Plan Administrator in the promissory notice for a Participant's loan will constitute events of default. If a Participant defaults on a loan and such failure is not cured on or before the last day of the quarter next following the quarter in which the event of default occurs, the unpaid principal and accrued interest due under the loan will 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.
- (i) Loan Fees. A loan origination fee, in an amount determined by the Plan Administrator annually, may be charged to each Participant obtaining a loan and will be deducted from the loan proceeds. In addition, a loan maintenance fee, in an amount determined by the Plan Administrator, may be charged to each Participant and will be deducted from such Participant's Accounts for each Plan Year during which such loan is outstanding.

11.06 Rollover Loans.

The Plan Administrator may, in its sole discretion, accept a rollover loan if permitted under Paragraph F of the applicable Adoption Agreement. Such loans will be subject to such rules and regulations as the Plan Administrator in its discretion may establish; provided, that unless expressly provided otherwise in an applicable Adoption Agreement, (a) a rolled over loan will not be accepted unless the entire account from which the loan was taken is transferred to the Plan, (b) any rolled over loan will remain subject to the terms of the promissory note in effect at the time of the rollover, and (c) a rolled over loan will count toward the limits set forth in Section 11.05 on the number of loans that may be outstanding.

ARTICLE 12. DISTRIBUTION OF ACCOUNTS

12.01 Distribution Events.

If a Participant ceases to be an Employee or becomes Disabled while employed, all of his Accounts to the extent then vested under Article 9 will become distributable unless the Plan Administrator determines in good faith that under applicable law distribution cannot be made without risking the continuing qualified status of the Plan.

12.02 Forms of Distribution.

- (a) When an Account becomes distributable to a Participant or Beneficiary, the Plan Administrator will direct the Trustee to distribute the Account in accordance with clause (1), (2) or (3) below:
- (1) If a Participant ceases to be an Employee on account of death, the vested portion of his Account will be distributed to his Beneficiary in the form of a lump sum.
 - (2) If a Participant ceases to be an Employee before reaching Normal Retirement Age, the vested portion of his Account will be distributed to him in the form of a lump sum.
 - (3) If a Participant ceases to be an Employee after reaching Normal Retirement Age or becomes Disabled, the Participant may elect, in accordance with procedures established by the Plan Administrator regarding the election of distributions to receive the vested portion of his Account in one of the following forms:
 - (A) one lump sum payment;
 - (B) payments made over a certain period specified by the Participant in monthly, quarterly, or semi-annual installments provided, however, that the period over which such payments are to be made may not exceed 15 years or, if shorter, the life expectancy of the Participant. In order to provide installment payments, the Plan Administrator will invest the remaining balance held in the Participant's Account in accordance with Sections 8.02 or 8.03 pursuant to the instructions of the Participant. An annual administrative fee will be deducted from the Participant's Account for installment payments in an amount determined by the Trustee.
- (b) Distributions will be in the form of cash, except that a Participant or Beneficiary whose benefit will be paid in the form of a lump sum, may request that any portion of the Participant's Account that is invested in the Company Stock Fund or in shares of any other Investment Fund be distributed in shares of Company Stock or shares held in any other Investment Fund, plus cash for any fractional shares.

12.03 Timing of Distributions.

(a) Any distribution will be made as soon as administratively practicable after the Participant or Beneficiary, as the case may be, returns a completed benefit distribution form to the Plan Administrator. Subject to subsections (c) or (d), a Participant's Account must be distributed no later than the 60th day after the close of the Plan Year in which the latest of the following events occurs:

- (1) the Participant attains age sixty-five (65);
- (2) the tenth anniversary of the year in which the Participant began to participate in the Plan; or
- (3) the termination of the Participant's employment with the Employer or an Affiliate;

provided, however, that the Participant may elect to defer distribution of benefits under the Plan until any time before his Required Beginning Date as defined in subsection (d)(2)(A).

Until benefits are distributed, a Participant's Account will be held and invested in accordance with Sections 8.02 or 8.03 pursuant to the instructions of the Participant.

- (b) If the Participant dies after distributions have commenced under Section 12.02(a)(3)(B), but before the total of a Participant's Account has been distributed, the remainder of the Participant's Account will be distributed at least as rapidly as the method of distribution in effect on the date of the Participant's death.
- (c) Notwithstanding anything to the contrary in subsection (a), if the value of a Participant's Account (calculated by excluding the portion of the Participant's Account 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, the Plan Administrator will pay such benefit in a single lump sum as soon as practicable after the retirement, termination, Disability or death of the Participant, and any such distribution to the Participant or his Beneficiary, as the case may be, will be in complete discharge of the Plan's obligation with respect to such benefit. In the event of a mandatory distribution greater than \$1,000 in accordance with this subsection (c), if the Participant does not elect to have such distribution paid directly to an Eligible Retirement Plan in a direct rollover or to receive the distribution directly in accordance with Section 13.01, then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Plan Administrator. For purposes of determining whether a mandatory distribution exceeds \$1,000, a Participant's Roth Contribution Account will be considered separately from the remainder of the Participant's Account.

(d) Delay of Distributions.

The following provisions will apply to limit a Participant's ability to delay the distribution of benefits.

(1) *General Rules.*

- (A) The form and timing of all distributions under this subsection (d) will be in accordance with section 401(a)(9) of the Code, including the incidental death benefit requirements of section 401(a)(9)(G) of the Code, and Treasury Regulations under section 401(a)(9) that were published on April 17, 2002 or any subsequent guidance interpreting section 401(a)(9) or any amendments thereto.
- (B) Notwithstanding anything to the contrary contained in this subsection (d), a Participant or Beneficiary who would have been required to receive a distribution for 2009 pursuant to this subsection (d) but for the enactment of section 401(a)(9)(H) of the Code (or for any subsequent year to which section 401(a)(9)(H) of the Code applies), and who would have satisfied the requirements of this subsection (d) by receiving a distribution that is (I) equal to the required minimum distribution under subsection (3) or (4) or (II) part of a series of substantially equal distributions that include such required minimum distribution, will not receive such distribution unless the Participant or Beneficiary elects to receive such distribution in the manner required by the Plan Administrator. For purposes of Section 13.02, a distribution elected by a Participant or Beneficiary pursuant to the preceding sentence will not be treated as an eligible rollover distribution.
- (C) For purposes of this subsection (d), designated Beneficiary means a Beneficiary designated under the terms of the Plan who is an individual and otherwise meets the requirements of Treasury Regulation § 1.401(a)(9)-4.

(2) *Time and Manner of Distribution.*

- (A) Required Beginning Date. Notwithstanding anything to the contrary in this Section 12.03, the entire vested interest of each Participant's Account will be distributed or begin to be distributed to such Participant not later than the Required Beginning Date. The "Required Beginning Date" for a five percent owner (as defined in section 416(i) of the Code), is April 1 following the calendar year in which he attains age 70 ½, regardless of whether he has terminated from employment with the Employer and its Affiliates. For all other Participants the "Required Beginning Date" is April 1 of the calendar year following the calendar year in which the Participant either attains age 70 ½ or terminates employment, whichever is later. No minimum distribution payments will be made to a Participant under the provisions of section 401(a)(9) of

the Code while he remains an Employee if the Participant is not a five percent owner as defined above.

- (B) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's vested interest in his Account will be distributed, or begin to be distributed, no later than as follows:
- (I) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary then, except as provided in subsection (5), distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2 if later.
 - (II) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the year in which the Participant died.
 - (III) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (IV) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse are required to begin, this paragraph (B) other than clause (I) will apply as if the surviving Spouse were the Participant.
- (C) Form of Distribution. Unless the Participant's interest is distributed in a single sum on or before the Required Beginning Date, distributions will be made in accordance with subsection (3) or (4). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions will be made in accordance with the requirements of Code section 401(a)(9) and the regulations thereunder.
- (3) *Required Minimum Distribution During Participant's Lifetime.*
- (A) Amount of Required Minimum Distribution for Each Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each calendar year is the lesser of:
- (I) the quotient obtained by dividing the Participant's vested account balance by the distribution period in the Uniform

Lifetime Table set forth in Treasury Regulation § 1.401(a)(9)-(9), using the Participant's age as of the Participant's birthday in the distribution calendar year; or

- (II) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's vested account balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation § 1.401(a)(9)-(9), using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

The amount of each installment will be based on the value of the Participant's Account as of the Valuation Date most recently preceding the first day of the Plan Year with respect to which the installment is payable. The life expectancy of the Participant (or of the Participant and the designated Beneficiary) will be redetermined annually.

- (B) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this subsection beginning with the first calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date and continuing up to and including the calendar year that includes the Participant's date of death.

(4) *Required Minimum Distributions After Participant's Death.*

(A) Death On or After Date Distributions Begin.

- (I) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's vested Account balance by the longer of the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

- (i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year;
- (ii) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year

after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(II) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) Death Before Date Distributions Begin.

(I) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, except as provided in subsection (5), the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's vested Account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in subsection (A)(I).

(II) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(III) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's

surviving Spouse is the Participant's sole designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under subsection (2)(B)(I), this subsection (B) will apply as if the surviving Spouse were the Participant.

- (5) *Election of 5-Year Rule.* Participants or Beneficiaries may elect on an individual basis whether the 5-year rule in subsections (2)(B)(II) and (4)(B)(II) applies to distributions after the death of a Participant who has a Designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which the distribution would be required to begin under subsection (2)(B)(II) if no such election is made, or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death.

12.04 Beneficiaries.

- (a) A Participant may designate as his Beneficiary any natural or legal person or entity to whom the Trustee will pay the Participant's interest in the Plan in the event of his death. The Participant will make such designation in such form as the Plan Administrator will determine, and will file the designation with Plan Administrator. Such designation may include contingent Beneficiaries. The Participant may change the Beneficiaries so designated from time to time by filing a new designation with the Plan Administrator according to the rules adopted by it without the consent of or notice to any Beneficiary previously designated by him, subject to subsection (c). A designation may not be changed by will. The right of any Participant to designate or change the designation of a Beneficiary will continue after the termination of his employment until he has died or received payment of his full interest in the Plan. Any change in the designation of a Beneficiary will not be recognized if it is delivered to the Plan Administrator after the death of the Participant. Upon the death of a Beneficiary after the death of the Participant but before payment in full to such Beneficiary, the Trustee will pay such unpaid benefit to the estate of such deceased Beneficiary, unless there exists a surviving secondary Beneficiary designated by the Participant as eligible to receive any unpaid benefit upon the death of the deceased Beneficiary.
- (b) If any Participant fails to designate a Beneficiary, or if the Beneficiary designated by a deceased Participant dies before the Participant, then the Trustee will pay the unpaid vested benefit of the deceased Participant to the first of the following classes of surviving beneficiaries in successive preference by class:
- (1) the Participant's surviving Spouse;
 - (2) the Participant's children and issue of deceased children, in equal shares, per stirpes;
 - (3) the Participant's parents in equal shares, or to the surviving parent;
 - (4) the Participant's estate.

Any such designation made by the Plan Administrator in good faith as to the rights or identity of any Beneficiary will be conclusive on all persons. The Plan Administrator and its delegates, Trustee, and the Employer will not be liable to any person on account of any error in such designation. Any payment made in accordance with this Section 12.04 will fully acquit and discharge the Plan Administrator and its delegates, and the Employer from all future liability with respect to the benefit so distributed.

- (c) Notwithstanding any contrary provisions of this Section 12.04, any benefit payable under the Plan with respect to a Participant who is married at the time of his death will be payable only to the Participant's surviving Spouse, if any, unless such surviving Spouse has consented in writing witnessed by a Plan representative or a notary public, to another designated Beneficiary. The Plan Administrator will not recognize the Spouse's consent unless it is filed with the Plan Administrator before the Participant's death. In addition, the married Participant's designation of a Beneficiary with the consent of the Participant's Spouse must be made in accordance with subsection (a) and is subject to subsection (a) and this subsection (c). The specified Beneficiary will not be changed unless further consent by the Spouse is given, unless the Spouse expressly waives the right to consent to any future changes. Any spousal consent will be applicable only to the particular Spouse who provides such consent. This requirement for spousal consent may be waived by the Plan Administrator if it is established to its satisfaction that there is no Spouse, or that the Spouse cannot be located, or because of such other circumstances as may be established by applicable law. Moreover, spousal consent will not be required for a Participant's designation of any person as a secondary Beneficiary who is eligible for benefits upon the death of the Participant's Spouse.

12.05 Proof of Death and Right of Beneficiary or Other Person.

The Plan Administrator may require and rely on such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of the Plan benefits of a deceased Participant as the Plan Administrator may deem proper, and its determination of death and the right of that Beneficiary or other person to receive payment will be conclusive.

12.06 Distributions to Minors and Incompetents.

Any distribution of benefits under the Plan that is payable to a Beneficiary who is a minor will be paid to the legally appointed custodian of such Beneficiary. If any Participant or Beneficiary entitled to receive benefits under the Plan is, in the opinion of the Plan Administrator, unable to manage his affairs by reason of physical illness, infirmity or mental incompetency, the Plan Administrator may direct that benefits to which the Participant or Beneficiary is otherwise entitled be distributed for the benefit of such Participant or Beneficiary to the legal representative of such Participant or Beneficiary. Any payment made in accordance with this Section 12.05 will fully acquit and discharge the Plan, the Plan Administrator, and the Employer from all future liability with respect to the benefit so distributed.

12.07 Missing Payees.

Subject to Section 12.03(c), if a portion of an Account remains to be distributed to a Participant or Beneficiary at a time when the Plan Administrator is unable, after taking reasonable action, to locate the Participant or Beneficiary, and the Participant or Beneficiary fails to contact the Plan Administrator within a period of time set forth in the Plan Administrator's "Uncashed Benefit Check Administrative Policy" after being notified of his right to receive such distribution by a letter sent to the address on file with the Plan Administrator, then such Account will be applied to reduce the amount of contributions that the applicable Employer Unit would otherwise be required to contribute to the Plan, but if the Participant or Beneficiary later asserts a proper claim for such distribution, or if the person who would be entitled to receive such distribution upon the death of such Participant or Beneficiary establishes that such Participant or Beneficiary has died, then such account will first be restored, without any earnings adjustment, out of forfeitures for the Plan Year, and the Employer Unit will contribute any additional amount necessary to restore such Account.

12.08 Recovery of Overpayment.

If any person receives a payment from the Plan in excess of the amount to which he is entitled under the terms of the Plan, the person is obligated to return such payment to the Plan, and the Plan may bring an action to recover such payment. In addition, the Plan may recover the amount overpaid from any future payments to the person.

ARTICLE 13. DIRECT ROLLOVERS

13.01 Direct Rollover.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article 13, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid in a Direct Rollover.

13.02 Eligible Retirement Distribution.

An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee; except that such term will not include any distribution that is:

- (a) one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, for a specified period of ten years or more;
- (b) any distribution to the extent such distribution is required under section 401(a)(9) of the Code;
- (c) a hardship withdrawal made pursuant to Section 10.02; or
- (d) excluded from the definition of "eligible rollover distribution" as that term is defined in section 402(c)(4) of the Code or the applicable regulations.

13.03 Eligible Retirement Plan.

An Eligible Retirement Plan is:

- (a) an individual retirement account described in section 408(a) of the Code;
- (b) an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract);
- (c) a Roth individual retirement account described in section 408A(b) of the Code;
- (d) an annuity plan described in section 403(a) of the Code;
- (e) an annuity contract described in section 403(b) of the Code;
- (f) a qualified trust described in section 401(a) of the Code; or
- (g) an eligible plan under section 457 of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into such plan from the Plan,

that accepts the Distributee's eligible rollover distribution; provided however, that:

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- (h) with respect to a distribution (or portion of a distribution) consisting of after-tax employee contributions, an eligible retirement plan will include only (1) an individual retirement account or annuity described in section 408(a) or (b) of the Code (not including an endowment contract) or (2) a qualified trust described in section 401(a) of the Code or an annuity contract described in section 403(b) of the Code that provides for separate accounting for the amounts transferred, including separately accounting for the portion of such distribution that is includible in gross income and the portion of such distribution that is not so includible;
 - (i) if the Distributee is a beneficiary who is not a surviving Spouse or a Spouse or former Spouse who is an Alternate Payee, an Eligible Retirement Plan will include only an individual retirement account or annuity described in section 408(a) or (b) of the Code (not including an endowment contract);
 - (j) with respect to a distribution (or portion of a distribution) consisting of amounts in a Roth Contribution Account or Roth Rollover Subaccount, an eligible retirement plan shall include only another Roth elective deferral account under an applicable retirement plan described in section 402A(e)(1) of the Code or a Roth IRA described in section 408A, and, in either case, only to the extent such rollover is permitted under sections 402(c) and 402A of the Code.

13.04 Distributee.

A Distributee means (a) an Employee or former employee, (b) an Employee's or former employee's surviving Spouse, (c) an Employee's or former employee's Spouse or former Spouse who is an Alternate Payee, and (c) a Beneficiary.

13.05 Direct Rollover.

A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

ARTICLE 14. ADMINISTRATION

14.01 Committee - Authority.

The Committee (the "Committee") will be the Plan Administrator, unless the Board of Directors designates another person or entity to serve as Plan Administrator in addition to or in lieu of the Committee in accordance with Section 14.01. The Committee will 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 allocated or delegated to any other person pursuant to the Plan or the Trust. The Committee and any other person designated pursuant to Section 14.04 will be "named fiduciaries" within the meaning of section 402 of ERISA.

14.02 Membership and Procedures of Committee.

- (a) Appointment. The Committee will consist of at least three (3) persons, all of whom will be appointed by the Chief Executive Officer of the Company (the "CEO"). If, at any time, there are fewer than three (3) members, the CEO will appoint one or more new members so that there are at least three (3) members. The appointment of a Committee member will become effective on the date that the CEO states.
- (b) Death, Resignation, or Removal of Member. A Committee member will cease to be such upon his death, resignation, removal by the CEO or being declared legally incompetent. Any Committee member may resign by notice in writing mailed or delivered to the CEO and to the remaining member or members. Any one or all of the Committee members may be removed by the CEO.
- (c) Action by Committee. Any and all acts may be taken and decisions may be made 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. 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 will be conclusively presumed to be the action of the Committee.
- (d) Committee Compensation. The Committee members will serve without compensation.

14.03 Committee Powers.

The Committee will have the specific powers elsewhere granted to it and will 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 for determination by the Company or the Plan Administrator, and to correct any ambiguity or supply any

omission or reconcile any inconsistency in this Plan in such manner and to such extent as they will deem expedient to effectuate the purposes and intent of this Plan;

- (b) To determine all questions of eligibility and status and rights of Participants and others under this Plan, either directly or on appeal. The Committee will 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 will be conclusive and binding upon the Employer and any and all Participants, Spouses, Beneficiaries, Alternate Payees and their respective heirs, distributees, executors, administrators, or assignees; subject, however, to the right of 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 Article 15;
- (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 will 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 in accordance with Section 17.03.

14.04 Designation of Additional Fiduciaries.

The Board of Directors may designate, in writing, one or more persons or entities to serve as a named fiduciary of the Plan, in addition to or in lieu of the Committee. Such designation will describe such person's or entity's fiduciary responsibilities.

14.05 Allocation of Duties.

The Committee and the Plan Administrator may further allocate their fiduciary responsibilities with respect to this Plan among themselves pursuant to section 405(c)(1)(A) of ERISA, and may designate one or more other persons, firms or corporations to carry out such fiduciary responsibilities under this Plan pursuant to section 405(c)(1)(B) of ERISA. Any allocation or designation pursuant to this Section 14.05 will be in writing.

14.06 Employment of Agents.

The Committee or other appropriate fiduciary 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.

14.07 Expenses.

Reasonable expenses incident to the operation of the Plan, including fees for professional services and the costs of such other technical or clerical assistance as may be required, including reasonable fees and expenses of custodial agents, attorneys, accountants and other advisers, will be paid from the Trust Fund. The Company may, in its discretion, initially pay any expense that normally would be charged to the Trust Fund and later obtain reimbursement from the Trust Fund, including years after the costs were incurred. Reimbursement is available even where, at the time of the Company's initial payment of the expense, it is not clear that the Company may lawfully seek reimbursement from the Trust Fund, but the Company's legal right to reimbursement is later clarified.

14.08 Liability for Contributions.

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

14.09 Participation of Committee Members and Other Fiduciaries.

Nothing contained in this Plan will preclude a Committee member or other fiduciary from becoming a Participant in this Plan, if he be otherwise eligible, but he will not be entitled to vote or to act upon or to sign any document relating primarily to his own participation in this Plan.

14.10 Books and Records.

The Committee and other appropriate fiduciary will maintain appropriate records of all actions taken. The Committee and the Plan Administrator will submit, make available or deliver on request to governmental agencies or instrumentalities, the Company and other Employer Units, 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.

14.11 Indemnification.

To the extent permitted by law, the Company will 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 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 15. CLAIMS PROCEDURE

15.01 Claim.

Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (a "Claimant"), or requesting information under the Plan may present the request in writing to the Plan Administrator. The Plan Administrator will respond in writing within ninety (90) days after receipt of the claim, provided that the Plan Administrator may extend this period for an additional ninety (90) days by providing written notice of the extension to the Claimant within the original 90-day period. Such notice will indicate the circumstances requiring the extension and the date by which the Plan Administrator expects to make a determination of the claim.

15.02 Denial of Claim.

If the claim or request is denied, the written notice of denial will state:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a description of any additional material or information required for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and
- (c) an explanation of the Plan's claim review procedure, including a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA if the claim denial is denied (in whole or in part) on appeal.

Whether a document, record or other information is relevant for purposes of this Section 15.02 will be determined by the Plan Administrator in its sole discretion in accordance with 29 C.F.R. § 2560.503-1(m)(8).

15.03 Review of Claim.

Any Claimant whose claim or request is denied or who has not received a response within the time limits set forth above may request a review by notice given in writing to the Plan Administrator. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or, in the event Claimant has not received a timely response, within 60 days after the date the Plan Administrator was required to respond to the claim under Section 15.01. The claim or request will be reviewed by the Plan Administrator which may, but will not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine documents determined by the Plan Administrator in its sole discretion to be relevant to the Claimant's claim for benefits, and submit documents, records, and comments in writing.

15.04 Final Decision.

The decision on review will normally be made within sixty (60) days after the Plan Administrator's receipt of Claimant's claim or request; provided that, under special circumstances, including for a hearing, the Plan Administrator may extend this period for an additional sixty (60) days by providing written notice of the extension to the Claimant

within the original 60-day period. Such notice will indicate the circumstances requiring the extension and the date by which the Plan Administrator expects to make a determination on review. If the Plan Administrator extends the period for making a decision, the tolling rule set forth in 29 C.F.R. § 2560.503-1(i)(4) will apply to the extent applicable.

If the claim or request is denied on final review, the notice of denial will state the following:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a statement concerning the Claimant's right to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim;
- (c) a description of any voluntary appeals procedures offered by the Plan; and
- (d) a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA.

Whether a document, record or other information is relevant for purposes of this Section 15.04 will be determined by the Plan Administrator in its sole discretion in accordance with 29 C.F.R. § 2560.503-1(m)(8).

15.05 Litigation.

An "Applicable Claim" as described below in subsection (c) may not be filed in any court:

- (a) until the Claimant has exhausted the claims procedures described in Sections 15.01 through 15.04; and
- (b) unless such claim or action is filed in a court with jurisdiction over such claim or action no later than two years after:
 - (1) in the case of a claim or action to recover benefits allegedly due to the Claimant under the terms of the Plan or to clarify the Claimant's rights to future benefits under the terms of the Plan, the earliest of (a) the date the first benefit payment was actually made, (b) the date the first benefit payment was allegedly due, or (c) the date the Plan first repudiated its alleged obligation to provide such benefits (regardless of whether such repudiation occurred during administrative review pursuant to Sections 15.01 through 15.04);
 - (2) in the case of a claim or action to enforce an alleged right under the Plan (other than a right to benefits, which are subject to subsection (b)(1)), the date the Plan first denied the claimant's request to exercise such right, regardless of whether such denial occurred during administrative review pursuant to Sections 15.01 through 15.04;

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- (3) in the case of any other claim or action described in subsection (c)(4), the earliest date on which the claimant knew or should have known of the material facts on which such claim or action is based, regardless of whether the claimant was aware of the legal theory underlying the claim or action,

provided that if a request for administrative review pursuant to Sections 15.01 through 15.04 is pending before the Plan Administrator when the two-year period described in this subsection (b) expires, the deadline for filing such claim or action in a court with proper jurisdiction will be extended to the date that is 60 calendar days after the final denial (including a deemed denial) of the claim on administrative review.

The period described by this subsection (b) is hereafter referred to as the "Applicable Limitations Period." The Applicable Limitations Period replaces and supersedes any limitations period ending at a later time that otherwise might be deemed applicable under state or federal law in the absence of this Section 15.05. Except as provided in the following two sentences, a claim or action filed after the expiration of the Applicable Limitations Period will be deemed time-barred. The Plan Administrator will have discretion to extend the Applicable Limitations Period upon a showing of exceptional circumstances that, in the opinion of the Plan Administrator, provide good cause for an extension. The exercise of this discretion is committed solely to the Plan Administrator, and is not subject to review. Notwithstanding the foregoing, neither this subsection (b) nor the Applicable Limitations Period will apply to a claim governed by section 413 of ERISA.

(c) For purposes of this Section 15.05, an Applicable Claim is:

- (1) a claim or action to recover benefits allegedly due under the provisions of the Plan or by reason of any law;
 - (2) a claim or action to clarify rights to future benefits under the terms of the Plan;
 - (3) a claim or action to enforce rights under the Plan; or
 - (4) any other claim or action that:
 - (A) relates to the Plan, and
 - (B) seeks a remedy, ruling, or judgment of any kind against the Plan, the Plan Administrator, or other fiduciary (within the meaning of section 3(21) of ERISA), or a party in interest (within the meaning of section 3(14) of ERISA) with respect to the Plan.
- (d) In the event of any Applicable Claim brought by or on behalf of two or more Claimants, this Section 15.05, including the Applicable Limitations Period, will apply separately with respect to each Claimant.

15.06 Class Action Forum Selection.

- (a) To the fullest extent permitted by law, any putative class action lawsuit brought in whole or in part under section 502 of ERISA (or any successor provision) and relating to the Plan, the administration of the Plan, management or investment or handling of Plan assets, the Trust, or the performance or non-performance of Plan fiduciaries or administrators must be filed in one of the following jurisdictions:
- (1) the jurisdiction in which the Plan is principally administered; or
 - (2) the jurisdiction in which the largest number of putative class members resides as determined by the Plan Administrator based on records maintained by the Plan Administrator (or if that jurisdiction cannot be determined, the jurisdiction in which the largest number of class members is reasonably believed to reside).
- (b) If any putative class action within the scope of subsection (a) is filed in a jurisdiction other than one of those described in subsection (a), or if any non-class action filed in such a jurisdiction is subsequently amended or altered to include class action allegations, then the Plan, any Plan affiliates, and all alleged Plan participants must take all steps necessary to have the action removed to, transferred to, or re-filed in a jurisdiction described in subsection (a). Such steps may include, but are not limited to:
- (1) a joint motion to transfer the action; or
 - (2) a joint motion to dismiss the action without prejudice to its re-filing in a jurisdiction described in subsection (a), with any applicable time limits or statutes of limitations applied as if the suit or class action allegation had originally been filed or asserted in a jurisdiction in subsection (a) at the same time that it was filed or asserted in a jurisdiction not described therein.
- (c) This forum selection provision is waived if no party invokes it within 120 days of filing a putative class action or the assertion of class action allegations.
- (d) This Section 15.06 does not relieve the Plan or any putative class member of any obligation existing under the Plan or by law to exhaust administrative remedies before initiating litigation or to comply with the limitations of actions provision set forth in Section 15.05.

ARTICLE 16. MANAGEMENT OF FUNDS

16.01 Trust Agreement.

A Trust Fund currently known as the AMETEK Retirement and Savings Trust (the "Trust" or the "Trust Fund") has been established by the execution of trust agreements with one or more Trustees and is maintained for the purposes of this Plan. Each Employer Unit will make contributions under this Plan to the Trust for purposes of providing benefits under the Plan.

16.02 Designation of Trustee.

There will be one or more trustees, either corporate or individual, in each case appointed and subject to removal by the Company. In case of death, incapacity, resignation or removal of any Trustee, a successor will be appointed by the Company.

16.03 Exclusive Benefit Rule.

Except as otherwise provided in the Plan, no part of the corpus or income of the funds of the Plan will be used for, or diverted to, purposes other than for the exclusive benefit of Participants and other persons entitled to benefits under the Plan before satisfaction of all liabilities with respect to them. No person will have any interest in or right to any part of the earnings of the funds of the Plan, or any right in, or to, any part of the assets held under the Plan, except as and to the extent expressly provided in the Plan.

16.04 Appointing Investment Managers.

The Board of Directors may, from time to time, appoint one or more investment managers (within the meaning of section 3(38) of ERISA) 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 16.04 may be revoked or modified by the Board of Directors at any time and a new appointment made.

16.05 No Guarantee.

The Employer, the Plan Administrator, and the Trustee do not guarantee the Participants or their Beneficiaries against loss or depreciation or fluctuation of the value of the assets of the Trust Fund.

ARTICLE 17. ASSIGNMENTS OR LIENS

17.01 No Alienation.

Except as provided in Section 17.03 or permitted by section 401(a)(13)(C) of the Code, no right, benefit or interest of any Participant or Beneficiary under the Plan may be made subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt or arrangement on the part of any person so to do will be void.

17.02 No Liability for Obligation.

Except as provided in Section 17.03 or permitted by section 401(a)(13)(C) of the Code, no right, benefit, or interest will in any way be subject to or liable for the debts, contracts, commitments, obligations, liabilities or torts of any Participant or Beneficiary under the Plan or subject to attachment, execution, garnishment, sequestration, seizure or legal, equitable, or other process for or against such person and any attempt or arrangement on the part of any person so to do will be void.

17.03 Qualified Domestic Relations Orders.

Notwithstanding the provisions of Sections 17.01 or 17.02, the Plan Administrator will direct the Trustee to honor and comply with the provisions of a domestic relations order which the Plan Administrator determines to constitute a Qualified Domestic Relations Order, as defined in section 414(p) of the Code. Nothing contained in this Plan prevents the Trustee, in accordance with the direction of the Plan Administrator, from complying with the provisions of a Qualified Domestic Relations Order (as defined in section 414(p) of the Code). The Plan Administrator will establish procedures to determine the status of a judgment, decree or order as a Qualified Domestic Relations Order and to administer Plan distributions in accordance with Qualified Domestic Relations Orders. Notwithstanding anything to the contrary in Section 14.07, reasonable expenses incurred by the Plan Administrator to determine whether a domestic relations order is a Qualified Domestic Relations Order may be paid from the Accounts of the Participant to whom such Order relates. Any payment made by the Plan Administrator pursuant to a Qualified Domestic Relations Order will reduce, by a like amount, the amount otherwise payable under the Plan to the Participant to whom such Order relates or his Beneficiary, as the case may be.

17.04 Distributions Under Qualified Domestic Relations Orders.

This Plan specifically permits distribution to an Alternate Payee under a Qualified Domestic Relations Order at any time, irrespective of whether the Participant has attained his earliest retirement age (as defined under Code section 414(p)) under the Plan. A distribution to an Alternate Payee before the Participant's attainment of earliest retirement age is available only if: (1) the Qualified Domestic Relations Order specifies distribution at that time or permits an agreement between the Plan and the Alternate Payee to authorize an earlier distribution; and (2) if the present value of the Alternate Payee's benefits under the Plan exceeds \$5,000 and the Qualified Domestic Relations Order requires, the Alternate Payee consents to any distribution occurring before the Participant's attainment of earliest retirement age. Nothing in this Section 17.04 permits a Participant a right to receive distribution at a time otherwise not permitted under the

Plan nor does it permit the Alternate Payee to receive a form of payment not permitted under the Plan.

ARTICLE 18. AMENDMENT, MERGER OR TERMINATION

18.01 Amendment of Plan.

The Board of Directors, at a 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 will provide for the use of the assets of this Plan or any part thereof other than for the exclusive benefit of 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;
- (c) No amendment will deprive any 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;
- (d) If the Internal Revenue Service requires that one or more amendments be adopted to the Plan as a condition of receiving a favorable determination letter, and the representative of the Company with respect to the application for the determination letter agrees in writing to the adoption of such amendments, such amendments will, upon the issuance of the requested determination letter, be deemed to have been adopted, automatically and without further action by the representative, the Company, or the Board of Directors, effective as of the date or dates specified in such amendments; and
- (e) This Plan may be amended at any time and from time to time in any respect so as to qualify this Plan pursuant to section 401(a) of the Code 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 or Beneficiary.

18.02 Termination of Plan.

The Company will have the right, in its sole discretion, at any time, to suspend or discontinue its contributions under the Plan, and to terminate at any time, in whole or in part, this Plan and the Trust. To the extent practicable, a termination will be effected by resolution of the Board of Directors and written notice thereof will be given by an instrument in writing executed by the Company and filed with the Trustee and Committee. The Plan will also be considered terminated as of the date that the Company is dissolved or liquidated or disposes of substantially all of its assets without providing for any successor person, firm or corporation to continue the Plan.

Whether a partial termination has occurred depends on all the relevant facts and circumstances, as determined by the Commissioner of the Internal Revenue Service. No Participant will have any right to be vested under Section 18.03(a) on account of a partial termination unless and until the Commissioner makes such a determination.

18.03 Vesting and Distribution of Assets on Plan Termination or Complete Discontinuance of Contributions.**(a) Vesting.**

Upon complete or partial termination of this Plan, or complete discontinuance of contributions to this Plan, a Participant who is affected by the complete or partial termination or discontinuance will be vested in the balance of his Accounts, determined as of the date of complete or partial termination or the discontinuance.

(b) Distribution.

Upon complete or partial termination of this Plan, or complete discontinuance of contributions to this Plan, the value of each affected Participant's account will be distributed in accordance with this subsection (b) to the extent consistent with applicable law. Except as otherwise provided by ERISA, there will first be set aside amounts due to Participants who have terminated employment and who were not previously paid pursuant to the provisions of Article 12, and the amount to which any such Participant is entitled will be paid to him or his duly designated Beneficiary, as the case may be. The proportionate interest of each other Participant in the remaining assets of the Trust Fund will then be determined in accordance with Article 7 except that the value of such proportionate interest will be determined as of the date of termination of this Plan. There will be paid to each Participant or his duly designated Beneficiary, as the case may be, the benefit thus determined pursuant to this Section 18.03, 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 18.03 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' Accounts, or by any combination thereof. Notwithstanding the foregoing provisions of this Section 18.03, following the termination of the Plan, a distribution of a Participant's Pre-Tax Contribution Account, Roth Contribution Account, or Catch-Up Contribution Account will not occur if the Employer establishes or maintains a successor plan (as defined under section 401(k) of the Code and the corresponding Treasury regulations).

18.04 Merger or Consolidation.

Pursuant to action of the Board of Directors:

- (a) 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
- (b) 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 will 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).

ARTICLE 19. TOP-HEAVY PROVISIONS

19.01 Priority Over Other Plan Provisions.

For any Plan Year for which this Plan is a Top-Heavy Plan, as defined below, the provisions of this Article 19 will apply and control over any contrary provisions of the Plan.

19.02 Definitions Used in this Article.

For purposes of this Article 19, the following definitions will apply unless the context clearly indicates otherwise:

- (a) **Determination Date.** "Determination Date" means the last day of the preceding Plan Year.
- (b) **Employer.** "Employer" means any Employer and any Affiliate, each as defined in Article 2.
- (c) **Employer Plan.** Employer Plan means a stock bonus, pension, or profit-sharing plan intended to qualify under section 401(a) of the Code, whether or not terminated, of the Employer.
- (d) **Five Percent Owner.** Five Percent Owner means:
 - (1) if the Employer is a corporation, any person who owns (or is considered as owning within the meaning of section 318) more than five percent of the outstanding stock of the corporation or stock possessing more than five percent of the total combined voting power of all stock of the corporation; or
 - (2) if the employer is not a corporation, any person who owns more than five percent of the capital or profits interest in the Employer.

For purposes of this subsection (d), no Employer will not be treated as a single employer, and a person's ownership interest in each Employer will not be aggregated.

- (e) **Key Employee.** "Key Employee" means any employee who at any time during the Plan Year ending with the Determination Date is:
 - (1) an Officer whose Total Compensation exceeds the dollar amount under section 416(i)(1)(A)(i) of the Code;
 - (2) a Five Percent Owner;
 - (3) a One Percent Owner whose Total Compensation exceeds \$150,000; or
 - (4) the Beneficiary of any individual described in the foregoing clauses of this subsection (e).

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- (f) **Non-Key Employee.** “Non-Key Employee” means, for any Plan Year, an individual who was employed as an Employee at any time during the Plan Year and who is not a Key Employee. A “Non-Key Employee” also includes and Employee who is a former Key Employee.
- (g) **Officer.** “Officer” means an individual who is an “officer” within the meaning of section 416(i)(1) of the Code and any regulations prescribed thereunder. No more than 50 employees of the Employer (or, if lesser, the greater of 3 or 10 percent of the employees) will be treated as officers in any given Plan Year. If the number of employees who could be treated as Officers exceeds the limits set forth in this subsection (g), then the employees having the highest annual Total Compensation among all potential Officers, during the Plan Year ending with the Determination Date and the four preceding Plan Years, will be considered Officers.
- (h) **One Percent Owner.** “One Percent Owner” has the same meaning as Five Percent Owner except that One Percent is substituted for Five Percent wherever that term appears in subsection (c).
- (i) **Permissive Aggregation Group.** “Permissive Aggregation Group” means a group of Employer Plans comprising each Employer Plan that is included in the Required Aggregation Group and each other Employer Plan selected by the Company for inclusion in the Permissive Aggregation group that would not, by its inclusion, prevent the group of Employer Plans included in the Permissive Aggregation Group from continuing to meet the nondiscrimination requirements of section 401(a)(4) of the Code and the participation requirements of section 410 of the Code.
- (j) **Required Aggregation Group.** “Required Aggregation Group” means one or more Employer Plans including each Employer Plan in which a Key Employee is a participant and each other Employer Plan that enables any Employer Plan in which a Key Employee participates to meet the nondiscrimination requirements of section 410(a)(4) of the Code or the participation requirements of section 410 of the Code.
- (k) **Top-Heavy Plan.** The Plan will be considered a “Top-Heavy Plan” for any Plan Year, if, as of the Determination Date:
- (1) the Plan is not part of a Permissive Aggregation Group or a Required Aggregation Group and the aggregate present value of the Accounts of Participants who are Key Employees exceeds sixty percent (60%) of the aggregate present value of the Accounts under the Plan for all Participants; or
 - (2) the Plan is part of a Required Aggregation Group and the sum of the present values of accrued benefits for Key Employees under all Employer Plans included in such Required Aggregation Group exceeds sixty percent (60%) of the sum of the present value of accrued benefits of all participants of all plans within the Required Aggregation Group.

The Plan will not be considered a Top-Heavy Plan for any Plan Year in which the Plan is part of a Required Aggregation Group or Permissive Aggregation Group which is not top-heavy.

The present value of accounts and of accrued benefits will be calculated in accordance with section 416(g) of the Code and will include (A) the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan during the applicable period ending on the Determination Date; (B) any distributions made with respect to the employee during the applicable period ending on the Determination Date under a terminated plan which, had it not been terminated, would have been aggregated with the Plan in a Required Aggregation Group. For purposes of (A) and (B), the "applicable period" will mean the one-year period ending on the Determination Date unless the distribution is an in-service distribution or otherwise made for reasons other than severance from employment, death, or disability.

The accrued benefits and accounts of any individual who has not performed services for the Employer during the 1-year period ending on the determination date will not be taken into account for purposes of this subsection (k).

- (l) **Total Compensation.** "Total Compensation" means "compensation" as defined in Section 6.02(c)(2).

19.03 Minimum Allocation.

For each Plan Year during which the Plan is a Top Heavy Plan, for each Non-Key Employee who has satisfied the eligibility requirements of Section 3.01 and who has not separated from service as of the last day of the Plan Year,

- (a) the Employer contributions the Employer otherwise would have made under the Plan for such Plan Year (determined without regard to compensation in excess of Total Compensation), or, if greater,
- (b) contributions for such Plan Year that, when added to the contributions made by the Employer for such Non-Key Employee (and any forfeitures allocated to the accounts of such Non-Key Employee) for such Plan Year under all other defined contribution plans of the Employer,

will equal not less than the lesser of:

- (c) three percent (3%) of Total Compensation; or
- (d) the highest percentage of Total Compensation at which Employer contributions plus forfeitures are allocated (or required to be allocated) for the Plan Year to the accounts of any Key Employee; provided that the provisions of this paragraph (d) will not apply if the Plan is in the Required Aggregation Group and enables a defined benefit plan in the Required Aggregation Group to meet the requirements of section 401(a)(4) or section 410 of the Code. For purposes of this paragraph (d), all defined contribution plans in the Required Aggregation Group will be treated as one plan.

For purposes of this Section 19.03,

- (1) the minimum contribution allocated to Non-Key Employees for the Plan Year will be determined without regard to elective deferrals;
- (2) the highest percentage of Total Compensation contributed by the Employer on behalf of any Key Employee under paragraph (d) for the Plan Year will be determined by including elective deferrals; and
- (3) employer matching contributions will be taken into account.

Notwithstanding anything to the contrary in this Section 19.03, a minimum allocation will not be made on behalf of a Non-Key Employee under this Plan in the event the Participant is covered by another plan of an Employer and the minimum allocation or benefit requirement as set forth in section 416 of the Code and regulations thereunder is satisfied by such other plan of the Company.

19.04 Coordination with Defined Benefit Plan.

If a Non-Key Employee who is entitled to receive a contribution under Section 19.03 is also entitled to receive a minimum benefit pursuant to section 416 of the Code under a defined benefit pension plan maintained by an 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 19.03 hereof, satisfies the requirements of section 416 of the Code, the amount of Matching Contributions allocated to the Matching Contribution Account of such Non-Key Employee will 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 defined benefit pension plan to which he is entitled under section 416 of the Code.

ARTICLE 20. SPECIAL RULES FOR MILITARY SERVICE

20.01 In General.

Notwithstanding any other provision of the Plan, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code (excluding section 414(u)(9) of the Code). The Plan Administrator may reasonably request that an Employee demonstrate that he has engaged in qualified military service within the meaning of section 414(u) of the Code.

20.02 Reemployment Following a Period of Qualified Military Service.

- (a) Reemployment Following a Period of Qualified Military Service. Notwithstanding any provision of this Plan to the contrary all contributions with respect to periods of qualified military service will be provided in a manner consistent section 414(u) of the Code (excluding section 414(u)(9)) if a Participant is treated as reemployed by the Employer under chapter 43 of title 38, United States Code, following a period of qualified military service, as follows:
- (1) Pre-Tax, Roth, and Catch-up Contributions. A Participant who is treated as reemployed under chapter 43 of title 38, United States Code, following a period of qualified military service will be permitted to contribute additional Pre-Tax, Roth, After-Tax, and Catch-up Contributions under the Plan in an amount up to the maximum amount of Pre-Tax, Roth, After-Tax, and Catch-up Contributions that the Participant would have been permitted to make under the Plan during the period of qualified military service if the Participant had continued to be employed during such period and received Compensation equal to the Compensation the Participant would have received during such period if the Participant were not in qualified military service, or if such rate is not reasonably certain, the Participant's average rate of Compensation during the 12-month period immediately preceding the qualified military service (or, if shorter, the period of the Participant's employment as an Employee immediately preceding such period. The maximum amount of Pre-Tax, Roth, After-Tax, and Catch-Up Contributions so determined will be reduced by the amount of any Pre-Tax, Roth, After-Tax, or Catch-Up Contributions actually made by the Participant during his period of absence due to qualified military service. The additional Pre-Tax, Roth, After-Tax, or Catch-Up Contributions must be made within five (5) years (or, if less, three (3) times the length of the Participant's most recent period of qualified military service) after his reemployment and while the Participant is an Employee.
 - (2) Matching Contributions and Retirement Incentive Contributions. The applicable Employer Unit will contribute Matching Contributions and any Retirement Incentive Contributions that would have been attributable to Pre-Tax Contributions or Roth Contributions made pursuant to paragraph (1) if the Participant had elected to make such contributions during the period of qualified military service.

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- (3) Retirement Contributions. The applicable Employer Unit will contribute to the Plan, on behalf of each Participant who is treated as reemployed under chapter 43 of title 38, United States Code, following a period of qualified military service, an amount equal to the Retirement Contributions, if any, that would have been required under Section 5.02 had such Participant continued to be employed and received Compensation during the period of qualified military service.

(b) Contributions made pursuant to subsection (a):

- (1) will not be taken into account for purposes of the limit described in Section 6.01(a) and the otherwise applicable limitations under Section 6.02 for the taxable year or limitation year in which the contributions are made; rather such contributions will be taken into account for purposes of such limitations for the year to which the contributions relate; and
- (2) will not be taken into account for purposes of the limitations described in Section 6.03 for any year.

20.03 Service Credit.

If Section 20.02(a) applies to a Participant, the Participant's period of absence due to qualified military service will be included in the determination of his Hours of Service and the Participant will not incur a Separation of Service Date by reason of his qualified military service.

20.04 Loan Repayments.

As provided in Section 11.05(g)(3), loan repayments will be suspended under this Plan as permitted under section 414(u) (4) of the Code.

20.05 Survivor Benefits.

In accordance with section 401(a)(37) of the Code, the survivors of a Participant who dies while performing qualified military service (within the meaning of section 414(u) of the Code) will be eligible for any additional benefits (other than additional benefit accruals related to the period of qualified military service) that would have been provided under the Plan if the Participant had resumed employment and immediately thereafter terminated employment due to death.

20.06 Treatment of Differential Wage Payments.

To the extent required by section 414(u)(12) and guidance issued thereunder, an individual receiving differential wage payments (within the meaning of section 3401(h)(2) of the Code) from the Employer will be treated as an employee and the differential wage payments will be treated as compensation.

20.07 Termination of Employment.

For purposes of Article 12, a termination of employment will be deemed to occur to the extent permitted by section 414(u) (12)(B) of the Code (concerning individuals performing

service in the uniformed services described in Code section 3401(h)(2)(A)), provided that if a Participant elects a distribution of all or part of his Pre-Tax Contribution Account, Roth Contribution Account, After-Tax Contribution Account, or Catch-Up Contribution Account pursuant to section 414(u)(12)(B) of the Code, the Participant will be prohibited from making Pre-Tax Contributions, Roth Contributions, After-Tax Contributions, or Catch-Up Contributions under this Plan during the six-month period beginning on the date of the distribution to the extent required by Code section 414(u)(12)(B) (ii).

ARTICLE 21. MISCELLANEOUS

21.01 Not a Contract of Employment.

This Plan will not constitute a contract of employment between Company and the Participant. Nothing in this Plan will give a Participant the right to be retained in the service of Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

21.02 Electronic Transmission of Notices and Elections.

Any notice required to be distributed to or any elections or directions permitted under Article 4 or Article 8 by Participants, Beneficiaries and Alternate Payees pursuant to the terms of the Plan may, at the direction of the Plan Administrator, be transmitted electronically or telephonically to the extent permitted by, and in accordance with any procedures set forth in, applicable law and regulations.

21.03 Governing Law.

The Plan will be construed and enforced in accordance with applicable federal law and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the legislative or judicial conflict of laws rules of any state or other jurisdiction).

21.04 Severability.

If any provision of this Plan is held unenforceable, the remainder of the Plan will continue in full force and effect without regard to such unenforceable provision and will be applied as though the unenforceable provision were not contained in the Plan.

21.05 Headings.

Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

* * *

IN WITNESS WHEREOF, and as evidence of the adoption of this amended and restated Plan by the Company, AMETEK, Inc. has executed the same this 22nd day of December, 2016.

AMETEK, Inc.

By: /s/ HENRY J. POLICARE
Henry J. Policare
Director, Global Benefits & M&A – HR

**AMETEK, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

Amended and Restated as of January 1, 2017

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ARTICLE 1. PURPOSE

1.01 Purpose.

The AMETEK, Inc. Supplemental Executive Retirement Plan (the "Plan") provides additional retirement benefits, on a tax-qualified basis, to a select group of management or highly compensated employees of AMETEK, Inc. whose benefits under certain of the retirement plans maintained for employees of AMETEK or its subsidiaries are restricted by the provisions of the Internal Revenue Code of 1986, as amended.

1.02 Effective Date.

The Plan, as hereby amended and restated, is effective with respect to amounts that were not deferred or vested (within the meaning of section 409A of the Code) before January 1, 2005, and any earnings on such amounts. Amounts deferred and vested (within the meaning of section 409A of the Code) before January 1, 2005 and earnings on such amounts are not affected by this amendment and restatement of the Plan, and remain subject to the terms of the May 1, 1997 plan document, as amended, which are set forth in Appendix A to this January 1, 2017, amendment and restatement. For recordkeeping purposes, the Company will establish separate accounts for each Participant for amounts deferred and vested before January 1, 2005, and amounts deferred and vested on or after that date.

ARTICLE 2. DEFINITIONS AND CONSTRUCTION

2.01 Definitions.

For the purpose of this Plan, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise.

- (a) **Account.** "Account" means a hypothetical account established on the books of the Company pursuant to Section 4.01.
- (b) **Beneficiary.** "Beneficiary" means the person, persons, or entity as designated by the Participant, entitled under Article 6 to receive any Plan benefit payable after the Participant's death.
- (c) **Board.** "Board" means the Board of Directors of AMETEK, Inc.
- (d) **Change in Control.** A "Change in Control" shall occur if:
 - (1) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires ownership of stock of the Company that, together with the stock held by such Person or group of Persons, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company before this transfer of the Company's stock, the acquisition of additional stock by the same Person or group of Persons shall not be considered to cause a Change in Control of the Company; or
 - (2) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company. However, if such Person or group of Persons is considered to own 30 percent or more of the total voting power of the stock of the Company before this acquisition, the acquisition of additional control or stock of the Company by the same Person or group of Persons shall not cause a Change in Control of the Company; or
 - (3) A majority of members of the Company's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board before the date of the appointment or election; or
 - (4) Any one Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or group of Persons) assets from the Company that have a total gross fair market value equal to substantially all but in no event less than 40 percent of the total fair market value of all

assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets by the Company will not result in a Change in Control under this Section 2.01(d)(4), if the assets are transferred to:

- (A) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
- (B) An entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company immediately after the transfer of assets;
- (C) A Person or more than one Person acting as a group (as defined in section 1.409A-3(i)(5)(v)(B) of the Treasury Regulations) that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company; or
- (D) An entity, at least 50 percent of the total value or voting power of which is owned directly or indirectly, by a person described in Section 2.01(d)(4)(C), above.

For purposes of this Section 2.01(d), no acquisition, either directly or indirectly, by the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan shall constitute a Change in Control.

For purposes of this Section 2.01(d), the following terms shall have the meanings set forth below:

- (1) "Company" shall mean AMETEK, Inc., except that, if a Participant is employed by a majority-controlled subsidiary of the Company, for purposes of Sections 2.01(d)(1), 2.01(d)(2), and 2.01(d)(4), "Company" shall mean such subsidiary.
 - (2) "Person" shall mean any individual or individuals other than the Participant, his affiliates and associates, the Company, any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such employee benefit plan.
- (e) **Code.** "Code" means the Internal Revenue Code of 1986, as amended.
- (f) **Committee.** "Committee" means the committee appointed by the Board (or its delegee) to administer the Plan pursuant to Article 7.

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- (g) **Company.** “Company” means AMETEK, Inc., a Delaware corporation, and each of its subsidiaries designated by the Board, which has elected to cover its Employees hereunder by resolution of its board of directors.
- (h) **Compensation.** “Compensation” means (1) if the Participant is accruing a benefit under a defined benefit retirement plan sponsored by the Company, compensation as defined in the Employees’ Retirement Plan of AMETEK, Inc., or (2) if the Participant is not accruing a benefit under a defined benefit retirement plan sponsored by the Company, compensation as defined in the AMETEK, Inc. Retirement and Savings Plan (or any successor plan); provided that in either case, compensation shall not include any special payments commencing on or after July 1, 2015.
- (i) **Compensation Limit.** “Compensation Limit” means the amount of Compensation that may be taken into account under a Retirement Plan by reason of the provisions of Section 401(a)(17) of the Code.
- (j) **Effective Date.** “Effective Date” means January 1, 2017.
- (k) **Eligible Employee.** “Eligible Employee” means an employee of the Company who is designated by the Committee, in its sole discretion, to be eligible to participate in the Plan pursuant to Section 3.01.
- (l) **Excess Compensation.** “Excess Compensation” means Compensation in excess of the Compensation Limit.
- (m) **Participant.** “Participant” means any Eligible Employee who satisfies the requirements set forth in Article 3. In the event of the death or incompetency of a Participant, the term shall mean the Participant’s personal representative or guardian.
- (n) **Plan.** “Plan” means the AMETEK, Inc. Supplemental Executive Retirement Plan as set forth herein and as it may be amended from time to time.
- (o) **Plan Year.** “Plan Year” means the 12-month period beginning on each January 1 and ending the following December 31.
- (p) **Separates from Service.** “Separates from Service” or “Separation from Service” means separation from service within the meaning of section 409A of the Code.
- (q) **Shares.** “Shares” means shares of common stock of AMETEK, par value \$.01 per share.
- (r) **Year of Service.** “Year of Service” means the 12-month period following the date that the Eligible Employee first performs an hour of service for the Company and each consecutive 12-month period following the anniversary of that date that is completed before the Participant Separates from Service.

2.02 Construction.

For purposes of the Plan, unless the contrary is clearly indicated by context,

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- (a) the use of the masculine gender shall also include within its meaning the feminine and vice versa,
 - (b) the use of the singular shall also include within its meaning the plural and vice versa, and
 - (c) the word "include" shall mean to include without limitation.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.01 Eligibility.

Eligibility to participate in the Plan shall be limited to that select group of management and/or highly compensated employees of the Company whom the Committee designates as eligible to participate in the Plan.

3.02 Participation.

An Eligible Employee shall become a Participant in the Plan on the date that the Participant first has Excess Compensation. An Eligible Employee shall remain a Participant until his Account is distributed as provided under Article 5.

ARTICLE 4. ACCOUNTS

4.01 Account.

The Committee shall establish and maintain a separate Account with respect to each Participant. A Participant's Account shall equal the amounts credited to the Participant's Account pursuant to Section 4.02, and the value of his Account shall be determined pursuant to Section 4.03.

4.02 Amounts Allocated to Account.

For each Plan Year, the Company shall credit to the Account of each Participant an amount equal to 13% multiplied by the Participant's Excess Compensation for that Plan Year. Such credit shall be made as of the last day of the Plan Year; provided, however, that the credit shall be made as of the date a Participant Separates from Service if such Separation from Service occurs on account of death, voluntarily after completing five (5) Years of Service, or involuntarily by the Company. The credit to the Account shall be in cash notwithstanding the provisions of Section 4.03.

4.03 Valuation of Account.

- (a) **Deemed Investment of New Credits.** New amounts credited as of the last day of a Plan Year pursuant to Section 4.02 shall be deemed to be invested in whole and fractional Shares based on the average closing price of the Shares on the principal exchange on which the Shares are traded for the first ten (10) trading days of December preceding the deemed investment.
- (b) **Deemed Investment of Hypothetical Dividends.** Hypothetical dividends on the Shares allocated to a Participant's Account shall be credited to a Participant's Account during a Plan Year at the same time(s) that dividends are actually paid on Shares. Hypothetical dividends shall be deemed to be invested in additional Shares as of the last business day of the Plan Year in which they are credited based on the closing price of the Shares on the principal exchange on which the Shares are traded for the first ten (10) trading days of December preceding the deemed investment.
- (c) **Valuation of Hypothetical Shares.** The value of Shares allocated to a Participant's Account pursuant to Sections 4.03(a) and 4.03(b) shall be adjusted as of the last day of each Plan Year (after the Plan Year in which they are initially allocated) based on the closing price of the Shares on the last business day of the Plan Year.

4.04 Vesting of Account.

Each Participant shall become 100% vested in his Account upon completing five (5) Years of Service.

ARTICLE 5. PAYMENT OF ACCOUNT

5.01 Payment Upon Separation from Service.

- (a) **Form and Timing of Payment.** A Participant's vested Account shall be paid in one lump sum on the first day of the month coincident with or next following the date that is six (6) months after the date of the Participant's Separation from Service; provided that if the Participant dies after Separation from Service and before the date that is six (6) months after the date of the Participant's Separation from Service, his Account shall be paid on the first day of the month coincident with or next following the date of the Participant's death.
- (b) **Medium of Payment.** A Participant's vested Account shall be paid in Shares; provided that any credits to the Participant's Account that are not yet deemed to be invested in Shares under Section 4.03, including credits or dividends that are credited to the Participant's Account for the Plan Year in which Separation from Service occurs, shall be paid in cash. The certificate(s) for the Shares (if any) shall be issued in the name of the Participant, provided that the Company shall issue the certificate(s) in the names of the Participant and his spouse if the Participant so elects before the first day of the month next following his Separation from Service.

5.02 Payment Upon Death of Participant.

If a Participant dies before he receives his benefit in accordance with Section 5.01, his vested Account shall be paid to the Participant's Beneficiary in one lump sum, in Shares and cash, as provided in Section 5.01(b). Such distribution shall be made on the first day of the month next following the date of the Participant's death. The certificates for the Shares (if any) shall be issued in the name of the Beneficiary.

5.03 Administrative Acceleration or Delay of Payment.

A payment is treated as being made on the date when it is due under the Plan if the payment is made (a) no earlier than thirty (30) days before the due date specified by the Plan or (b) on a date later than the due date specified by the Plan that is either (1) in the same Plan Year (for a payment whose specified due date is on or before September 30) or (2) by the fifteenth (15th) day of the third calendar month following the date specified by the Plan (for a payment whose specified due date is on or after October 1).

5.04 Withholding.

The Company shall withhold from any payment made pursuant to this Plan any taxes the Company reasonably believes are required to be withheld from such payments under local, state, or federal law. To the extent permitted by law, the Company shall be entitled, at its option, to (a) deduct and withhold such amounts from any cash payment to be made by the Company to the Participant or such other person with respect to whom such withholding may arise; (b) require the Participant (or such other person) to make payment to the Company in such amount as is required to be withheld; or (c) retain and withhold the number of Shares that would otherwise be distributed from the Participant's Account as shall have a fair market value, determined as of the date on which such withholding requirement arises, equal to the amount that is required to be withheld,

either sell such Shares or place the Shares in the Company's Treasury account, and apply the proceeds from the Shares to meet the withholding requirement.

5.05 Payment to Guardian.

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of the property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

5.06 Effect of Payment.

The full payment of the benefit under this Article 5 shall completely discharge all obligations on the part of the Company to the Participant (and the Participant's Beneficiary) with respect to the operation of this Plan, and the Participant's (and Participant's Beneficiary's) rights under this Plan shall terminate.

ARTICLE 6. BENEFICIARY DESIGNATION

6.01 Beneficiary Designation.

Each Participant shall have the right, at any time, to designate one (1) or more persons or entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's Account. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only if filed with the Committee during the Participant's lifetime.

6.02 Changing Beneficiary.

Any Beneficiary designation may be changed without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee.

6.03 No Beneficiary Designation.

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

- (a) the Participant's surviving spouse;
- (b) the Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living; or
- (c) the Participant's estate.

ARTICLE 7. ADMINISTRATION

7.01 Committee Duties.

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons, who may also be Participants in this Plan, and are named as the initial Committee in this Plan or as subsequently appointed by the Board or its delegee. The Committee shall have the full discretionary authority to (a) make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as they may arise in such administration, and (b) establish and maintain an investment policy for the Plan, select appropriate investment options to implement the investment policy, monitor the performance of such investment options, and change the selection of investment options from time to time in a manner consistent with the objectives of the investment policy. A Committee member who is also a Participant in this Plan shall be prohibited from voting on any matter which may, in the opinion of the balance of the Committee, directly affect the Committee member's individual rights or benefits under this Plan. A majority vote of the Committee members permitted to vote shall control any decision.

7.02 Agents.

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.03 Binding Effect of Decisions.

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.04 Indemnity of Committee.

The Company shall indemnify and hold harmless each member of the Committee from any and all claims, losses, damages, expenses (including counsel fees) and liability (including any amounts paid in settlement of any claim or any other matter with the consent of the Board) arising from any act or omission of such member, except when the same is due to gross negligence or willful misconduct.

ARTICLE 8. CLAIMS PROCEDURE

8.01 Claim.

Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Corporate Human Resources Department, which shall respond in writing as soon as practical, but not later than ninety (90) days after receipt of the claim, unless the Corporate Human Resources Department notifies the Claimant that special circumstances require an additional period of time (not to exceed 90 days) to review the claim properly.

8.02 Denial of Claim.

If the claim or request is denied, the written notice of denial shall state:

- (a) the reasons for denial, with specific reference to the Plan provisions on which the denial is based;
- (b) a description of any additional material or information required and an explanation of why it is necessary; and
- (c) an explanation of the Plan's claim review procedure, including a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA if the claim denial is denied (in whole or in part) on appeal.

8.03 Review of Claim.

Any Claimant whose claim or request is denied or who has not received a response within the time limits set forth above may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or, in the event Claimant has not received a timely response, within 60 days after the date the Corporate Human Resources Department was required to respond to the claim under Section 8.01. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.04 Final Decision.

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE 9. AMENDMENT AND TERMINATION OF PLAN

9.01 Amendment.

The Board, by written resolution, shall have the right to amend or modify the Plan at any time in any manner whatsoever; provided, however, that no amendment shall operate to reduce the amount accrued in any Account at the time the amendment is adopted. In addition, the Committee may make all technical, administrative, regulatory and compliance amendments to the Plan, and any other amendment that will not significantly increase the cost of the Plan to the Company, as the Administrator shall deem necessary or appropriate.

9.02 Company's Right to Terminate.

Continuance of the Plan is completely voluntary and is not assumed as a contractual obligation of the Company. The Board, by written resolution, shall have the right at any time to discontinue the Plan; provided, however, that the termination shall not operate to reduce the amount accrued in any Account as of the date the termination is approved.

ARTICLE 10. MISCELLANEOUS

10.01 Hypothetical Accounts.

Each account and investment established under the Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only. The accounts established under the Plan shall hold no actual funds or assets. Any liability of the Company to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. Neither the Company, the Board, nor any other person shall be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between or among the Company, a Participant, or any other person.

10.02 Company Obligation.

The Company shall not be required to fund any obligations under the Plan. Except as provided in Section 10.03, any assets that may be accumulated by the Company to meet its obligations under the Plan shall for all purposes be part of the general assets of the Company. To the extent that any Participant or Beneficiary acquires a right to receive payments under the Plan for which the Company is liable, such rights shall be no greater than the rights of any unsecured general creditor of the Company.

10.03 Trust Fund.

The Company shall be responsible for the payment of all benefits provided under the Plan. Before a Change in Control, at its discretion, the Company may establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits. Following a Change in Control, the Company shall establish one (1) or more trusts, with such trustees as the Committee may approve, for the purpose of assisting in the payment of such benefits, and shall fund such trust with the full amount necessary to pay all benefits that are reasonably expected to be payable under the Plan. If, as a result of a Change in Control, Shares will no longer exist, the Committee may, in its sole discretion, allocate the value of each Participant's Shares to an alternative investment fund. Although such a trust shall be irrevocable, its assets shall be held for payment of all of the Company's general creditors in the event of insolvency and shall not be located or transferred outside the United States. To the extent any benefits provided under the Plan are paid from any such trust, the Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company. No assets of the trust or the Company shall become restricted to provide benefits under the Plan in connection with a change in the Company's financial health.

10.04 Nonassignability.

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or

separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency, except that the Committee may recognize a domestic relations order in accordance with procedures that it may establish for this purpose.

10.05 Not a Contract of Employment.

This Plan shall not constitute a contract of employment between Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

10.06 Governing Law.

The Plan shall be construed and enforced in accordance with applicable federal law and, to the extent not preempted by federal law, the laws of the Commonwealth of Pennsylvania (without regard to the legislative or judicial conflict of laws rules of any state or other jurisdiction).

10.07 Severability.

If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan. In addition, if any provision of the Plan shall be found to violate section 409A of the Code or otherwise result in benefits under the Plan being subject to income tax prior to distribution, such provision shall be void and unenforceable, and the Plan shall be administered without regard to such provision.

10.08 Headings.

Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

10.09 Notice.

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered mail, certified mail, or reputable overnight delivery service. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail or overnight delivery, as of the date shown on the postmark on the receipt for registration or certification or on the records of the overnight delivery company. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Company's records.

10.10 Successors.

The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation,

purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and as evidence of the adoption of this Plan by the Company, AMETEK, Inc. has executed the same this 1st day of December, 2016.

AMETEK, INC.

BY: /s/ HENRY J. POLICARE
Henry J. Policare

DATE: December 1, 2016

ATTEST

BY: /s/ KATHRYN E. SENA
Corporate Secretary

Appendix A

The following Plan provisions apply only to amounts earned and vested (within the meaning of Section 409A of the Code) before January 1, 2005, and any earnings on such amounts (“Grandfathered Amounts”). Amounts earned and vested after December 31, 2004, and any earnings thereon, are subject to the provisions of the Plan as amended and restated, effective January 1, 2005, or any subsequent amendment and restatement of the Plan.

The purpose of this Appendix A is to preserve the terms of the Plan that govern Grandfathered Amounts, and to prevent the Grandfathered Amounts from becoming subject to Section 409A of the Code. No amendment to this Appendix A that would constitute a “material modification” for purposes of Section 409A shall be effective unless the amending instrument specifically provides that it is intended to materially modify this Appendix A and to cause the Grandfathered Amounts to become subject to Section 409A of the Code.

Although this Appendix A is intended to prevent the Grandfathered Amounts from being subject to Section 409A, neither the Company nor any Employer (nor any representative of the Company) shall be liable for any adverse tax consequence suffered by a Participant or Beneficiary if a Grandfathered Amount becomes subject to Section 409A.

AMETEK, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In recognition of the valuable services provided to AMETEK, Inc. (“AMETEK”) by its executive employees, the Board of Directors wishes to provide additional retirement benefits to those individuals whose benefits under certain of the retirement plans maintained for employees of AMETEK or its subsidiaries are restricted by the provisions of the Internal Revenue Code of 1986, as amended. It is the intent of the Company to provide these benefits under the terms and conditions hereinafter set forth. This Plan is intended to be a non-qualified supplemental retirement plan which is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company, pursuant to Sections 201,301 and 401 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and, as such, to be exempt from the provisions of Parts II, III and IV of Title I of ERISA.

ARTICLE 1. DEFINITIONS

- 1.01** “**Account**” means a bookkeeping account established pursuant to Section 3.5 which reflects the amount standing to the credit of the Participant under the Plan.
- 1.02** “**Administrator**” means a committee consisting of AMETEK’s Chief Executive Officer, Chief Financial Officer and Corporate Counsel or such person or persons appointed by the Board, who shall administer the Plan.
- 1.03** “**Beneficiary**” means the person or persons designated by the Participant in writing, in the manner specified by the Administrator, to receive the Participant’s Supplemental Benefit due under the Plan in the event of the Participant’s death as provided in Section 4.2.

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- 1.04 **“Board”** means the Board of Directors of AMETEK
- 1.05 **“Code”** means the Internal Revenue Code of 1986, as amended
- 1.06 **“Company”** means AMETEK and each of its subsidiaries designated by the Board, which has elected to cover its Employees hereunder by resolution of its board of directors.
- 1.07 **“Compensation”** means compensation as defined in a Retirement Plan for purposes of determining a Participant's accrued benefit, after reduction by the amount of the Compensation Limit, but taking into account the amount of any severance benefits (except a lump sum) and bonuses accrued for a Participant for any Plan Year whether or not any such compensation is deferred under a deferral plan of the Company
- 1.08 **“Compensation Limit”** means the amount of Compensation that may be taken into account under a Retirement Plan by reason of the provisions of Section 401(a)(17) of the Code.
- 1.09 **“Effective Date”** means May 1, 1997.
- 1.10 **“Employee”** means any individual employed by the Company on the Effective Date or thereafter in an executive capacity on a regular, full-time basis and who is a member of a select group of management or highly compensated employees within the meaning of Sections 201, 301 and 401 of ERISA. Individuals employed by the Company in a casual or temporary capacity (i.e., those hired for a specific job of limited duration) and individuals characterized as “leased employees,” within the meaning of Section 414 of the Code, or persons characterized by the Company as “independent contractors,” no matter how characterized by the Internal Revenue Service, other governmental agency or a court, shall not be considered “Employees” for the purposes of the Plan. Any change of characterization of an individual shall, unless determined otherwise by the Board, take effect on the actual date of such change without regard to any retroactive recharacterization.
- 1.11 **“Participant”** means any Employee who satisfies the eligibility requirements set forth in Article 2. In the event of the death or incompetency of a Participant, the term shall mean the Participant's personal representative or guardian.
- 1.12 **“Plan”** means the AMETEK, Inc. Supplemental Executive Retirement Plan as set forth herein and as it may be amended from time to time.
- 1.13 **“Plan Year”** means the period commencing on January 1, 1997 and ending on December 31, 1997 and each calendar year thereafter.
- 1.14 **“Retirement Plan”** means the Employees' Retirement Plan of AMETEK, Inc., the Employees' Retirement Plan of AMETEK Aerospace Products, Inc., the Specialty Metal Products Division of AMETEK Employees' Pension Plan or the Retirement Feature of The AMETEK, Inc. Savings and Investment Plan, either collectively or individually, as required by the context.
- 1.15 **“Separates from Employment”** means the Employee's termination of employment from the Company for any reason Except as otherwise provided herein, a Separation from

Employment shall be deemed to have occurred on the last day of the Employee's service to the Company but taking into account any compensation continuation arrangement or severance benefit arrangement that may be applicable.

- 1.16** "Shares" means shares of common stock of AMETEK, par value \$.01 per share.
- 1.17** "Supplemental Benefit" means a supplemental retirement benefit calculated under Article 3 as of any date of reference.

ARTICLE 2. ELIGIBILITY

- 2.01** Any Employee on the Effective Date whose compensation from the Company is (i) in excess of the limitation imposed by Code Section 401(a)(17) or (ii) not fully taken into account in determining the Employee's benefit under a Retirement Plan by reason of the rules imposed under Code Section 401(a)(4), shall be a Participant in the Plan so long as the Employee is participating in a Retirement Plan or would be so eligible if the Employee had sufficient service.
- 2.02** An Employee who becomes a participant in a Retirement Plan after the Effective Date, or would be so eligible if the Employee had sufficient service, shall become a Participant in the Plan on such future date as the provisions of Section 2.1 apply to the Employee.

ARTICLE 3. SUPPLEMENTAL BENEFIT

- 3.01** The Supplemental Benefit of a Participant shall consist of the sum of the contribution credits to a Participant's Account as determined under Section 3.2 and the deemed income and appreciation (or depreciation) attributable to such contribution credits as determined under Section 3.3.
- 3.02** (a) For each Plan Year, the Company shall credit to the Account of each Participant an amount equal to 13% multiplied by the Participant's Compensation for that Plan Year. Such credit shall be made as of the last day of the Plan Year if the Participant has not Separated from Employment during the Plan Year; provided, however, that a credit shall nonetheless be made to a Participant's Account if such Separation from Employment occurred on account of death or retirement under a Retirement Plan or if the Separation from Employment was initiated by the Company without cause, as determined in accordance with the Company's personnel policies and, in any such case, the credit to the Account shall be in cash notwithstanding the provisions of Section 3.3. Notwithstanding the foregoing, the annual amount credited to the Account of Walter E. Blankley shall be determined in accordance with subsection (b) of this Section 3.2.
- (b) For each Plan Year, the Company shall credit to the Account of Walter E. Blankley ("Blankley") an amount equal to 13% multiplied by the portion of his Compensation for that Plan Year that is not being taken into account in calculating his benefit under the Supplemental Retirement Benefit Agreement between Blankley and the Company, dated May 21, 1991 either because (i) it exceeds the 6% compensation growth limit included in such agreement; or (ii) the actual Compensation Limit differs from the Compensation Limit as projected in such agreement.

(c) For an Employee who becomes a Participant on the Effective Date, a one-time credit shall also be made to the Participant's Account equal to the amount shown opposite the Participant's name on Schedule A to this Plan, which schedule may be adjusted through December 31, 1997.

- 3.03** As of the last day of each Plan Year, including December 31, 1997, the amount credited to a Participant's Account pursuant to Section 3.2 shall be deemed to be invested in whole and fractional Shares based on the average closing price of the Shares on the principal exchange on which the Shares are traded for the first 10 trading days of December preceding the deemed investment. As of the last day of each subsequent Plan Year, the amounts credited to the Participant's Account under Section 3.2 shall be adjusted by the appreciation or depreciation in the value of the Shares, as measured by the closing price of the Shares on the last business day of such Plan Year. Deemed dividends on the Shares allocated to a Participant's Account shall be credited to a Participant's Account during a Plan Year when dividends are actually paid on Shares and shall be deemed to be invested in additional Shares on the last business day of such Plan Year based on the closing price of the Shares on the principal exchange on which the Shares are traded for the first 10 trading days of December preceding the deemed investment.
- 3.04** A Participant's right to a Supplemental Benefit shall be non-forfeitable at the same time as the Participant's right to an accrued benefit is non-forfeitable in accordance with the terms of the applicable Retirement Plan. No Participant shall receive a Supplemental Benefit under the Plan unless that Participant is entitled to a vested benefit under a Retirement Plan.
- 3.05** The Administrator shall cause the Company to create and maintain on its books an Account for each Participant to which it shall credit amounts required by Sections 3.2 and 3.3.

ARTICLE 4. DISTRIBUTION OF SUPPLEMENTAL BENEFIT

- 4.01** A Participant's non-forfeitable Supplemental Benefit shall be paid in one lump sum, in Shares (except any cash credits to the Participant's Account in accordance with the proviso in Section 3.2(a) or as a result of dividends credited to the Participant's Account but not yet deemed invested in Shares shall also be distributed). Such distribution shall be made within 30 days after the date of the Participant's Separation from Employment. A Participant shall file a written notice with the Administrator to receive the Supplemental Benefit due pursuant to the terms of Article 3 hereof in the manner provided by the Administrator.
- 4.02** If a Participant with a non-forfeitable right to a Supplemental Benefit dies before receiving such Supplemental Benefit, the Participant's Beneficiary shall receive the Participant's vested Supplemental Benefit in one lump sum, in Shares and cash, as provided in Section 4.1. Such distribution shall be made within 30 days after the date of the Participant's death.

ARTICLE 5. FUNDING

-
- 5.01** The Board may, but shall not be required to, authorize the establishment of a trust by the Company to serve as the funding vehicle for the benefits described herein. In any event, the Company's obligations hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of the Company.

ARTICLE 6. ADMINISTRATION AND DISCRETIONARY DUTIES

- 6.01** The Administrator shall have full power and authority to interpret and administer this Plan and to make factual determinations and the Administrator's actions in doing so shall be final, conclusive and binding on all persons interested in the Plan. The Administrator may from time to time adopt rules and regulations governing this Plan.
- 6.02** The Administrator may designate other persons to carry out such of the responsibilities hereunder for the operating and administration of the Plan as the Administrator deems advisable and delegate to the persons so designated such of the powers as the Administrator deems necessary to carry out such responsibilities. Such designation and delegation shall be subject to such terms and conditions as the Administrator deems necessary or proper. Any action or determination made or taken in carrying out responsibilities hereunder by the persons so designated by the Administrator shall have the same force and effect for all purposes as if such action or determinations had been made or taken by the Administrator.
- 6.03** All expenses incurred by the Administrator in the operation and administration of the Plan shall be paid by the Company. The Administrator shall receive no compensation solely for services in carrying out any responsibility under the Plan.
- 6.04** The Administrator shall use ordinary care and diligence in the performance of its duties. The Company shall indemnify and defend the Administrator against any and all claims, loss, damages, expense (including reasonable counsel fees), and liability arising from any action or failure to act, except when the same is due to the gross negligence or willful misconduct of the Administrator.
- 6.05** Any action required of the Company or the Board under the Plan, or made by the Administrator acting on their behalf, shall be made in the Company's, the Board's or the Administrator's sole discretion, not in a fiduciary capacity and need not be uniformly applied to similarly situated persons. Any such action shall be final, conclusive and binding on all persons interested in the Plan.

ARTICLE 7. AMENDMENT

- 7.01** The Board, by written resolution, shall have the right to amend or modify the Plan at any time in any manner whatsoever; provided, however, that no amendment shall operate to reduce a Participant's Supplemental Benefit for any Participant who is participating in the Plan nor the payment due to a terminated Participant or surviving Spouse at the time the amendment is adopted. In addition, the Administrator may make all technical, administrative, regulatory and compliance amendments to the Plan, and any other amendment that will not significantly increase the cost of the Plan to the Company, as the Administrator shall deem necessary or appropriate.

ARTICLE 8. TERMINATION

- 8.01** Continuance of the Plan is completely voluntary and is not assumed as a contractual obligation of the Company. The Board, by written resolution, shall have the right at any time to discontinue the Plan; provided, however, that the termination shall not operate to reduce the Supplemental Benefit for any Participant who is participating in the Plan nor the payment due to a terminated Participant or surviving Spouse at the time the termination is approved.

ARTICLE 9. MISCELLANEOUS

- 9.01** Nothing contained herein (i) shall be deemed to exclude a Participant from any compensation, bonus, pension, insurance, severance pay or other benefit to which he otherwise is or might become entitled to as an Employee or (ii) shall be construed as conferring upon an Employee the right to continue in the employ of the Company as an executive or in any other capacity.
- 9.02** Any amounts payable by the Company hereunder shall not be deemed salary or other compensation to a Participant for the purposes of computing benefits to which the Participant may be entitled under any other arrangement established by the Company for its Employees.
- 9.03** The rights and obligations created hereunder shall be binding on a Participant's heirs, executors and administrators and on the successors and assigns of the Company.
- 9.04** The Plan shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania.
- 9.05** The rights of any Participant under this Plan are personal and may not be assigned, transferred, pledged or encumbered. Any attempt to do so shall be void. In addition, a Participant's rights hereunder are not subject, in any manner, to attachment or garnishment by creditors of the Participant or the Participant's spouse.
- 9.06** Neither the Company nor any member of the Board or the Administrator shall be responsible or liable in any manner to any Participant or any person claiming through the Participant for any benefit or action taken or omitted in connection with the granting of benefits, the continuation of benefits or the interpretation and administration of this Plan.
- 9.07** This Plan sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified, extended or terminated except as provided in Articles 7 and 8.

ARTICLE 10. CLAIMS PROCEDURE

- 10.01** Each Participant or spouse believing himself or herself eligible for a Supplemental Benefit under the Plan shall apply for such benefits by completing and filing with the Administrator an application for benefits on a form supplied by the Administrator. In the event that my claim for benefits is denied in whole or in part, the Participant or spouse whose claim has been so denied shall be notified of such denial in writing by the

Administrator. The notice advising of the denial shall specify the reason or reasons for denial, make specific reference to pertinent Plan provisions, describe any additional material or information necessary for the claimant to perfect the claim (explaining why such material or information is needed), and shall advise the Participant or Spouse of the procedure for the appeal of such denial. All appeals shall be made by the following procedure:

- (a) The Participant or spouse whose claim has been denied shall file with the Administrator a notice of desire to appeal the denial. Such notice shall be filed within 60 days of notification by the Administrator of claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.
- (b) The Administrator shall consider the merits of the claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Administrator shall deem relevant.
- (c) The Administrator shall ordinarily render a determination upon the appealed claim within 60 days after receipt which determination shall be accompanied by a written statement as to the reasons therefore. However, in special circumstances the Administrator may extend the response period for up to an additional 60 days, in which event it shall notify the claimant in writing prior to commencement of the extension. The determination so rendered shall be binding upon all parties.

IN WITNESS WHEREOF, and as evidence of the adoption of this Plan by the Company, AMETEK, Inc. has executed the same this 8th day of July 1997.

AMETEK, Inc.

By: Walter E. Blankley
Chairman and
Chief Executive Officer

ATTEST

By: Donna F. Winquist

TO: Frank S. Hermance, John J. Molinelli
FROM: Kathryn E. Londra
SUBJECT: Delegation of Authority
DATE: January 10, 2002
c: D. Winquist, J. Weaver, I. Smalls, B. Oster, P. Grubb, J. Boyle

Pursuant to a resolution by the Board of Directors on March 29, 2000, the Corporation's Chief Executive Officer and Chief Financial Officer, jointly, have the authority to act on behalf of the Corporation with regard to amendments and other actions affecting the Corporation's qualified retirement plans (defined benefit and defined contribution) and welfare benefit plans, and also affecting its executive compensation plans existing on March 29, 2000 (not including the Corporation's Additional Compensation Plan or Stock Option Plans).

In accordance with this delegation of authority we request approval for the following:

1) **Amendment No. 3 -AMETEK. Inc. Supplemental Executive Retirement Plan**

If, with respect to the distribution of a Participant's Supplemental Benefit, the Company shall be required to withhold amounts under applicable federal, state or local tax laws, rules or regulations, the Company shall be entitled, at its option, to (i) deduct and withhold such amounts from any cash payment to be made by the Company to the Participant or to such other person with respect to whom such withholding may arise, (ii) require the Participant (or such other person) to make payment to the Company in such amount as is required to be withheld; or (iii) retain and withhold such number of Shares subject to the Supplemental Benefit as shall have a fair market value, valued on the date on which such withholding requirement arises, equal to such amount as is required to be withheld, in which event the Company shall sell such Shares, or place such Shares in its Treasury account, and apply the proceeds thereof to meet its withholding requirement.

Approvals;

Frank S. Hermance Date 01/10/02
Chairman and
Chief Executive Officer

John J. Molinelli Date 01/10/02
Executive Vice President -
Chief Financial Officer

SCHEDULE A

<u>NAME</u>	<u>ONE-TIME MAKE-UP CONTRIBUTION</u>
BLANKLEY, WALTER E.,	\$193,897
CAVIN, DOYLE K.	25,004
CHLEBEK, ROBERT W.	0
CLEARY, WILLIAM F.	2,105
DUDLEY, FRED L.	16,031
GOODRICH, PHILIP A.	0
HABEGGER, RICHARD J.	23,821
HARRIS, ROBERT W.	23,902
HERMANCE, FRANK S.	140,804
KNAUF, EDMUND R.	1,009
KNUDSON, KNUTE S.	2,870
KRAMER, EDWARD G.	31,459
MANGOLD JR., THOMAS F.	19,004
MARSINEK, GEORGE E.	120,892
MOLINELLI, JOHN J.	68,219
NEUPAVER, ALBERT J.	61,488
PARATO, VITO J.	20,474
PORTER, JOHN H.	18,296
RICKETTS, JOSEPH H.	16,184
SAUNDERS, DEIRDRE D.	1,566
SMITH, ROGER A.	2,843
SMITH, RONALD W.	4,056
WINQUIST, DONNA F.	1,300

AMETEK, Inc.
Statement Regarding Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(In thousands)				
Earnings:					
Income from continuing operations	\$693,103	\$806,380	\$804,832	\$724,795	\$662,475
Interest expense – gross	93,653	91,319	79,147	72,972	74,885
Capitalized interest	(207)	(489)	(73)	(201)	(213)
Amortization of debt financing costs	858	965	855	801	800
Interest portion of rental expense	15,425	14,518	14,874	13,177	9,325
Adjusted earnings	<u>\$802,832</u>	<u>\$912,693</u>	<u>\$899,635</u>	<u>\$811,544</u>	<u>\$747,272</u>
Fixed charges:					
Interest expense, net of capitalized interest	\$ 93,446	\$ 90,830	\$ 79,074	\$ 72,771	\$ 74,672
Capitalized interest	207	489	73	201	213
Amortization of debt financing costs	858	965	855	801	800
Interest portion of rental expense	15,425	14,518	14,874	13,177	9,325
Fixed charges	<u>\$109,936</u>	<u>\$106,802</u>	<u>\$ 94,876</u>	<u>\$ 86,950</u>	<u>\$ 85,010</u>
Ratio of adjusted earnings to fixed charges	<u>7.3x</u>	<u>8.5x</u>	<u>9.5x</u>	<u>9.3x</u>	<u>8.8x</u>

SUBSIDIARIES OF AMETEK, INC.

AS OF DECEMBER 31, 2016

<u>Name of Subsidiary and name under which it does business</u>	<u>State or other jurisdiction of incorporation or organization</u>	<u>Percentage of voting securities owned by its immediate parent*</u>
Advanced Measurement Technology, Inc.	Delaware	100%
Sunpower, Inc.	Delaware	100%
AIP/MPM Funding, Inc.	Delaware	100%
AIP/MPM Holdings, Inc.	Delaware	100%
Micro-Poise Measurement Systems, LLC	Delaware	100%
Akron Standard Bestry (Guangzhou) Measurement Equipment Co., Ltd.	China	50%
Micro-Poise Measurement Systems Europe GmbH	Germany	100%
QM China Holding Inc.	Delaware	100%
Micro-Poise Industrial Equipment (Beijing) Ltd.	China	100%
AMETEK (Bermuda), Ltd.	Bermuda	100%
AMETEK Canada, LLC	Delaware	100%
AMETEK Canada 1 ULC	Canada	100%
AMETEK Canada 2 ULC.	Canada	100%
AMETEK Creaform Financing, L.P.	Delaware	99.90%
AMETEK Financing Canada Limited Partnership	Canada	99.90%
AMETEK Creaform Inc.	Canada	100%
AMETEK Canada 3 ULC	Canada	100%
AMETEK Canada Limited Partnership	Canada	99.90%
Creaform Inc.	Canada	100%
Creaform Shanghai Ltd.	China	100%
Creaform Japan K.K.	Japan	100%
Creaform France S.A.S.	France	100%
AMETEK Receivables Corp.	Delaware	100%
AMETEK Thermal Systems, Inc.	Delaware	100%
Chandler Instruments Company, L.L.C.	Texas	100%
Grabner Instruments Messtechnik GmbH	Austria	56%
Petrolab, L.L.C.	Delaware	100%
CS Holdings Co., Inc.	Delaware	100%
CS Intermediate Holdings Co., Inc.	Delaware	100%
Controls Southeast, Inc.	North Carolina	100%
EDAX, Inc.	Delaware	100%
AMETEK B.V.	Netherlands	100%
EMA Corp.	Delaware	100%
Amekai (BVI), Ltd.	British Virgin Islands	50%
AMETEK Aerospace & Power Holdings, Inc.	Delaware	100%
AMETEK Advanced Industries, Inc.	Delaware	100%
AMETEK Aircraft Parts & Accessories, Inc.	Delaware	100%
AMETEK Ameron, LLC	Delaware	100%
AMETEK HSA, Inc.	Delaware	100%
AMETEK MRO Florida, Inc.	Delaware	100%
Drake Air, Inc.	Oklahoma	100%
Elgar Holdings, Inc.	Delaware	100%
AMETEK Programmable Power, Inc.	Delaware	100%
ESP Holdco, Inc.	Delaware	100%
Electronic Systems Protection, Inc.	Delaware	100%

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*
Powervar, Inc	Illinois	100%
Powervar Canada Inc.	Canada	100%
Powervar Limited	United Kingdom	100%
Powervar Deutschland GmbH	Germany	100%
Powervar Mexico S.A. de C.V.	Mexico	99.9%
Southern Aero Partners, Inc.	Oklahoma	100%
AMETEK EMG Holdings, Inc.	Delaware	100%
Avicenna Technology, Inc.	Minnesota	100%
Coining, Inc.	Delaware	100%
Dunkermotoren USA Inc.	Delaware	100%
Hamilton Precision Metals, Inc.	Delaware	100%
Hamilton Precision Metals of Delaware, Inc.	Delaware	100%
HCC Industries, Inc.	Delaware	100%
AMETEK Ceramics, Inc.	Delaware	100%
Glasseal Products, Inc.	New Jersey	100%
Sealtron, Inc.	Delaware	100%
HCC Aegis, Inc.	Delaware	100%
HCC Industries International	California	100%
HCC Machining Company, Inc.	Delaware	100%
Hermetic Seal Corporation	Delaware	100%
KBA Enterprises, Inc.	Delaware	100%
Reading Alloys, Inc.	Pennsylvania	100%
RAI Enterprises, Inc.	Delaware	100%
SCPH Holdings, Inc.	Delaware	100%
AMETEK SCP, Inc.	Rhode Island	100%
AMETEK SCP (Barrow) Limited	United Kingdom	100%
Technical Services for Electronics, Inc.	Minnesota	100%
AMETEK Grundbesitz GmbH	Germany	100%
AMETEK Haydon Kerk, Inc.	Delaware	100%
Tritex Corporation	Delaware	100%
Haydon Kerk Motion Solutions, Inc.	Massachusetts	100%
AMETEK International C.V.	Netherlands	86.73%
AMETEK Holdings B.V.	Netherlands	100%
AMETEK Denmark A/S	Denmark	100%
AMETEK European Holdings GmbH	Germany	100%
AMETEK Italia S.r.l.	Italy	100%
AMETEK Holdings de Mexico, S. de R.L.	Mexico	50%
AMETEK Latin America Holding Company S.à r.l.	Luxembourg	100%
AMETEK Mexico Holding Company, LLC	Delaware	100%
AMETEK Lamb Motores de Mexico,S.deR.L. de C.V.	Mexico	99.99%
AMETEK Do Brasil Ltda.	Brazil	99%
AMETEK Europe L.L.C.	Delaware	100%
AMETEK UK Limited Partnership	United Kingdom	96.9%
AMETEK (Barbados) SRL	Barbados	100%
AMETEK European Holdings Limited	United Kingdom	100%
AMETEK Elektromotory, s.r.o	Czech Republic	99.97%
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 Commercial Enterprise Shanghai	China	100%
AMETEK Engineered Materials Sdn. Bhd.	Malaysia	100%
AMETEK Instruments India Private Ltd.	India	100%

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*
AMETEK Motors Asia Pte., Ltd.	Singapore	100%
AMETEK Industrial Technology (Shanghai) Co., Ltd.	China	100%
Haydon Linear Motors (Changzhou) Co., Ltd.	China	100%
AMETEK Global Tubes, LLC	Delaware	100%
Tubes Holdco Limited	United Kingdom	100%
Fine Tubes Limited	United Kingdom	100%
Superior Tube Company, Inc.	Pennsylvania	100%
EMA Holdings UK Limited	United Kingdom	100%
AMETEK Aerospace & Defense Grp UK Ltd	United Kingdom	100%
AEM Limited	United Kingdom	100%
AMETEK Airtechnology Group Ltd.	United Kingdom	100%
Airtechnology Pension Trustees Ltd.	United Kingdom	100%
Muirhead Aerospace Ltd.	United Kingdom	100%
AMETEK Instruments Group UK Limited	United Kingdom	100%
AMETEK (GB) Limited	United Kingdom	100%
Atlas Material Testing Technology Ltd.	United Kingdom	100%
Vision Research Limited	United Kingdom	100%
AMETEK Precision Instruments (UK) Ltd.	United Kingdom	100%
Taylor Hobson Ltd.	United Kingdom	100%
Taylor Hobson Trustees Limited	United Kingdom	100%
Solartron Metrology Ltd.	United Kingdom	100%
AMETEK Kabushiki Kaisha	Japan	100%
AMETEK Material Analysis Holdings GmbH	Germany	100%
AMETEK Holdings SARL	France	74%
Antavia SAS	France	100%
CAMECA SAS	France	96.74%
AMETEK GmbH	Germany	35.9%
AMETEK Nordic AB	Sweden	100%
Zygo Germany GmbH	Germany	64.2%
AMETEK Germany GmbH	Germany	100%
AMETEK Korea Co., Ltd.	Korea	100%
CAMECA Instruments, Inc.	New York	100%
Direl Holding GmbH	Germany	100%
Direl GmbH	Germany	100%
Dunkermotoren GmbH	Germany	100%
Dunkermotoren Linear Systems Ltd.	United Kingdom	100%
Dunkermotoren Subotica d.o.o.	Serbia	100%
Dunkermotoren Taicang Co., Ltd.	China	100%
RETE Holding GmbH	Switzerland	100%
EM Test (Switzerland) GmbH	Switzerland	100%
AMETEK CTS Germany GmbH	Germany	100%
Teseq Holding AG	Switzerland	100%
AMETEK CTS US, Inc.	New York	100%
Frameflair Limited	United Kingdom	100%
Milmega Limited	United Kingdom	100%
Teseq AG	Switzerland	100%
Teseq GmbH	Germany	100%
Teseq Company Ltd.	China	100%
Teseq Limited	United Kingdom	100%

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*
SPECTRO Analytical Instruments GmbH	Germany	100%
SPECTRO Analytical Instruments (Asia-Pacific) Ltd.	Hong Kong	100%
SPECTRO Analytical Instruments, Inc.	Delaware	100%
SPECTRO Analytical Instruments (Pty). Ltd.	South Africa	100%
SPECTRO Analytical UK Limited	United Kingdom	100%
OOO "AMETEK"	Russia	99%
AMETEK Russia (UK) Ltd.	United Kingdom	100%
AMETEK S.A.S.	France	79.4%
AMETEK S.r.l.	Italy	100%
EMA Finance 1 LLC	Delaware	100%
EMA Finance 2 LLC	Delaware	100%
Land Instruments International Ltd.	United Kingdom	100%
Nu Instruments Limited	United Kingdom	100%
Nu Instruments Asia Ltd.	Hong Kong	100%
Nu Instruments (Beijing) Co. Ltd.	China	100%
Nu Instruments Japan KK	Japan	100%
Taylor Hobson, Inc.	Delaware	100%
EMA MX, LLC	Delaware	100%
HS Foils Oy	Finland	100%
AMETEK PIP Holdings, Inc.	Delaware	100%
AMETEK Land, Inc.	Delaware	100%
AMETEK Precitech, Inc.	Delaware	100%
Creaform USA, Inc.	Delaware	100%
Crystal Engineering Corporation	California	100%
NewAge Testing Instruments, Inc.	Pennsylvania	100%
Patriot Sensors & Controls Corporation	Delaware	100%
Reichert, Inc	Delaware	100%
SSH Non-Destructive Testing, Inc.	Delaware	100%
Amptek, Inc.	Delaware	100%
Technical Manufacturing Corporation	Massachusetts	100%
VTI Holdings, Inc.	Delaware	100%
VXI Acquisition, Inc.	Delaware	100%
VTI Instruments Corporation	California	100%
VTI Instruments Private Limited	India	99.999%
VTI Integrated Systems Private Limited	India	99.89%
AMETEK VIS-K, Inc.	Delaware	100%
Atlas Material Holdings Corporation	Delaware	100%
Atlas Material Testing Technology L.L.C.	Delaware	100%
Atlas Netherlands AcquisitionCo Coöperatief U.A.	Netherlands	99.99%
Atlas Material Testing Technology GmbH	Germany	100%
Atlas Material Testing Technology BV	Netherlands	100%
Atlas Material Testing Technology (India) Private Limited	India	100%
EMA Holdings, Inc.	Delaware	79.41%
MCG Acquisition Corporation	Minnesota	100%
TPM Russia, Inc.	Delaware	100%
Zygo Corporation	Delaware	100%
AMETEK Taiwan Co. Ltd.	Taiwan	50.5%
Six Brookside Drive Corporation.	Connecticut	100%
Zemetrics, Inc.	Delaware	100%
Zygo Canada ULC.	Canada	100%
Zygo Pte Ltd.	Singapore	100%
ZygoLamda Metrology Instrument (Shanghai) Co., Ltd.	China	100%
Zygo Richmond Corporation	Delaware	100%

<u>Name of Subsidiary and name under which it does business</u>	<u>State or other jurisdiction of incorporation or organization</u>	<u>Percentage of voting securities owned by its immediate parent*</u>
O'Brien Superior Holding Co., Inc.	Delaware	100%
O'Brien Holding Co., Inc.	Delaware	100%
OBCORP LLC	Missouri	100%
OBCORP International LLC	Missouri	100%
O'Brien BVBA	Belgium	99.9%
CARDINALUHP LLC	Missouri	100%
Universal Analyzers Inc.	Nevada	100%
Barben Analyzer Technology, LLC	Nevada	100%
Rotron Incorporated	New York	100%
AMETEK Technical & Industrial Products, Inc.	Minnesota	51.9%
Seiko EG&G Co. Ltd.	Japan	49%
Solidstate Controls, LLC	Delaware	100%
HDR Power Systems, LLC	Delaware	100%
Solidstate Controls, Inc. de Argentina S.R.L.	Argentina	90%
Solidstate Controls Mexico, S.A. de C.V.	Mexico	99.9%
Vision Research, Inc.	Delaware	100%
Vision Research Europe B.V.	Netherlands	100%
Vision Research srl	Romania	100%

* Exclusive of directors' qualifying shares and shares held by nominees as required by the laws of the jurisdiction of incorporation.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-142824) pertaining to the AMETEK, Inc. 2007 Omnibus Incentive Compensation Plan,
- (2) Registration Statement (Form S-8 No. 333-173988) pertaining to the AMETEK, Inc. 2011 Omnibus Incentive Compensation Plan,
- (3) Registration Statement (Form S-8 No. 333-87491) pertaining to the AMETEK Retirement and Savings Plan,
- (4) Registration Statement (Form S-8 No. 333-91507) pertaining to the AMETEK, Inc. Deferred Compensation Plan,
- (5) Registration Statement (Form S-8 No. 333-176068) pertaining to the Hamilton Precision Metals 401(k) Employee Savings Plan and Solidstate Controls, Inc. Hourly Employees' (CWA) Retirement Plan,
- (6) Registration Statement (Form S-8 No. 333-214847) pertaining to the Superior Tube Company, Inc. Union 401(k) Plan, and
- (7) Registration Statement (Form S-3 No. 333-75892) of AMETEK, Inc.

of our reports dated February 23, 2017, with respect to the consolidated financial statements of AMETEK, Inc. and the effectiveness of internal control over financial reporting of AMETEK, Inc., included in this Annual Report (Form 10-K) of AMETEK, Inc. for the year ended December 31, 2016.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
February 23, 2017

CERTIFICATIONS

I, David A. Zapico, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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: February 23, 2017

/s/ David A. Zapico
David A. Zapico
Chief Executive Officer

CERTIFICATIONS

I, William J. Burke, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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: February 23, 2017

/s/ William J. Burke
William J. Burke
Executive Vice President – Chief Financial Officer & Treasurer

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, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Zapico, 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 the requirements of 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/ David A. Zapico

David A. Zapico
Chief Executive Officer

Date: February 23, 2017

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, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Burke, 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 the requirements of 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/ William J. Burke

William J. Burke
Executive Vice President – Chief Financial Officer & Treasurer

Date: February 23, 2017

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.

