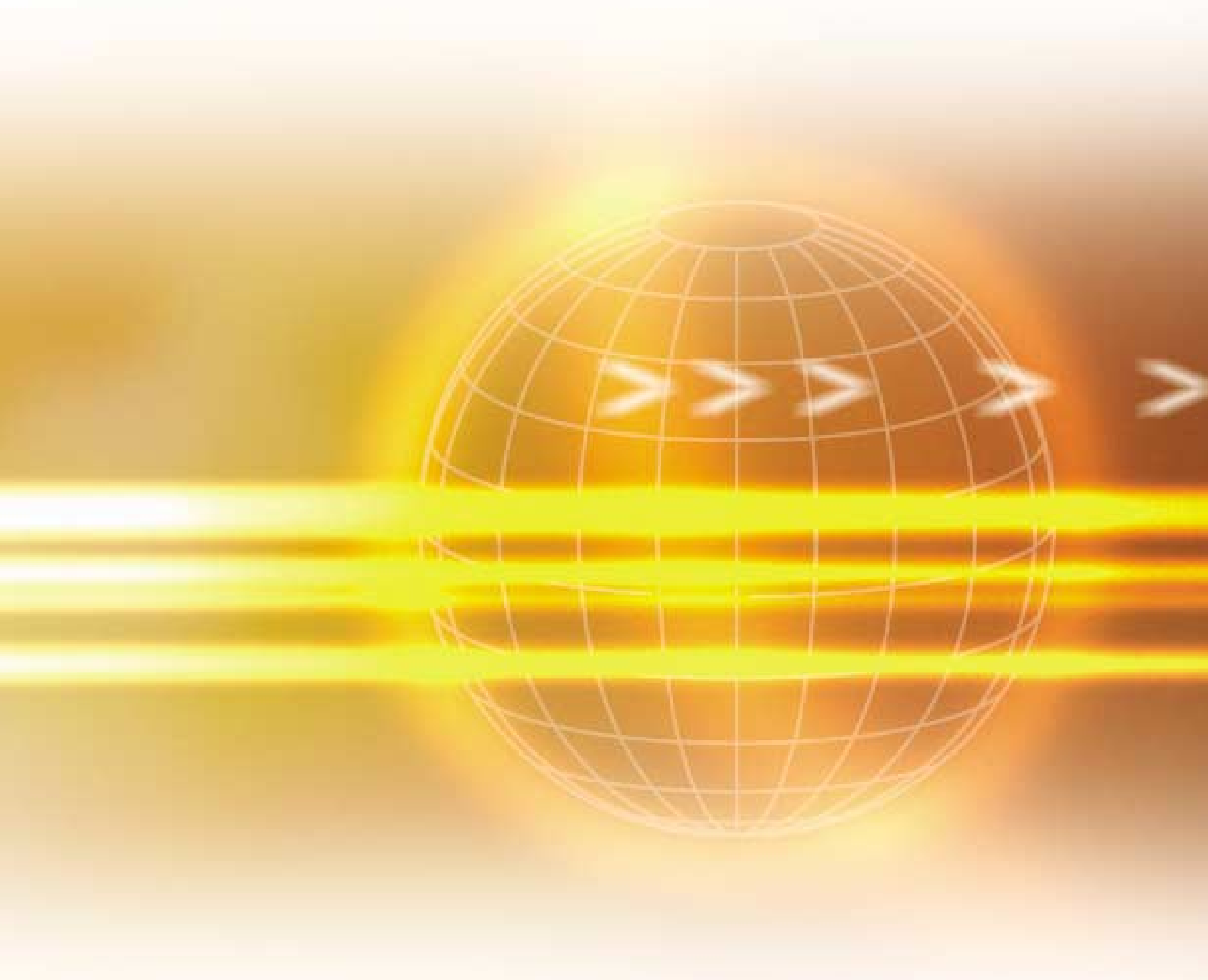
IDEX CORPORATION

2004 annual report

Driven by innovation.
Disciplined by operational excellence.
Delivering solid results.



IDEX Corporation

IDEX Corporation is the world leader in fluid-handling technologies for positive displacement pumps and dispensing equipment for color formulation. IDEX is also the market segment leader in other highly engineered products including fire suppression equipment, rescue tools, and stainless steel band clamping systems.

IDEX products are sold to a wide range of customers for use in diverse applications throughout the world.

IDEX is committed to delivering sustained profitable growth through:

- Leveraging operational excellence for continuous process improvement;
- Innovating new products and applications that meet critical-to-customer needs; and
- Complementing organic growth with high quality, strategic acquisitions in expanding markets around the world.

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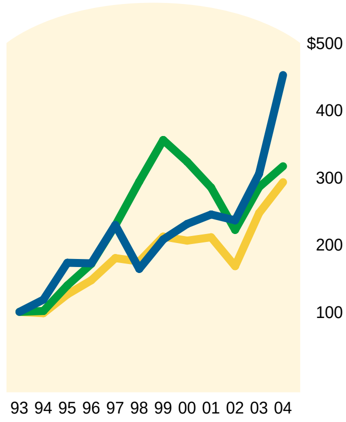
Financial Highlights

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

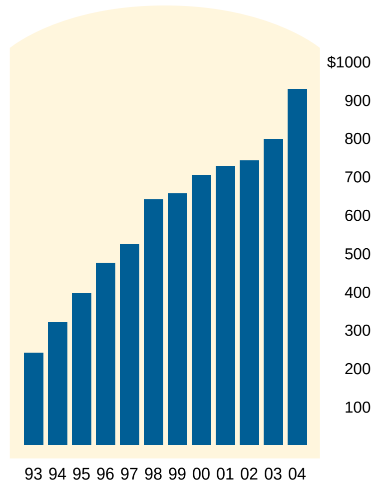
Years ended December 31,	2004	Change	2003	Change	2002
Results of Operations					
Net sales	$ 928,297	16%	$ 797,920	8%	$ 742,014
Operating income	149,384	36	109,862	9	100,372
Net income	86,406	39	62,352	15	54,112
Financial Position					
Working capital	$ 112,983	4%	$ 108,815	(4)%	$ 112,928
Total assets	1,186,292	23	960,739	3	931,050
Total debt	225,317	28	176,546	(27)	241,051
Shareholders' equity	713,605	21	592,102	17	506,791
Performance Measures					
Percent of net sales:					
Operating income	16.1%		13.8%		13.5%
Net income	9.3		7.8		7.3
Return on average assets	8.0		6.6		6.1
Debt as a percent of capitalization	24.0		23.0		32.2
Return on average shareholders' equity	13.2		11.3		11.9
Per Share Data – Diluted					
Net income	$ 1.68	34%	$ 1.25	13 %	$ 1.11
Cash dividends paid	.42	14	.37	–	.37
Shareholders' equity	14.04	17	11.97	15	10.40
Other Data					
Employees at year end	4,232	15%	3,689	(5)%	3,863
Shareholders at year end	6,000	5	5,700	21	4,700
Diluted weighted average shares outstanding (in 000s)	51,348	3	49,973	3	48,725



TOTAL SHAREHOLDERS' RETURN

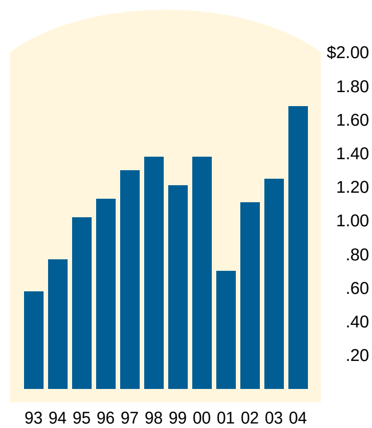
IDEX S&P 500 Index Russell 2000 Index

IDEX outperformed major indices again in 2004. Its 11-year total return of 352%, on a $100 investment in 1993, compares with 217% for the S&P 500 and 193% for the Russell 2000.



NET SALES (in millions)

Since 1993, sales have grown at a compound annual rate of 13%. The 16% sales increase in 2004 resulted from a 7% increase in base business activity, the inclusion of acquisitions, and favorable currency translation.



DILUTED EARNINGS PER SHARE (continuing operations)

Since 1993, diluted earnings per share have grown at a compound annual rate of 11%.

Letter to shareholders

FROM LEFT TO RIGHT: DOM ROMEO (VICE PRESIDENT AND CHIEF FINANCIAL OFFICER), **LARRY KINGSLEY** (CHIEF OPERATING OFFICER), **DENNIS WILLIAMS** (CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER)

TO OUR SHAREHOLDERS:

In 2004, IDEX delivered record orders, sales, net income and free cash flow. This terrific performance was certainly helped by the economic recovery, but it also was enabled by our operational excellence discipline and our ever-increasing drive for innovation. We continue to aggressively follow the strategy we developed in 2000 – operational excellence drives leveraged earnings expansion while funding innovation for organic growth, and also drives cash generation which enables strategic acquisitions.

Acquisitions were an important part of our strategy as they have been in prior years. Four were completed in 2004, including Dinglee in China, Vetter in Germany, and Systec and Scivex in the United States.

The senior leadership team was strengthened during the year assuring the management bandwidth to enable our growth and build in executive succession capabilities. We are confident we can achieve higher performance while meeting all corporate governance requirements.

2004 marked significant progress in the evolution of IDEX. We are rapidly becoming the clear innovation leader in many of the markets we serve and, at the same time, becoming a process-based organization. In this annual report, we provide concrete examples of our progress.

BUSINESS STRATEGY
Operational excellence tools remain at the heart of the business strategy to improve top- and bottom-line performance at IDEX.

OPERATIONAL RESULTS

In 2004, we generated 16% total revenue growth. The 7% organic growth was the highest organic growth rate we have seen in nearly a decade. All three of our segments delivered organic growth, with the Pump Group leading the way at 9%. The fourth quarter of 2004 marked our 9th consecutive quarter of year-over-year organic sales growth. Innovation across the company is helping to drive these results as the percentage of sales from new products and applications continues to grow.

Gross margins continued to improve in 2004 – up 120 basis points. This exceeds the 2003 improvement of 90 basis points. Our focus on global sourcing and rapid process improvement is continuing to deliver great results. We now have 12 consecutive quarters of year-over-year gross margin expansion. It is important to note that product R&D expense, which is accounted for in gross margins, was 2.3% of our 2004 sales, up slightly from 2003.

Through the year, IDEX, like other manufacturing companies, experienced commodity price increases. To a large extent, we were able to offset these increases with price increases and surcharges.

Operating margins were 16.1%, up 230 basis points compared to 2003, driven by the gross margin improvement and the leveraging effect on SG&A, which declined 110 basis points. As a result, the company posted record net income of $86.4 million for the year – a 39% increase over 2003, as we recorded our 10th straight quarter of year-over-year earnings growth.

Cash flow has always been a hallmark of our company. Free cash flow has always exceeded net income and 2004 was no exception. Free cash flow was a record $121.2 million, a 33% increase over the record performance in 2003 and 140% of net income. Working capital was reduced to 12.2% of sales compared with 13.6% in 2003. We used the free cash flow to pay down debt and achieved a 24% debt to total capitalization ratio at year end.

The IDEX common share price ended 2004 at $40.50, a 46% increase for the year and five times the change in the S&P 500 Index – and 13 times that same index over the last three years. During the year, the Board of Directors also raised our quarterly cash dividend by 29% and approved a 3-for-2 split of our common stock.

All of the employees of IDEX are justifiably proud of the results we produced in 2004.

INNOVATION

As I mentioned in last year's shareholder letter, operational excellence and rapid process improvement are critical to the success of any company, but they are only the "ticket to the game." We are more convinced than ever that the real differentiators are speed and innovation. This notion is becoming more pervasive across our company.

The ideas are coming from every business unit – from breakthrough products like the nano-fluidic module or the integrated pump and valve product from Scivex; to the stainless steel fire truck pumps and valves from Hale; to lighter, more powerful "Jaws of Life" tools from Hurst/LUKAS; to hard surface clamping solutions for the auto industry from BAND-IT; to high production-volume pumps from Micropump/ISMATEC enabled by our Chinese facility in Suzhou; to potential industry-changing dispensing equipment from Fluid Management.

There are growing examples of innovation in every business unit. This is driving a whole new level of excitement across the company. We are confident this focus will enable us to reach mid to high, single-digit organic growth through the business cycle, which will produce double-digit growth during periods where we have an economic tailwind as we have seen in the last two quarters of 2004. Innovation is a clear differentiator for our company.

ACQUISITIONS

The company completed four acquisitions in 2004 and all are excellent complements to our existing businesses. Vetter is a leader in pneumatic rescue products that fit well with our hydraulic rescue tool offerings. IDEX's global reach will help Vetter grow beyond its historic, more narrow geographic focus. Dinglee is the leading rescue tool company in China. Not only will Dinglee enable a better approach to the Chinese and Asian rescue tool business, it also becomes an important portal to the Chinese market for all of our fire suppression products.

Systec and Scivex, when combined with Rheodyne, give us an unmatched capability to supply components or subsystems to the analytical instrument industry. The underlying market for these higher technology products has a higher growth rate than many of our industrial markets. In addition, the core competencies at Scivex open up new opportunities in medical devices and clinical diagnostic equipment.

We are continually evaluating our business development opportunities and, even in the current valuation environment, believe we will be able to find sensible acquisitions where we can redeploy our strong cash flow from operations.

CORPORATE GOVERNANCE

In 2004, IDEX, like other companies, worked hard to achieve compliance with the requirements of the Sarbanes-Oxley Act. This effort has been successfully completed and compliance remains a continuing focus as we move into 2005.

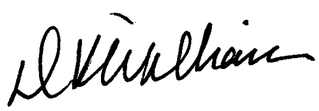
From a leadership standpoint, a number of changes occurred throughout the year. Dom Romeo joined the company in January 2004 as Chief Financial Officer to replace Wayne Sayatovic who retired. In August, Larry Kingsley was named to a new position of Chief Operating Officer. Larry comes to the company with a wealth of global operating experience and a strong belief in operational excellence. He also believes in and practices the same discipline towards continuous innovation that is being used in the company today. Larry is helping develop and execute our corporate strategy. His integration into this key operating role has been seamless because of his experience and leadership philosophy.

More recently, Dan Salliotte joined the company as Vice President – Strategy and Business Development. He is working closely with Dennis Metcalf, Vice President – Corporate Development, to ensure a smooth transition as Dennis retires in the first quarter of 2005. The company is grateful for Dennis' tremendous contributions to the growth and success of IDEX.

2005

We enter 2005 with great momentum. Rapid process improvement and innovation are becoming part of the company's "DNA." We believe our organic growth rate, coupled with acquisitions enabled by our strong balance sheet, will generate double-digit revenue growth and leveraged earnings growth.

We appreciate the support of our customers, channel partners, employees, and shareholders. Our IDEX leadership commitment is to have a skilled, energized team driven by innovation, disciplined by operational excellence and working together to deliver even better results in 2005.



Dennis K. Williams
Chairman of the Board, President and Chief Executive Officer
February 25, 2005

Driven by innovation.

At IDEX, we believe our ability to innovate new products for our customers and bring them quickly to market is a differentiating feature of our company. As we discipline our business through operational excellence, we enjoy reduced costs, increased efficiencies, enhanced levels of customer service, and strong margins and cash flow. Our strategy is to use our strong cash generation to reinvest in new products, applications and markets to support and propel our growth globally.

In 2004, our business units accelerated their drive to develop new products and applications that meet our customers' critical needs. Highlighted in this report are some of the many examples of innovation and the growing entrepreneurial spirit throughout IDEX.

From the world's most accurate nano-fluidic pump to the world's most powerful rescue tools, IDEX products are making a difference every day and our customers are enjoying the benefits.

FLUID MANAGEMENT PAINT SAMPLE MACHINE

MICROPUMP
DVX PUMP

INNOVATION AT FAST & FLUID MANAGEMENT

Our FAST & Fluid Management business units continue to reinvent themselves through a passion for innovation and a disciplined, global approach to product design and development. These businesses serve the needs of large home centers and small paint retailers alike with the broadest range of automatic paint dispensing solutions in the marketplace. All dispensers from the Harbil® and Leonardo® series in Europe to the Accutinter® line in North America are aimed at providing our customers with better, faster, more reliable tools to help them grow their businesses.

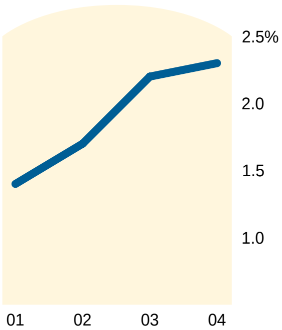
Through collaboration between Fluid Management and our Micropump business unit, the Accutinter series now features a patented new technology, the DVX® nutating piston pump. This technology replaces the valve and gear pump traditionally used in the system and has helped to enhance reliability and further minimize downtime, which is critically important in the paint selling business. Even more important, the DVX pump is enabling IDEX to more effectively serve customers through increasingly precise dispensing of colorants into increasingly smaller volume containers. The result? The DVX technology is opening up new opportunities for Fluid Management and its customers both in and out of the paint market.

The DVX pump powers the INFINA® cosmetic dispenser, which Fluid Management continues to test in the personal care market. The INFINA dispenser can accurately dispense personal care products down to 1/1000 of an ounce, enabling the formulation of more than 300 shades of liquid foundation into containers as small as a quarter of an ounce. This technology is a significant differentiator for the retailer seeking to bring truly customized products to the consumer.

The same DVX technology used for cosmetics more recently enabled Fluid Management's development of a paint sample machine. This unit reliably produces three-ounce samples across the complete range of the paint manufacturer's color spectrum. The paint sample machine offers a point of differentiation for the paint retailer with significantly expanded color options for samples. It also helps take the guesswork out of color selection and eliminates waste for the consumer, who can purchase and test a few colors at home before committing to a larger quantity of a specified shade.

R&D EXPENDITURES
(percent of sales)

Investment in research & development continues to help drive product innovation throughout the company.



INNOVATION AT MICROPUMP

As their name implies, Micropump is focused on small volume, precision-engineered fluidics. They are pioneers of the magnetic drive gear or leak-free pumping solution. Micropump provides a diverse and growing range of small-but-mighty pumps ideally suited to original equipment manufacturers across many industrial segments for applications where precise fluid control in a space-constrained environment is imperative.

Recently, the same DVX technology used by Fluid Management in its paint and cosmetic dispensers has begun to expand Micropump's own horizons by opening up growth opportunities in the food and beverage industries. The possibilities range from a more reliable, hygienic way to dispense fresh juices to point-of-use vending applications such as custom-flavored coffees and snacks.

Another of the latest innovations by Micropump is its new valveless, electromagnetically driven gear pump known as the I-Drive.® This patented technology delivers powerful, continuous performance in a highly compact design. Its unique design is useful in a range of applications from commercial inkjet printing to fuel cells to kidney dialysis machines.

INNOVATION AT SCIVEX

There are a number of innovation initiatives under way at Scivex, which became part of IDEX's Pump Products Group through acquisition in mid-2004.

Scivex has developed a new nano-fluidic module (NFM) used in analytical instrumentation. This product, used in nanoscale liquid chromatography, is the most accurate pump of its kind in the world. It can accurately achieve flow rates as low as 10 nano-liters per minute. At this rate, the NFM will accurately process one liter of fluid every 190 years! This measured, very low flow rate is highly beneficial in a growing number of analytical tests where often only minute samples, such as DNA, are available for testing.

SCIVEX CONFLUENT NANO-FLUIDIC MODULE

Scivex also is working with several customers eager to find a replacement for syringe pumps in their medical diagnostic instruments. Scivex has developed a new 250 µL mini pump, the Scivex Confluent® S11, which is the smallest, most accurate, and longest life pump in its application. Designed for use in clinical diagnostic testing, the mini pump replaces standard syringe pumps, which have a relatively short service life, with a product that is "life of instrument." The mini pump enables the lab to run highly accurate tests – from blood sampling to cholesterol screening – on a 24x7 basis with minimal downtime.

INNOVATION AT VIKING PUMP

Viking Pump is another business unit that is cranking up its innovation machine. Viking provides a range of rotary gear, external gear, lobe and circumferential piston pumps for use in virtually all industries from chemical processing to personal care. Viking products are used to fill toothpaste tubes, pump cooking oil at fast food restaurants, and move even the most highly viscous liquids from asphalt to chocolate in a variety of industrial and original equipment manufacturer (OEM) applications the world over.

VIKING WIND TURBINE LUBRICATION PUMP

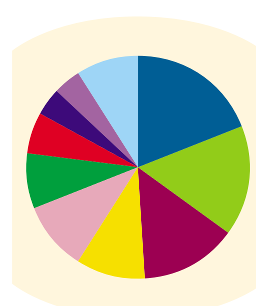
A primary reason for Viking's success has been the steady development of new products and custom applications for its customers. Viking continues to focus on developing newer derivative products that give the OEM a better solution. Geographical expansion from its strong North American roots into Europe and Asia is also propelling Viking's growth.

The following are some recent examples of Viking's customized applications:

- Ethanol made from corn is helping to oxygenate gasoline for cleaner air. Viking's lobe pumps are running throughout most new ethanol plants to pump corn mash and other organic ingredients and by-products.
- Growth in the wind energy market is helping the world become less reliant on fossil fuels. Viking pumps are used in many wind generation systems for gearbox lubrication to keep them running reliably.
- Viking's triple external gear pumps are used in large off-road vehicle applications helping both military and remote firefighting personnel. Viking's products help provide reliable vehicle transmission lubrication under extreme temperature and terrain conditions.
- Viking AccuLobe® pumps are utilized in the biopharmaceutical industry as part of a system to help produce life-saving materials like human insulin.
- In one of its newest applications, Viking is furnishing pumps used in next-generation technology for the de-icing of commercial aircraft. As the world grows and changes, Viking is growing and changing with it.

INNOVATION AT HALE PRODUCTS

Our Hale Products business, part of the Other Engineered Products Group, similarly continues to evolve its global platform in fire suppression and rescue tools. This family of products is sold under the Hale®, Class 1®, Godiva®, LUKAS®, Hurst®, Jaws of Life®, CENTAUR®, Vetter® and, now, Dinglee® trade names. With the recent acquisition of Dinglee, the leading manufacturer of rescue tools in China, the Hale platform now has a truly global presence with operations in the United States, Germany, England, and China. This platform gives Hale even more opportunity and flexibility to leverage its products and geographic presence to meet critical-to-customer needs.



2004 MARKETS SERVED

- 19% Paints & Coatings
- 16% Fire & Rescue
- 14% Machinery
- 10% Chemical Processing
- 10% Life Sciences / Medical
- 8% Petroleum – LPG
- 6% Water Treatment
- 4% Food & Beverage
- 4% Transportation Equipment
- 9% Other

ACTOR JOHN RATZENBERGER HOLDS THE HURST JAWS OF LIFE DURING FILMING FOR HIS "MADE IN AMERICA" PROGRAM

In fire suppression, Hale continues to set new standards with the introduction of its new front- and mid-mounted all-stainless steel fire truck pump packages. These products complete a family of three stainless steel pump packages. These are first-in-the-world products that provide unparalleled durability and corrosion-resistance. Hale's pump modules and kits continue to change the way OEMs produce their vehicles. Leveraging a similar pump module and kit concept, Hale recently introduced a new portable pump kit that enables OEMs to build remote firefighting systems in minutes. Hale also continues to evolve its Es-Key® system, vehicle electronics and Command Master® display packages to a growing number of non-fire applications in rail car positioning, environmental street sweepers, airport logistics equipment, and busses.

Like its sister businesses in fire suppression, Hale's rescue tools businesses remain focused on what is critical to their customer – speed, weight, portability and power. Building on a number of rescue tools "firsts," including the original Jaws of Life spreader and LUKAS rescue cutter introduced in 1972, our rescue tools businesses continue to offer a steady stream of lighter, faster, more powerful tools. One example is our new MiniMate Simo power unit, the lightest hydraulic power unit in the marketplace capable of operating two rescue tools simultaneously at full power. All of our Jaws of Life products are aimed at extricating accident and structural collapse victims more quickly to save lives.

In 2004, responding to increased global demand for safety and preparedness, Hurst, CENTAUR and LUKAS furnished varying packages of hydraulic tools – portable power packs, cutters, spreaders, combination tools, and lifting cylinders – to several global projects, from the Iraqi Coalition to the Federal Emergency Management Agency and Homeland Defense authorities to virtually all branches of the U.S. military.

INNOVATION AT BAND-IT

BAND-IT, our engineered band clamping business, is another shining example of innovation at IDEX. BAND-IT manufactures a wide array of stainless steel band and buckle systems, preformed clamps, cable ties, mounting hardware, and identification products and tools used in many end markets, from traffic signals to aerospace.

To drive innovation, BAND-IT is leveraging its products' discrete characteristics into new market applications requiring superior performance in corrosion resistance, permanent clamping of irregular shapes, and hard surface fastening.

"IT" SERIES PNEUMATIC TOOLS FROM BAND-IT

Redeploying some of its key talent to applications engineering positions, BAND-IT has gone directly to OEMs to test their ideas. The result has been the discovery of several applications within the automotive, marine and recreational vehicle industries for which the BAND-IT system provides a compelling alternative to more conventional fastening methods like tack welding and nuts, bolts and brackets.

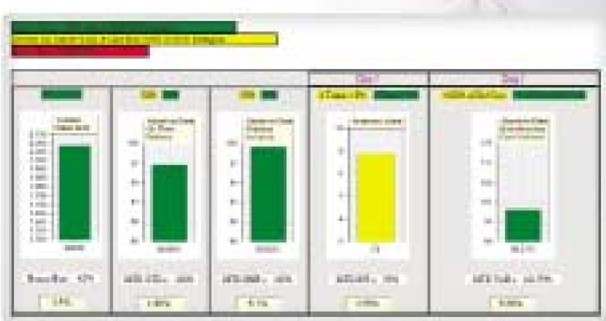
What's really exciting is that BAND-IT has moved from selling tools and components to now selling a truly capable manufacturing process – from tools and training to maintenance and calibration. This approach fits the OEMs' precise specifications and rigorous quality standards. We anticipate BAND-IT's business will continue to expand through its commitment to operational excellence, product engineering and a proven ability to continually transform and reposition its business to meet customer needs.

HALE PORTABLE PRO KIT REMOTE FIREFIGHTING PUMP

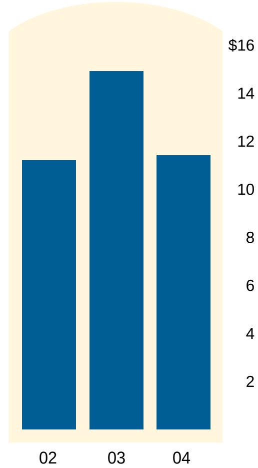
Disciplined by operational excellence.

By leveraging proven operational excellence tools like Lean Manufacturing, Six Sigma and global sourcing, IDEX continues to drive improved operating performance that allows us to fund significant new product development.

Operational excellence enables our business units to reduce costs, increase capacity and efficiencies, improve operating margins, and enhance cash flow. Operational excellence also is central to our ability to develop employees and continually drive for metrics that are important to our customers, employees and shareholders. We take a highly disciplined, data-driven approach to track our business performance versus stretch goals and operating performance targets. We investigate the reasons for any gaps versus our targets, and tackle the root causes to improve our performance.



MICROPUMP'S KEY PROCESS INDICATOR DASHBOARD



LEAN MANUFACTURING / SIX SIGMA SAVINGS (in millions)

Total savings from operational excellence initiatives saved $11.4 million in 2004. At the same time, our customers experienced shorter cycle times and better on-time performance.

As the economy strengthened in 2004, the impact and benefits of rapid continuous improvement were keenly visible. Throughout the year, we experienced significant volume leverage based on our lower cost structure and higher level of operating efficiency.

We continue to use operational excellence to drive out waste and eliminate defects wherever we find them. However, our operational excellence vision now extends much further. Our ideal is a process-focused organization that eliminates the traditional functional boundaries.

THE IMPACT OF BUSINESS PROCESS MAPPING AT MICROPUMP

Micropump, acquired by IDEX in 1995, is an excellent case in point. Micropump trained several of its employees as Six Sigma Belts and went about identifying and using Six Sigma and Lean Manufacturing tools to improve obvious areas of inefficiency on its production floor. It next used the same tools to improve transactional processes within the office. As a result, Micropump's overall operating margins, along with its customer and employee satisfaction levels, began to improve.

As its operational excellence discipline evolved, Micropump began to use the tools and techniques even more purposefully to become a process-focused organization.

Micropump determined that their business had four key processes – marketing, product development, order attainment, and order fulfillment. These processes were mapped, improved, and visually displayed throughout the facility. Metrics and key process indicators (KPIs) were developed for each main process. Process owners were selected, KPI dashboards were created, and data systems were put in place.

The old profit sharing plan was changed to a monthly plan that rewards employees based on the process team's achieving results that meet or exceed the targets for their KPIs. For example, KPIs for the order fulfillment team are on-time delivery, variance to standard cost, inventory turns, and shipping accuracy.

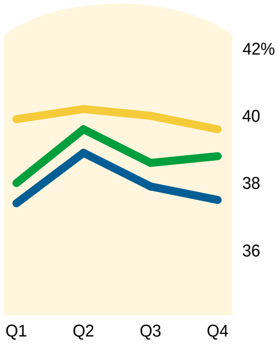
Every Micropump employee has access to the business data to know how they are performing on a daily basis. In fact, for many KPIs, process owners can access intra-day data to help them make decisions throughout the day. Getting to this point did not require a large information technology investment at Micropump. Rather, it came from a motivated leadership team who saw a better way to do their jobs.

The result? By rethinking how it conducts, measures and motivates the behaviors that drive its business performance, the results have been dramatic. For example, on-time delivery when Micropump started to re-think its business processes was running between 70% and 75%. Today, it is consistently running at 93% or higher. Working capital has been reduced by more than 50% and is now around 11% and heading into single digits. There are several exciting new product opportunities in the pipeline.

Beyond the hard metrics, Micropump has truly transformed the way it does business. Today, Micropump's employees work and think process – not along functional lines. Customer satisfaction, business performance, and employee morale have continued to rise.

More time is now spent on activities that add genuine value. Micropump has been able to refocus its energies on developing new products and technologies to meet customer needs. Operationally and culturally, it now has in place the processes to support higher volume business from an increasing number of OEM customers. Micropump has been the laboratory for this new integrated management system that we are beginning to apply throughout our company.

PULSAR® SERIES OF PUMPS AT PULSAFEEDER



GROSS MARGIN
(includes R&D expenses)

- 2004
- 2003
- 2002

The company has generated 12 consecutive quarters of year-over-year gross margin expansion.

THE "LEANING" OF SYSTEC

In contrast to Micropump, Systec is a newly acquired IDEX business that is just beginning to use operational excellence to improve its business and performance. Already Systec is reaping the benefits.

Systec recently conducted a Lean Manufacturing event on its vacuum pump manufacturing cell. Under the leadership of one of our many Black Belts, Systec spent approximately three days mapping, timing and measuring the "as is" activity in the manufacturing cell. The process was then remapped to create a more efficient, single-piece flow for the pump – with impressive results.

PRODUCT TESTING AT VETTER

Product manufacturing cycle time was reduced by 10%. The same cell is now able to produce its original volume with a single operator – down from 3 operators before the Lean event. At the same time, floor space has been reduced by two-thirds, creating additional capacity that Systec can use to support their high growth rate.

Work-in-process inventory, which previously had been as high as 150 pumps within the cell, was reduced to a single pump with a single-piece flow. Estimated first-year savings alone are $100,000 and Systec is now able to support their growth without having to increase the size of their facility.

This is the beginning of a process focus at Systec. The employees are excited by the simplicity and power of the IDEX tool kit and are confident it will help them grow and improve their business.

OPERATIONAL EXCELLENCE THROUGH GLOBAL SOURCING

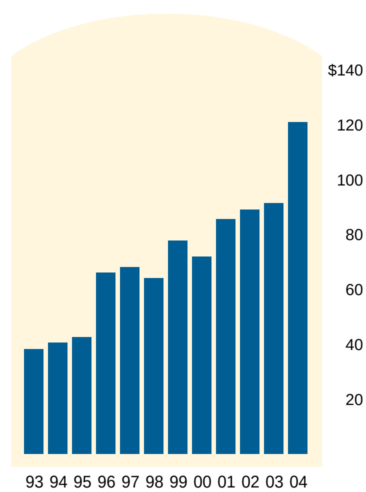
Another important aspect of IDEX's commitment to operational excellence has been to rethink the ways in which we source the materials used in our production facilities.

Our sourcing strategy is simple: invest in and develop world-class capability for parts or processes that provide us a competitive advantage, and outsource commodity items to suppliers who can provide us with the best value proposition.

In 2004, we continued to expand our supply chain expertise on the ground in China, India and other low-cost regions of the world to help us more effectively source the high level of quality we demand at significantly lower costs.

Our E-Sourcing platform allows us to run bidding events for our leveraged packages. In one example, Micropump and Rheodyne collaborated on a leveraged package consisting of 28 precision-machined stainless components. Using our E-Sourcing tool, they were able to identify a number of new potential suppliers for these components. Their efforts culminated in a reverse auction, which yielded savings of 69% for this package of stainless components. We are expanding the use of this tool to help accelerate our global sourcing efforts.

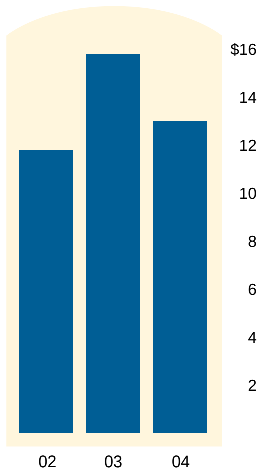
More recently, we added new strategic leadership to help us more fully leverage across the company our logistics and purchasing activities worldwide. In 2005, we expect to enhance our activities in global sourcing, by leveraging our purchasing volumes with suppliers that embrace operational excellence.



FREE CASH FLOW
(in millions)

Free cash flow in 2004 of $121.2 million set a new record and exceeded net income by 40%. This cash generation allows IDEX to invest in new products, new markets and strategic acquisitions to drive future growth.

CHINA EXPO 2004 CUSTOMER EVENT IN SHANGHAI



GLOBAL SOURCING SAVINGS (in millions)

Global sourcing initiatives generated $13.0 million in savings in 2004.

EXPANDED PRESENCE IN ASIA

IDEX, like many other companies, recognizes the significant opportunities throughout Asia and, especially, in China. To position the company to more fully seize those opportunities, we have taken three specific actions.

First, we consolidated the various sales resources from our Pump Group businesses into a single, focused pump sales force. We conducted extensive training, hired additional talented sales and marketing people, and added several distributors. Our efforts are paying off. Orders for this group in 2004 were up substantially and we expect to see strong, double-digit growth from this effort for some time to come.

Second, we opened a wholly owned manufacturing facility in Suzhou, just outside of Shanghai. The concept has been to create an "umbrella" facility to make it easy for our business units to transfer products targeting the local market and support OEMs that are moving their operations to Asia, as well as to bring Chinese-manufactured products to the U.S. or European markets.

The strategy is working nicely. Our business units have established 17 product lines in Suzhou and we expect this number to more than double in 2005. We already are developing plans for a second facility in Suzhou. As we expand into other regions of the world, we will use this same umbrella concept.

Finally, in 2004 we completed our first acquisition of a Chinese company. We will break ground this year on a new facility for Dinglee in Tianjin in order to more fully leverage their leading position in the Chinese rescue tools market and support the growth of our fire suppression products in the Asian region.

SIGNING CEREMONY DURING ACQUISITION OF DINGLEE IN JULY 2004

MICROPUMP DVX PUMP ASSEMBLY

Investing in strategic acquisitions.

IDEX has established a solid acquisition track record, purchasing 28 companies since going public in 1989. Acquisitions have contributed significantly to our historic performance and are a continuing element of our growth strategy.

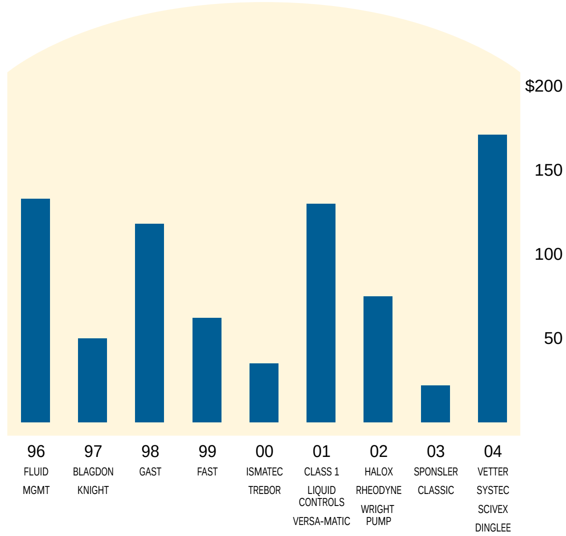
Our goal is to buy good businesses and make them better. In evaluating acquisition candidates, we look for companies with leading, proprietary, highly engineered, brand name products. Acquired companies are expected to contribute to IDEX's earnings in the first year with additional targets prescribed over time for both margin contribution and return on invested capital. Market positioning also is paramount. Successful acquisition candidates have strong, adjacent market positions or complement current product lines. They typically have a diverse customer base and an experienced management team.

We then focus on rapid integration using our operational excellence model to improve the operating margins of acquired businesses and drive operational improvements and organic growth.

SCIVEX CONFLUENT S17 PRECISION DISPENSE PUMP

ACQUISITIONS COMPLEMENT ORGANIC GROWTH
(aggregate purchase prices in millions)

IDEX has a solid acquisition track record, purchasing 28 companies since going public in 1989, including the additions of Vetter, Systec, Scivex and Dinglee in 2004.



In 2004, four companies met our acquisition criteria, culminating in two additions to our firefighting and rescue tools business, as well as two acquisitions in the higher growth analytical instrumentation/life sciences area. All four businesses have good performance today and offer excellent long-term growth opportunities to IDEX.

SCIVEX

Scivex operates as part of our Pump Products Group and opens up a number of growth opportunities for IDEX in the analytical instrument, clinical diagnostic and medical markets.

A leading provider of fluidic components and systems for the analytical, biotechnology, diagnostic instrumentation, and medical device markets, Scivex operates two subsidiaries, Upchurch Scientific and Sapphire Engineering. Upchurch Scientific manufactures an extensive range of more than 6,000 precision systems, sub-assemblies and components. Their core competencies are molding, extruding and machining polymers. Sapphire Engineering has extensive expertise working with a wide variety of ultra-hard materials used in analytical instruments and clinical diagnostic equipment.

The combination of Micropump, Rheodyne, Systec and Scivex gives us unmatched capability to offer complete value-added systems of pumps, valves, degassing equipment and all of the connective tubing and fittings to help our customers more quickly bring high quality products to market.

SYSTEC

Systec is another meaningful addition this year to our life sciences business. Systec manufactures vacuum degassing products used in labs and analytical instruments. In the analytical instrumentation market, dissolved gasses lead to inaccurate results. Systec's patented technology accomplishes faster degassing while taking up less space than competing products within the overall system.

Systec is operated as part of our Rheodyne business, where its products are a perfect complement to our high and low pressure fluid injectors, switching valves, and accessories for manufacturers and users of analytical instrumentation.

We foresee interesting future potential for Systec in expanded geographic markets, such as Asia and Europe, as well as in entire new arenas such as inkjet printing and semiconductor applications.

SYSTEC 5-CHANNEL VACUUM DEGASSER

VETTER

Vetter became part of IDEX in January 2004. Based in Zülpich, Germany, Vetter is the world leader in the design and manufacture of pneumatic lifting and sealing bags for vehicle and aircraft rescue and industrial applications.

Vetter also manufactures inflatable mobile decontamination tents, rescue walkways, jumping bags for building rescue, flotation devices for underwater rescue, and a range of industrial repair devices.

The addition of Vetter to our Hale Products' hydraulic equipment business is opening significant new avenues for IDEX in the areas of environmental protection, disaster recovery and control, military, construction, and industrial maintenance. We continue to expand Vetter's market presence, which had been concentrated in continental Europe, through our established global distribution channels.

VETTER DECONTAMINATION TENTS

DINGLEE

Dinglee, the leading manufacturer of rescue tools in China, became part of IDEX in July 2004. Located in Tianjin, Dinglee currently manufactures hydraulic rescue tools and related products used in fire and rescue.

Dinglee gives IDEX important on-the-ground manufacturing, product development, and market access that are a considerable advantage in our efforts to further penetrate the Asian rescue tools and fire suppression markets. We are selling both locally manufactured as well as imported products through Dinglee. Also, Dinglee is well positioned to be a component supplier to our North American and European businesses.

Business groups

IDEX's business units are organized into three groups: Pump Products, Dispensing Equipment and Other Engineered Products. Our businesses design, manufacture and market an extensive array of highly engineered, fluid-handling devices and other engineered equipment to customers in a variety of industries around the world.

End markets include paints and coatings, fire and rescue, industrial machinery, chemical processing, life sciences/medical, petroleum/LPG, water and wastewater treatment, transportation equipment, food and beverage, pharmaceuticals and many others. The company's customer base is highly diversified, with the largest single customer representing about 2.5% of 2004 total sales. A more global market focus continues to drive growth, with 44% of total sales in 2004 to customers outside the United States.

PUMP PRODUCTS

Gast Manufacturing
Liquid Controls
- Corken, Sponsler, SAMPI

Micropump
- ISMATEC, Trebor

Pulsafeeder
- Knight, Halox, Classic Engineering

Rheodyne
- Systec

Scivex
- Upchurch Scientific, Sapphire Engineering

Versa-Matic
- Blagdon

Viking Pump
- Johnson Pump, Wright Pump

Warren Rupp

DISPENSING EQUIPMENT

FAST & Fluid Management
Fluid Management
Lubriquip

OTHER ENGINEERED PRODUCTS

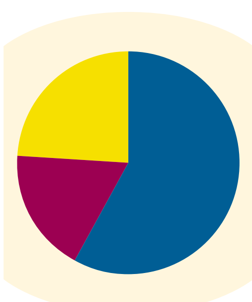
BAND-IT
Hale Products
- Fire Suppression
  - Hale, Class 1
- Hydraulic Equipment
  - Hurst, LUKAS, Vetter, Dinglee

PUMP PRODUCTS

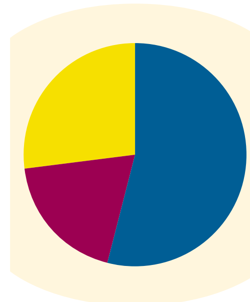
Gast Manufacturing; Liquid Controls; Micropump; Pulsafeeder; Rheodyne; Scivex; Versa-Matic; Viking Pump; Warren Rupp

These nine business units design, produce and distribute some of the most recognized names in positive displacement pumps and flow meters, compressors, injectors, valves and other fluid-handling pump modules and systems. Applications range from pumping and metering chemicals, gas and lubricants, and food and beverages; to moving paints, inks, and fuels; to providing clean, quiet sources of air in medical and industrial applications; to very high-precision, low-flow rate pumping required in analytical testing, medical devices, and clinical diagnostics. The group's complementary lines of specialized positive displacement pumps, pump modules and systems, and related products include: rotary gear, vane, circumferential piston, and lobe pumps; air-operated diaphragm pumps; miniature gear pumps; peristaltic metering pumps and vacuum pumps; precision pumps, valves, tubing and fittings; molded and extruded polymers; air motors and compressors; and flow meters. These precision-engineered devices give customers an unparalleled range of choices to meet their needs.

The Pump Products Group accounted for 58% of our sales and 54% of our profits in 2004, with 38% of sales to customers outside the United States.



2004 SALES
- 58% Pump Products
- 18% Dispensing Equipment
- 24% Other Engineered Products



2004 PROFITS
- 54% Pump Products
- 19% Dispensing Equipment
- 27% Other Engineered Products

DISPENSING EQUIPMENT

FAST & Fluid Management; Fluid Management; Lubriquip

This group consists of three business units that produce highly engineered equipment for dispensing, metering and mixing colorants, paints, inks and dyes, hair colorants and other personal care products; paint refinishing components; and centralized lubrications systems. This proprietary equipment is used in a variety of retail and commercial industries around the world. These business units provide engineered equipment and systems as well as service for applications such as tinting paints and coatings, providing industrial and automotive paint refinishing equipment, and the precise lubrication of machinery and transportation equipment. Trade names within this group include Harbil,® Miller,® Leonardo,® Tiziano,® Canova,® Skandex,® Tintia,® TintMaster,® Accutinter,® INFINA,® Road Warrior,® Trabon® and others.

The Dispensing Equipment Group contributed 18% of our sales and 19% of our profits in 2004, and 63% of the group's sales were to international customers.

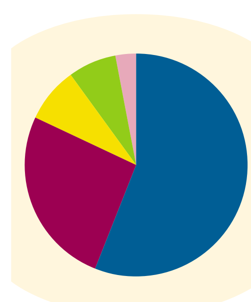
OTHER ENGINEERED PRODUCTS

BAND-IT; Hale Products

The two business units in this group manufacture engineered stainless steel band clamping systems and pumps, rescue tools, and other components and systems for the fire and rescue industry. Our high-quality stainless steel bands, buckles, preformed clamps, clamping systems and related installation tools are used worldwide in industrial and commercial markets. They are used to secure exhaust system heat and sound shields, industrial hose fittings, traffic signals and signs, electrical cable shielding, identification and bundling, marine pilings, and many other "hold-together" applications. The group also includes the world's leading manufacturer of truck-mounted fire pumps, rescue and recovery tools, and vehicle control devices and systems. These products are sold under the Hale,® Hurst,® Jaws of Life,® LUKAS,® CENTAUR,® Class 1,® Godiva,® Vetter® and Dinglee® trade names.

The group represented 24% of our sales and 27% of our profits in 2004. Sales to non-U.S. customers accounted for 45% of total group sales.

2004 SALES BY REGION
- 56% United States
- 26% Europe
- 8% Asia
- 7% Canada/Latin America
- 3% Rest of the World



Business Profile

	GAST MANUFACTURING	LIQUID CONTROLS / CORKEN / SPONSLER / SAMPI	MICROPUMP / ISMATEC / TREBOR
PRODUCT OFFERINGS	Fractional horsepower compressors, vacuum pumps, air motors, regenerative blowers and vacuum generators.	Positive displacement, turbine, electromagnetic and coriolis mass flow meters. Electronic registration and control systems. Hose reels and heavy-duty dispensers. Positive displacement rotary vane pumps, side-channel pumps, regenerative turbine pumps, and small horsepower reciprocating piston compressors.	Miniature, precision-engineered, magnetically and electromagnetically driven seal-less, external and internal gear, valveless piston, sliding vane, and centrifugal pumps. Precision peristaltic pumps, drives and fluid processing systems. High-purity double-diaphragm pumps and deionized water heaters.
BRAND NAMES*	Gast, Roc-R, Regenair, DDL, Smart-Air, and Performance LE (Life Extending) Service Plan Plus	LC, LCMAG, LCMASS, LectroCount, LCR, LCR-II, Corken, Coro-Flo, Coro-Vane, Coro-Vac, Sabre, SAMPI, Sponsler, Liquid Controls Europe, LCE	Delta, I-Drive, Flowmaster, Cellmaster, MCP Series, Ecoline, MS-CA, IP Series, ASA Aroma, Maxim, Magnum, Quantum, IQ, Purus, PureBlend, DVX
MARKETS SERVED	Medical equipment, environmental equipment, printing machinery, paint-mixing machinery, packaging machinery, telecommunication equipment, fire-protection equipment, graphic arts, industrial manufacturing, computers and electronics. 20% of sales outside the U.S.	Refined fuels, aviation fuels, liquefied petroleum gas (LPG), cryogenics, chemicals, pharmaceuticals, oil and gas, petrochemical, food and beverage, pulp and paper, paints and coatings, transportation, nitric oxide reduction, refrigerants and general industrial. 50% of sales outside the U.S.	Paints and inks, medical equipment, chemical processing, energy and fuels, drug discovery and pharmaceutical manufacturing, life sciences, cosmetics, clinical and analytical instruments, food and beverage, pulp and paper, water treatment, aerospace/aircraft, textiles, semiconductor, microelectronics/electrical equipment, and precision heating and cooling. 60% of sales outside the U.S.
PRODUCT APPLICATIONS	Air motors for industrial-equipment applications, and vacuum pumps and fractional horsepower compressors for specialty pneumatic applications requiring a quiet, clean source of moderate vacuum or pressure.	Flow meter and registration systems for custody transfer, process control, metering into storage and high-speed diesel dispensing applications. Turbine meters for cryogenics and other industrial liquids. Pumps and compressors for transfer and recovery of non-viscous, toxic, and hazardous fluids, including petroleum products, LPG, chlorine, fluorocarbons, carbon dioxide, solvents, ammonia, natural gas and nitrogen.	Pumps and fluid management systems for low-flow applications such as sampling or delivery of inks, dyes, solvents, colorants, flavors, pigments, and other corrosive or abrasive fluids. Pumps and systems for electronic cooling, analytical laboratories, drug and therapy development, fluid and cell suspension handling for life science research and analysis as well as biopharmaceutical liquid handling. High purity acid and deionized water heating for production and cleaning of semiconductors and microelectronics.
COMPETITIVE STRENGTHS	A leading manufacturer of air-moving products with an estimated one-third U.S. market share in air motors, fractional horsepower compressors, low- and medium-range vacuum pumps, vacuum generators, and regenerative blowers.	Market leader for high accuracy, custody transfer liquid measurement and control, including aircraft refueling, fuel oil delivery, lube oil packaging and blending, LPG transport and delivery. Market leader in metering cryogenic liquids with turbine meters, and pumps and compressors used in LPG distribution facilities. Estimated one-third worldwide market share.	Leader in innovative, reliable, aggressive-duty magnetic and electromagnetic miniature pumps and drives. IP 65 rated, UL listed, ATEX and CE compliant. Estimated 40% U.S. market share. Precision and sterile fluid dispensing equipment and Class 1000 cleanroom products. Patented technologies include peristaltic pump-based cell suspension delivery. High purity pumps and quartz heating for ultra pure water.
EXAMPLES OF NEW PRODUCTS*	1/4 Hp rocking-piston compressor with an all-world, voltage-capable motor for the telecommunications market. 9 Hp air motor with integrated controls for industrial hoists. 1.5 Hp piston compressor with high corrosion resistance and a sealed crankcase. 3/4 Hp air motor with 20:1 gear drive for mixing applications.	LectroCount LCR-II electronic register for use with meters on fuel-delivery vehicles. FlightConnect Data Acquisition System for aviation refueling. Positive displacement meters for LPG automotive fuel dispensers. A new low-flow positive displacement meter for LPG delivery vehicles. Digital control valves and optical air eliminator. Electronic remote display. Vane-type petroleum pump for fuel delivery vehicles. New model IT-400 Rate/Totalizer for turbine meters and other measurement instruments.	Ultra quiet pump and drive options for low noise and vibration sensitive applications. New micro-annular gear pump family for low-flow high pressure analytical applications. New dual and valveless piston pumps and electromagnetic drives. Gear pumps and miniature multi-channel peristaltic cassette pumps for use in confined space applications. Innovative quartz chemical and water heaters for semiconductor and LCD cleaning. Purus PFA/PTFE air-operated diaphragm pump for ultrapure semiconductor processes.
WEBSITES	www.gastmfg.com, www.gasthk.com, www.gastltd.com	www.lcmeter.com, www.corken.com, www.sampi.it, www.sponsler.com, www.lceurope.com.	www.micropump.com, www.ismatec.com, www.treborintl.com
MANUFACTURING LOCATIONS	Benton Harbor, Michigan » Suzhou, China » High Wycombe, England	Lake Bluff, Illinois » Oklahoma City, Oklahoma » Westminster, South Carolina » Vadodara, India » Altopascio, Italy	Vancouver, Washington » St. Neots, England » Glattbrugg-Zürich, Switzerland » West Jordan, Utah » Wertheim-Mondfeld, Germany » Suzhou, China

*Brand names shown are registered trademarks of IDEX and/or its subsidiaries, except PEEK® polymer which is a registered trademark of Victrex plc.

PULSAFEEDER / KNIGHT / HALOX / CLASSIC ENGINEERING	RHEODYNE / SYSTEC	SCIVEX / UPCHURCH SCIENTIFIC / SAPPHIRE ENGINEERING	VIKING PUMP / JOHNSON PUMP (UK) / WRIGHT PUMP
Precision metering pumps, special purpose rotary pumps, peristaltic pumps, transfer pumps, engineered system solutions, electronic controls, dispensing equipment, and on-site chlorine dioxide generators.	Precision, multi-position, electrically actuated, high- and low-pressure fluid injectors, switching valves, and accessories for manufacturers of analytical instrumentation. Multi-channel vacuum degassing devices and sub-assemblies for the removal of dissolved gasses in liquids used in analytical instruments.	Fluidic components and subassemblies, including: fittings, precision dispensing pumps and valves, tubing and integrated tubing assemblies, filters, sensors and other micro- and nano-fluidic components.	Rotary internal gear, external gear, lobe and circumferential piston pumps; strainers; gear reducers; engineered pump systems; and related electronic controls.
Pulsafeeder, Knight, Halox Technologies, Classic Engineering, PULSA Series, PULSAR, PULSAtron, PULSAtrol, Chem-Tech, Chem-Trak, Isochem, Mec-O-Matic, ECO, EASTERN, Foster, Cruise Control, Reporter, Halox 1000 and 2000, KP Pumps, Pro Series, Knight-Trak, HypoPump, Omni, Unitech, Vision Series	Rheodyne, Systec, RheFlex, RheBuild, MRA, TitanEX, TitanHP, LabPRO, TeleFLO, DuraLife, RPC-7, RPC-8, MBB, No-Ox, DryLab, Goldenfoil, ChromTRAC, Column Match, Method Match, ZHCR, PAT, and ZFR	Upchurch Scientific, Sapphire Engineering, Confluent, Bottom-of-the-Bottle, FlushNut, MicroTight, LiteTouch, LuerTight, NanoFilter, NanoFold, NanoMixer, NanoPeak, NanoPort, NanoTight, Quick Disconnect, Quick Release, SealTight, Spiral-Link, Super Flangeless, VacuTight	Viking, Viking Mag Drive, Viking Flow Manager, Vi-Corr, Vican, Lid Ease, DuraLobe, SteriLobe, AccuLobe, Classic, On-Line, Concept SQ, RTP, Johnson Pump (UK), Wright Pump, Magnus
Municipal water and wastewater treatment, polymer feed, power generation, pulp and paper, chemical and hydrocarbon processing, swimming pools, commercial laundry, dishwashing, food and beverage, cooling towers, boilers, potable water for hospitals and healthcare facilities. 30% of sales outside the U.S.	Pharmaceutical drug discovery, genomics, proteomics, biotechnology, environmental, water analysis, and chemical processing. Applications are HPLC (High Pressure Liquid Chromatography), CE (Capillary Electrophoresis), and LC-MS (Liquid Chromatography-Mass Spectroscopy). Recreational water and health and beauty aids. 35% of sales outside the U.S.	Pharmaceutical, drug discovery, chemical, biochemical processing, genomics/proteomics research, medical devices, clinical diagnostics, environmental labs, food/agriculture, medical lab, personal care, and plastics/polymer/rubber production. 20% of sales outside of the U.S.	Chemical, petroleum, pulp and paper, polymer, paint, ink, construction, electric power, water and wastewater treatment, oil seeds and corn processing, sugar, food and beverage, pharmaceutical, biotechnology, transportation, automotive, machinery lubrication, commercial cooking equipment, plastics and fibers. 35% of sales outside of the U.S.
Wide range of pumps, controls, custom systems and other dispensing equipment for metering precise amounts of chemicals into a variety of process applications, including sanitation, purification, water hygiene, polymer applications and general cleaning. Point-of-use chlorine dioxide generators for controlling water-borne pathogens.	Worldwide leader in automated sample injection and fluid switching sub-assemblies for manufacturers of analytical instruments including high pressure liquid chromatographs, protein and DNA sequencers, and mass spectrometers. Industry standard for ultra high-duty cycle fluid transfer components, management of nanoliter range volumes, and related applications requiring ultra low-dispersion characteristics. Leading manufacturer of devices to remove dissolved gasses from fluids used in analytical instruments.	Market leader in the supply of components and subassemblies for precision fluidic systems used in analytical, R&D, quality control and medical laboratories.	Industry leader in pump technology that handles virtually all liquids, from very thin to very viscous, from basic processing through distribution and end-use. Industrial pumps commonly handle chemicals, petroleum products, inks, coatings, adhesives, asphalt, plastics, resins, soaps, oils and polyurethane foams. Sanitary pumps handle foods, beverages, pharmaceuticals and personal care products.
A leading manufacturer of metering pumps, controls, engineered chemical systems and dispensing equipment used for chemical injection in water treatment, process applications and warewash, laundry, and the food and beverage market. Estimated one-third U.S. market share. Patented on-site, non-acid chlorine dioxide generators for controlling water-borne pathogens.	Partnering in early product development stages to accelerate customers' product-to-market timeline. Worldwide reputation as an innovative designer and manufacturer of high-quality fluidic solutions, including the smallest (coffee cup-size) high-pressure valves available. Market leader in high-pressure sample injection, fluid switching, fluid management systems, and multi-channel vacuum degassing products. Estimated 50% U.S. market share.	Strong reputation for innovative designs and technologies, rapid prototyping, materials expertise, precision manufacturing and reliable delivery. Leading supplier of extruded and molded components into fully integrated system assemblies and leading manufacturer of patented 100% PEEK® polymer frits. Estimated 40% U.S. market share.	Viking is the world's largest internal gear pump producer with a highly respected brand and estimated 40% share of U.S. gear pump market. Johnson Pump (UK) offers the world's largest selection of sanitary rotary lobe pumps. Wright Pump offers pumps and parts that are drop-in replacements for the leading brand of sanitary circumferential piston pumps.
Omni series next generation of high-end mechanical diaphragm metering pumps. Award winning HypoPump with its patented, built-in degassing valve for pumping sodium hypochlorite. Chem-Trak, a central chemical processing system, for multiple-point dispensing in commercial laundry washing applications. Classic's customized and fully integrated chemical feed systems. The Unitech peristaltic pump system, the first dual purpose process dispenser of its kind.	Nano-scale, high pressure, automated, multi-port valves including sample injector and switching valves. Miniature multi-position high pressure valves. Dosing engine and reagent suitcase to maintain consistent chemical balance of water in portable spas. Multi-channel vacuum degasser. Liquid core light wave guides.	Automated, high pressure nano- to micro-fluidic delivery systems (including binary gradient). Integrated piston/valves, precision dispense pumps and rotary solenoid valves, all offering longer life, lower lifetime-cost alternatives to traditional technologies. DC motor actuated line of low, medium and high pressure valves for flow rates ranging from one nL/min to over 100 mL/min.	Magnus internal and external gear pumps for medium duty applications, including the new APP Series external gear pumps. Expanded range of Industrial Lobe Series timed bi-wing rotor pumps for shear-sensitive liquids and high-pressure applications. Johnson Pump's SteriLobe Series sanitary lobe pumps with front-loading single, double, O-ring or DIN seals. Wright Pump's TRA20 Series circumferential piston pumps, with pressures to 500 psi and Clean-In-Place option.
www.pulsa.com, www.pulsatron.com, www.knightequip.com, www.haloxtech.com, www.classicengineering.us	www.rheodyne.com, www.titanexgroup.com, www.chromforum.com, www.systecmn.com	www.scivex.com, www.upchurch.com, www.sapphireengineering.com	www.vikingpump.com, www.johnsonpump.com, www.wrightpump.com, www.vikingpumpeurope.com, www.vikingpumpcanada.com
Rochester, New York » Punta Gorda, Florida » Lake Forest, California » Suzhou, China » Bridgeport, Connecticut » Sydney, Australia » Jacksonville, Florida » London, England » Enschede, The Netherlands	Rohnert Park, California » New Brighton, Minnesota	Oak Harbor, Washington » Pocasset, Massachusetts	Cedar Falls, Iowa » Waukesha, Wisconsin » Windsor, Ontario, Canada » Suzhou, China » Eastbourne, England » Shannon, Ireland

WARREN RUPP/ VERSA-MATIC / BLAGDON	FAST & FLUID MANAGEMENT	FLUID MANAGEMENT	LUBRIQUIP
Air-operated and natural gas-operated double-diaphragm pumps, and accessories. DC-powered submersible pumps and aftermarket replacement parts for competitors' products.	Precision-designed tinting, mixing, measuring and dispensing equipment for refinishing, architectural and industrial paints, inks, dyes, pastes, personal care products, and other liquids.	Complete range of equipment, software and service solutions for tinting and mixing paint in retail and commercial environments. Growing range of products for the personal care market, including systems used to produce custom-blended cosmetics in upscale retail environments and personalized hair color using a self-serve kiosk.	Centralized and automated oil and grease lubrication systems, force-feed lubricators, metering devices, and related electronic controls and accessories.
Warren Rupp, SandPIPER, Marathon, RuppTech, Blagdon, Tranquilizer, RuppGUARD, Sludgemaster, Porta-Pump, uniRupp, Pumper Parts, Versa-Matic, Versa-Tuff, Versa-Sense, Versa-Dome, Versa-Rugged, Elima-Matic, Ultra-Matic	FAST, Fluid Management, Harbil, Leonardo, Blendorama, Michelangelo, Tintmaster, Tintia, Giotto, Hercules, Galileo, Skandex, Top Mix, Eurotinter, Vincent, Newton, Unicover, Eurocombi, Jonathan, Help, Azzurro, Leolux, Aquarius, PrismaPro, PrismaPalm, Tiziano, Canova, Accutinter	Fluid Management, Harbil, Miller, Blendorama, NSC-50, NSC-80, TintMaster, Accutinter, ColorPro, GyroMixer, Tintia, INFINA, Skandex, 5G HD, H-1, GyroFlex	Trabon, Manzel, OPCO, Grease Jockey, TrackMaster, Injecto-Flo, Road Warrior
Chemical, paints and coatings, food processing, pharmaceuticals, construction, mining, utilities, pulp and paper, ceramics, petrochemical, oil and gas, metal finishing, industrial and municipal wastewater, and industrial maintenance. 50% of sales outside the U.S.	Retail and commercial stores, home centers, automotive repair shops, industrial paint producers, personal care and medical. Over 95% of sales outside the U.S.	Retail and commercial paint stores, hardware stores, home centers, department stores, paint manufacturers, personal care, food and beverage. 15% of sales outside the U.S.	Machine tools, transfer machines, conveyors, packaging machinery, transportation equipment, construction machinery, mobile on-road vehicles, rail (train) applications, food processing and paper machinery. 25% of sales outside the U.S.
Pumps for abrasive and semisolid materials as well as for applications where product degradation is a concern or where electricity is not available or should not be used. DC-powered portable and air-operated submersible pumps for dewatering use. Hot oil/glycol transfer and well-head lubrication using natural gas-powered pumps.	Equipment and software control systems for precise blending of base paint, tints and colorants, inks and dyes in a broad range of applications including retail point-of-sale and in-plant manufacturing systems, and point-of-purchase dispensers for personal care, health and beauty products.	Fluid Management's equipment and software control systems are used to meter and dispense ingredients into a base to create custom-blended products. Mixing equipment is used to blend the base and ingredients. These products are used in retail and commercial environments.	Lubrication systems and solutions engineered to dispense lubricants and precisely lubricate machines and mechanical systems to prolong equipment life, reduce maintenance costs, and increase productivity.
Leading diaphragm pump manufacturer using a wide array of metallic and non-metallic materials, construction and design. Value-added features include patented air valve systems, longer life diaphragm technologies and complete accessory options. ATEX, UL, and CSA certifications are available. Estimated 30% U.S. market share.	Industry innovator and worldwide market share leader in automatic and manually operated dispensing, metering and mixing equipment for the paints and coatings market, paint mixers and shakers, car refinish products, and point-of-purchase dispensers for personal care products. Combined with Fluid Management, estimated 50% worldwide market share.	Product innovations include: a simultaneous colorant dispenser with a unique pump system that reduces maintenance costs, increases accuracy, and enhances durability. Point-of-purchase dispensers for the personal care industry. A fully gyroscopic one-gallon mixer that accommodates standard and non-standard one-gallon and quart containers, and significantly reduces mix times compared to traditional one-gallon mixers.	A market leader in automated and centralized grease and oil lubrication systems serving a broad range of industries in all major continents. Estimated 20% U.S. market share.
CSA-certified natural gas-driven pumps from 1/2" through 3", including a 2:1 ratio high pressure version for the oil and gas industry. FDA materials-compliant pumps from 1" through 3" for the food processing, pharmaceutical and biotech markets. 3/8" plastic pump for automotive and commercial laundry OEM applications. Ultra-Matic 2" high efficiency pump line for corrosive environments such as chemical and petrochemical applications. Expanded line of replacement parts that fit competitor's pumps.	Canova automatic colorant dispenser for the do-it-yourself market. Accutinter simultaneous dispenser with the best fit to European colorant requirements. New line of Harbil automatic dispensers with specialized operator/machine interface options. Blendorama manual dispenser including new advanced features. Series 300 low-cost-of-ownership Skandex shaker. Second generation hair colorant dispensers.	Fluid Management's comprehensive product offering – automatic and manual dispensers, one- and five-gallon mixers, software, and factory-direct service – is unmatched in the industries it serves.	Trabon P2P, a single-module, low-cost, self-contained, pump-to-point lubrication system designed for consolidating manual and single-point lubrication into automated lube zones. Trabon MFR block, an integral-flow regulation system for series progressive lubrication systems in stamping press applications. A pneumatically operated version of the Road Warrior pump for extending applications of the Road Warrior unit into additional mobile applications.
www.warrenrupp.com, www.blagdonpump.com, www.versamatic.com, www.pumperparts.com	www.fast-fluid.com, www.fluidman.com	www.fluidman.com, www.fast-fluid.com	www.lubriquip.com
Mansfield, Ohio » Export, Pennsylvania » Washington, England » Suzhou, China	Sassenheim, The Netherlands » Unanderra, Australia » Suzhou, China » Cinisello Balsamo (Milan) Italy	Wheeling, Illinois	Warrensville Heights, Ohio » Madison, Wisconsin

		
BAND-IT	HALE PRODUCTS – FIRE SUPPRESSION (HALE/CLASS 1)	HALE PRODUCTS – HYDRAULIC EQUIPMENT (HURST/LUKAS/DINGLEE/VETTER)
Stainless steel clamping systems, band and buckle, preformed clamps, power and hand application tools, hose fittings, clamping kits, cable ties and identification systems. Mounting systems for traffic signs, signals, and banners including brackets, hardware and stainless steel band.	Truck-mounted and portable fire pumps, stainless steel valves, foam and compressed-air foam systems, pump modules and pump kits, electronic controls and information systems, conventional and networked electrical systems, and mechanical components for the global fire, rescue, and specialty vehicle markets.	Hydraulic, battery, gas and electric-operated rescue equipment. Hydraulic re-railing equipment. Hydraulic tools for industrial applications. Cutters for recycling applications. Pneumatic lifting and sealing bags for vehicle and aircraft rescue, environmental protection and disaster control.
BAND-IT, Ultra-Lok, BAND-IT Jr., Junior, Thriftool, Tie-Dex, Tri-Lokt, Tie-Lok, Self-Lok, Band-Lok, SIGNFIX	Hale, Godiva, Class 1, FoamLogix, CAFSPro, Es-Key, Qflo, Qmax, Qpak, CAFSMaster, Typhoon, MaxStream, Torrent, Stainless Max, Command Master	Hale, Jaws of Life, Hurst, LUKAS, CENTAUR, VEPRO, Vetter, Dinglee
Automotive, industrial hose assembly, MRO, municipal, shipbuilding, military and commercial aerospace, telecommunications, transportation, mining, oil and gas exploration and processing, electrical transmission and distribution, paper processing, underwater, cooling towers, security, bridge and tunnel construction for both original equipment and replacement markets. 45% of sales outside the U.S.	Public and private fire and rescue agencies, police, transit bus, mining and specialty vehicle applications. 30% of sales outside the U.S.	Public and private fire and rescue agencies, police, military, mining, specialty vehicles, industrial recycling, and rail transport including subway. 65% of sales outside the U.S.
Clamping hose fittings, protective boots, canisters, sound and heat shields. Fastening signs, traffic signals, cameras, enclosures, antennas, electronic equipment, identification tags, wiring harnesses, lighting, and electrical distribution hardware. Bundling electrical cables, hoses, and pipes. Identifying hoses, electrical and mechanical equipment, pipes and cabling.	Water and foam pumps for fire suppression. Valves and plumbing components for emergency vehicles. Electrical systems and advanced electronic control systems for fire, rescue, and specialty vehicles.	Rescue equipment and lifting bags for extricating victims from car, train, aircraft, or naval accidents; sealing bags for environmental protection and disaster control; forcible entry equipment for law enforcement and disaster recovery; positioning tools for use in structural collapse; industrial recycling; re-railing of trains; and, a variety of lifting bags and positioning devices for industrial applications.
Highly recognized and respected global brand name. Leading provider of high-quality, innovative, stainless steel band clamping, fastening, bundling and identification systems and solutions. Extensive application engineering experience. Specialists in manual, pneumatic and electrical application tools. Worldwide manufacturing, sales, and distribution. Estimated 45% worldwide market share.	World's leading manufacturer of truck-mounted fire pumps, with an estimated 25% worldwide market share, and a complete line of plumbing, electrical, and electronic components and systems making Hale a single-source integrated solutions provider.	World leader in the manufacture of rescue tools, lifting and sealing bags, and hydraulic re-railing equipment. Estimated 50% worldwide market share for rescue tools, 30% for lifting bags, and 60% for re-railing equipment.
The "IT" series pneumatic tools (shown above) provide a fast, easy, high-speed, uniform application of stainless steel ties and clamps with extended service life and low maintenance. Features include heavy-duty cut-off and tensioning components, a long-life valving system, easy access to maintenance components and low line pressure requirements.	The Stainless Max mid-mount stainless steel vehicle-mounted pump. The Portable Pro Kit – portable pump packaging. The 2.1A foam system. The Silencer Gear-Box Series. The 4DK Refueler Pump.	Light weight power pack for single, alternative and simultaneous operation. Weight reduction of 40% compared to previous models. Telescopic rescue rams with twice the force at the same weight. Hand-operated combi-rescue tool. Complete rescue unit with a total weight of less than 12 kg. New curved blade Mother of All Cutters (MOC2).
www.band-it-idex.com, www.band-it.co.uk, www.band-it-clamps.com, www.bandit.edx.co.za	www.haleproducts.com, www.haleeurope.com, www.class1.com	www.haleproducts.com, www.hurstjaws.com, www.lukas.de, www.vetter.de, www.rescue-tools.com
Denver, Colorado » Staveley, England » Singapore » Edenglen, South Africa » Suzhou, China	Ocala, Florida » Conshohocken, Pennsylvania » Warwick, England	Shelby, North Carolina » Erlangen, Germany » Zülpich, Germany » Tianjin, China

Historical Data[1]

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

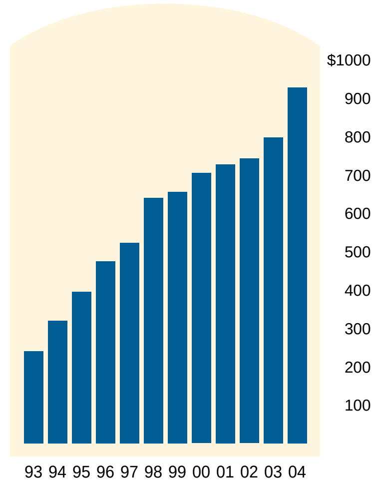
	2004	2003	2002	2001	2000	1999
Results of Operations						
Net sales	$ 928,297	$ 797,920	$ 742,014	$ 726,947	$ 704,276	$ 655,041
Gross profit	370,795	309,320	281,438	263,722	277,952	256,484
SG&A expenses	221,411	199,458	181,269	164,893	149,639	140,495
Goodwill amortization	–	–	–	14,165	11,797	11,312
Restructuring activity	–	–	(203)	11,226	–	–
Operating income	149,384	109,862	100,372	73,438	116,516	104,677
Other (expense) income – net	(743)	899	(123)	731	1,031	568
Interest expense	14,764	14,091	16,354	20,738	16,521	18,020
Provision for income taxes	47,471	34,318	29,783	20,721	37,581	32,797
Income from continuing operations	86,406	62,352	54,112	32,710	63,445	54,428
Income from discontinued operations	–	–	–	–	–	–
Extraordinary items	–	–	–	–	–	–
Net income	86,406	62,352	54,112	32,710	63,445	54,428
Financial Position						
Current assets	$ 261,238	$ 224,496	$ 221,260	$ 214,903	$ 232,089	$ 213,715
Current liabilities	148,255	115,681	108,332	87,338	177,811 (2)	91,634
Working capital	112,983	108,815	112,928	127,565	54,278 (2)	122,081
Current ratio	1.8	1.9	2.0	2.5	1.3 (2)	2.3
Capital expenditures	21,097	20,318	19,335	21,639	20,739	18,338
Depreciation and amortization	31,529	30,055	30,105	44,297	36,704	34,835
Total assets	1,186,292	960,739	931,050	838,804	758,854	738,567
Total debt	225,317	176,546	241,051	291,820	241,886	268,589
Shareholders' equity	713,605	592,102	506,791	401,112	374,502	329,024
Performance Measures						
Percent of net sales						
Gross profit	40.0 %	38.8 %	37.9 %	36.3 %	39.5 %	39.2 %
SG&A expenses	23.9	25.0	24.4	22.7	21.2	21.4
Goodwill amortization	–	–	–	1.9	1.7	1.7
Restructuring activity	–	–	–	1.5	–	–
Operating income	16.1	13.8	13.5	10.1	16.5	16.0
Income before income taxes	14.4	12.1	11.3	7.4	14.3	13.3
Income from continuing operations	9.3	7.8	7.3	4.5	9.0	8.3
Effective tax rate	35.5	35.5	35.5	38.8	37.2	37.6
Net income return on average assets	8.0	6.6	6.1	4.1	8.5	7.6
Debt as a percent of capitalization	24.0	23.0	32.2	42.1	39.2	44.9
Net income return on average shareholders' equity	13.2	11.3	11.9	8.4	18.0	17.7
Per Share Data (3)						
Basic – income from continuing operations	$ 1.73	$ 1.28	$ 1.14	$ .72	$ 1.42	$ 1.23
– net income	1.73	1.28	1.14	.72	1.42	1.23
Diluted – income from continuing operations	1.68	1.25	1.11	.70	1.38	1.21
– net income	1.68	1.25	1.11	.70	1.38	1.21
Cash dividends declared	.45	.37	.37	.37	.37	.37
Shareholders' equity	14.04	11.97	10.40	8.70	8.25	7.40
Stock price – high	40.96	28.25	26.44	24.80	24.00	22.75
– low	26.53	17.35	17.13	16.60	15.17	14.42
– close	40.50	27.73	21.80	23.00	22.09	20.25
Price/earnings ratio at year end	24	22	20	33	16	17
Other Data (3)						
Employees at year end	4,232	3,689	3,863	3,873	3,880	3,773
Shareholders at year end	6,000	5,700	4,700	5,500	5,200	5,600
Shares outstanding (in 000s):						
Weighted average – basic	50,073	48,795	47,504	45,333	44,589	44,316
– diluted	51,348	49,973	48,725	46,571	45,948	45,128
At year end (net of treasury)	50,821	49,479	48,716	46,101	45,387	44,454

(1) See Notes to Consolidated Financial Statements for additional detail.

(2) Excluding short-term debt of $88,077, current liabilities were $89,734, working capital was $142,355 and the current ratio was 2.6.

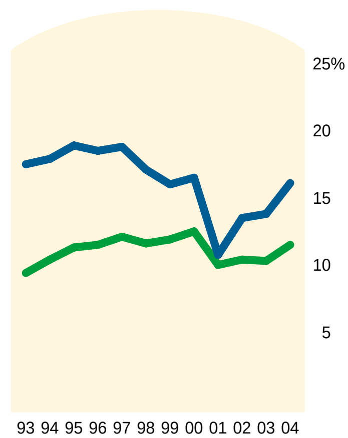
(3) All share and per share data have been restated to reflect the three-for-two stock splits effected in the form of 50% stock dividends in January 1995 and 1997, and May 2004.

1998	1997	1996	1995	1994	1993
$ 640,131	$ 552,163	$ 474,699	$ 395,480	$ 319,231	$ 239,704
252,846	222,357	187,074	157,677	126,951	96,903
132,627	110,588	93,217	78,712	66,743	52,950
10,676	8,174	6,241	4,196	3,025	1,889
–	–	–	–	–	–
109,543	103,595	87,616	74,769	57,183	42,064
479	(693)	(696)	524	281	728
22,359	18,398	17,476	14,301	11,939	9,168
33,267	31,029	25,020	21,845	16,181	11,187
54,396	53,475	44,424	39,147	29,344	22,437
10,182	5,151	5,774	6,178	4,266	2,889
(2,514)	–	–	–	–	–
62,064	58,626	50,198	45,325	33,610	25,326
$ 195,900	$ 197,267	$ 191,599	$ 173,889	$ 140,450	$ 106,864
80,265	77,801	83,286	70,798	58,443	34,038
115,635	119,466	108,313	103,091	82,007	72,826
2.4	2.5	2.3	2.5	2.4	3.1
20,763	13,562	11,634	8,181	6,818	6,120
33,575	24,943	21,312	15,277	12,515	10,092
695,811	599,193	569,745	450,077	357,980	245,291
283,410	258,417	271,709	206,184	168,166	117,464
286,037	238,671	195,509	150,945	116,305	83,686
39.5 %	40.3 %	39.4 %	39.9 %	39.8 %	40.4 %
20.7	20.0	19.6	19.9	20.9	22.1
1.7	1.5	1.3	1.1	1.0	.8
–	–	–	–	–	–
17.1	18.8	18.5	18.9	17.9	17.5
13.7	15.3	14.6	15.4	14.3	14.0
8.5	9.7	9.4	9.9	9.2	9.4
37.9	36.7	36.0	35.8	35.5	33.3
9.6	10.0	9.8	11.2	11.1	10.4
49.8	52.0	58.2	57.7	59.1	58.4
23.7	27.0	29.0	33.9	33.6	35.6
$ 1.23	$ 1.22	$ 1.03	$ .91	$ .69	$ .53
1.41	1.34	1.16	1.05	.79	.59
1.21	1.19	.99	.88	.67	.51
1.38	1.30	1.13	1.02	.77	.58
.36	.33	.29	.26	.06	–
6.47	5.44	4.51	3.51	2.71	1.95
25.83	24.46	18.42	19.67	13.00	10.67
13.00	15.50	13.25	12.25	10.09	6.50
16.33	23.25	17.75	18.09	12.50	10.59
14	20	16	18	16	18
3,803	3,326	3,093	2,680	2,305	1,828
7,000	7,000	6,100	5,300	4,400	4,300
43,998	43,776	43,227	42,993	42,900	42,594
45,078	44,999	44,669	44,414	43,997	43,464
44,199	43,875	43,389	43,043	42,929	42,870



NET SALES (in millions)

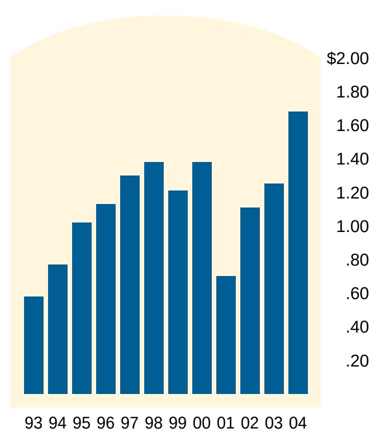
Since 1993, sales have grown at a compound annual rate of 13%. The 16% sales increase in 2004 resulted from a 7% increase in base business activity, the inclusion of acquisitions, and favorable currency translation.



OPERATING MARGINS (continuing operations)

IDEX Value Line Industrial Composite Index

Advances in operational excellence are helping to improve the company's operating margin.



DILUTED EARNINGS PER SHARE (continuing operations)

Since 1993, diluted earnings per share have grown at a compound annual rate of 11%.

Management's Discussion and Analysis of Financial Condition and Results of Operations

HISTORICAL OVERVIEW AND OUTLOOK

IDEX Corporation (IDEX or the Company) sells a broad range of pump products, dispensing equipment and other engineered products to a diverse customer base in the United States and other countries around the world. Accordingly, our businesses are affected by levels of industrial activity and economic conditions in the U.S. and in other countries where our products are sold and by the relationship of the U.S. dollar to other currencies. Levels of capacity utilization and capital spending in certain industries and overall industrial activity are among the factors that influence the demand for our products.

IDEX consists of three reporting groups: Pump Products, Dispensing Equipment and Other Engineered Products.

The Pump Products Group produces a wide variety of pumps, compressors, flow meters, injectors and valves, and related controls for the movement of liquids, air and gases. The Dispensing Equipment Group produces highly engineered equipment for dispensing, metering and mixing colorants, paints, inks and dyes, hair colorants and other personal care products; refinishing equipment; and centralized lubrication systems. The Other Engineered Products Group produces firefighting pumps, rescue tools, lifting bags and other components and systems for the fire and rescue industry; and engineered stainless steel banding and clamping devices used in a variety of industrial and commercial applications.

IDEX has a history of achieving above-average operating margins. Our operating margins have exceeded the average operating margin of the companies that comprise the Value Line Composite Index (VLCI) every year since 1988. We view the VLCI operating performance statistics as a proxy for an average industrial company. Our operating margins are influenced by, among other things, utilization of facilities as sales volumes change and inclusion of newly acquired businesses.

Some of our key 2004 financial highlights were as follows:

- Orders were a record $942.4 million, 18% higher than a year ago; base business orders – excluding acquisitions and foreign currency translation – were up 9%.
- Sales of $928.3 million set a new record and were up 16% from last year; base business sales – excluding acquisitions and foreign currency translation – were up 7%.
- Gross margins improved 120 basis points to 40.0% of sales, while operating margins at 16.1% were 230 basis points higher than 2003.
- Net income rose 39% to $86.4 million.
- Diluted EPS of $1.68 was 43 cents ahead of last year.
- Operating cash flow rose 27% and reached an all time high of $142.3 million.
- Four strategic acquisitions were completed in 2004 – Vetter, Systec, Scivex and Dinglee.

FROM LEFT TO RIGHT: CLINT KOOMAN (VICE PRESIDENT – CONTROLLER), **SUSAN FISHER** (DIRECTOR – INVESTOR RELATIONS), **DOUG LENNOX** (VICE PRESIDENT – TREASURER)

We are pleased with our record results in 2004. The momentum that was started in 2003 continued into 2004, as our business units delivered record orders, sales, income, and cash flows and concluded with our 12th consecutive quarter of year-over-year gross margin expansion. The year also marked our 10th consecutive quarter of year-over-year earnings growth and our 9th consecutive quarter of year-over-year organic sales growth. We are especially pleased with the organic revenue growth of 12% during the fourth quarter – clear evidence that our organic growth strategy is working. All three of our segments experienced organic growth. Our recent performance reflects the improved economy, as well as our operational excellence discipline and continuous drive to innovate new products that meet critical-to-customer needs. We enter 2005 well positioned for continued growth and are using all the tools at our disposal to drive revenues, profitability and cash generation.

The following forward-looking statements are qualified by the cautionary statement under the Private Securities Litigation Reform Act set forth below.

We expect economic conditions to remain favorable as we continue to leverage rapid process improvement to meet customer needs, drive earnings and fund innovation to support our organic growth. As a short cycle business, we are mindful that our financial performance is reliant on the current pace of incoming orders. Although we have limited visibility on future business conditions, we believe IDEX is well positioned for earnings expansion, based on our lower cost levels resulting from our operational excellence discipline, our investments in new products, applications and global markets, and our pursuit of strategic acquisitions to complement our longer-term profitable growth.

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

The "Historical Overview and Outlook" and the "Liquidity and Capital Resources" sections of this management's discussion and analysis of our operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements may relate to, among other things, capital expenditures, cost reductions, cash flow, and operating improvements and are indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "management believes," "the Company believes," "we believe," "the Company intends" and similar words or phrases. These statements are subject to inherent uncertainties and risks that could cause actual results to differ materially from those anticipated at the date of this filing. The risks and uncertainties include, but are not limited to, the following: economic and political consequences resulting from terrorist attacks and wars; levels of industrial activity and economic conditions in the U.S. and other countries around the world; pricing pressures and other competitive factors, and levels of capital spending in certain industries – all of which could have a material impact on our order rates and results, particularly in light of the low levels of order backlogs we typically maintain; our ability to make acquisitions and to integrate and operate acquired businesses on a profitable basis; the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness; political and economic conditions in foreign countries in which we operate; interest rates; capacity utilization and the effect this has on costs; labor markets; market conditions and material costs; and developments with respect to contingencies, such as litigation and environmental matters. The forward-looking statements included here are only made as of the date of this report, and we undertake no obligation to publicly update them to reflect subsequent events or circumstances. Investors are cautioned not to rely unduly on forward-looking statements when evaluating the information presented here.

RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial position and results of operations for each of the three years in the period ending December 31, 2004. For purposes of this discussion and analysis section, reference is made to the table on page 20 and the Consolidated Statements of Operations on page 27.

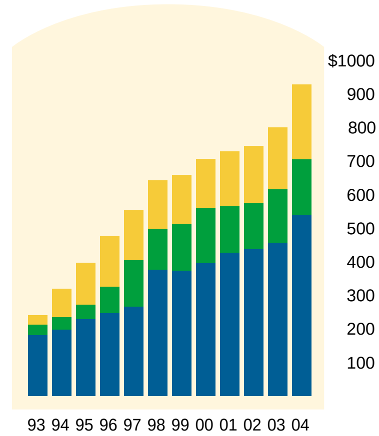
PERFORMANCE IN 2004 COMPARED WITH 2003

Orders, sales, net income and earnings per share were higher in 2004 compared with 2003. New orders in 2004 totaled $942.4 million and were 18% higher than the prior year. Excluding the impact of the six acquisitions made since the beginning of 2003 (Sponsler–June 2003; Classic–September 2003; Vetter–January 2004; Systec–April 2004; Scivex–May 2004 and Dinglee–July 2004) and foreign currency translation, orders were 9% higher than a year ago.

Sales in 2004 of $928.3 million were 16% higher than the $797.9 million recorded a year ago. Acquisitions and foreign currency translation accounted for an improvement of 6% and 3%, respectively, while base business sales rose 7%. Base business sales increased in all three of the Company's reporting groups. Domestic base sales were up 10% over the prior year, while base sales to international customers increased 2% in 2004. Base sales to international customers represented 43% of the total, compared with 45% in 2003.

In 2004, the Pump Products Group contributed 58% of sales and 54% of operating income, the Dispensing Equipment Group accounted for 18% of sales and 19% of operating income, and the Other Engineered Products Group represented 24% of sales and 27% of operating income.

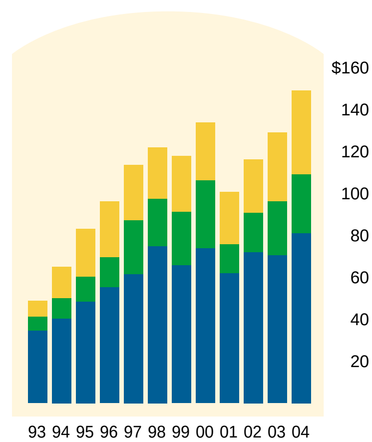
Pump Products Group sales of $542.3 million in 2004 increased $85.8 million, or 19%, compared with 2003. Acquisitions and foreign currency translation accounted for an 8% and 2% sales improvement, respectively, while base business activity provided a 9% increase. In 2004, base business sales increased 12% domestically, while base international sales increased 6%. Base business sales to customers outside the U.S. were 38% of total group sales in 2004, down from 40% in 2003.



NET SALES BY GROUP
(in millions)

- Pump Products
- Dispensing Equipment
- Other Engineered Products

In 2004, the improving economy as well as the company's drive for organic growth, through both operational excellence and innovation, helped increase sales in all three product segments.



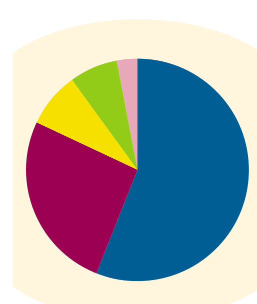
OPERATING INCOME BY GROUP
(in millions)

- Pump Products
- Dispensing Equipment
- Other Engineered Products

In 2004, operating income increased to $149.4 million, while the operating margin rose 230 basis points to 16.1%. The increase reflects the impact of volume leverage and a 120 basis point improvement in gross margin during the year.

2004 SALES BY REGION

- 56% United States
- 26% Europe
- 8% Asia
- 7% Canada/Latin America
- 3% Rest of the World



A more global market focus continues with 44% of total sales in 2004 to customers outside the United States.

Company and Business Group Financial Information

(DOLLARS IN THOUSANDS)

For the years ended December 31,[1]	2004	2003	2002
Pump Products Group			
Net sales[2]	$ 542,336	$ 456,516	$ 436,664
Operating income[3] [4]	93,356	70,436	71,945
Operating margins[3] [4]	17.2%	15.4%	16.5%
Identifiable assets	$ 694,731	$ 551,183	$ 535,822
Depreciation and amortization[3]	16,464	16,141	16,913
Capital expenditures	13,968	12,887	9,348
Dispensing Equipment Group			
Net sales[2]	$ 170,198	$ 159,225	$ 138,702
Operating income[3] [4]	33,489	25,724	18,627
Operating margins[3] [4]	19.7%	16.2%	13.4%
Identifiable assets	$ 214,140	$ 203,786	$ 192,258
Depreciation and amortization[3]	5,616	5,881	5,734
Capital expenditures	2,769	2,967	3,651
Other Engineered Products Group			
Net sales[2]	$ 219,006	$ 185,022	$ 169,692
Operating income[3] [4]	47,120	32,990	25,638
Operating margins[3] [4]	21.5%	17.8%	15.1%
Identifiable assets	$ 246,410	$ 186,417	$ 186,860
Depreciation and amortization[3]	6,012	5,116	4,666
Capital expenditures	3,204	3,874	4,990
Company			
Net sales	$ 928,297	$ 797,920	$ 742,014
Operating income[3] [4]	149,384	109,862	100,372
Operating margins[3] [4]	16.1%	13.8%	13.5%
Total assets	$ 1,186,292	$ 960,739	$ 931,050
Depreciation and amortization[3]	30,949	29,475	29,525
Capital expenditures	21,097	20,318	19,335

(1) Includes acquisitions of Scivex, Inc. (May 2004), Systec, L.L.C. (April 2004), Classic Engineering, Inc. (September 2003), Sponsler Co., Inc. (June 2003), Wright Pump Corporation (October 2002), Rheodyne, L.L.C. (July 2002) and Halox Technologies, Inc. (April 2002) in the Pump Products Group; and Tianjin Dinglee Machine and Motor Co., Ltd (July 2004) and Manfred Vetter GmbH (January 2004) in the Other Engineered Products Group from dates of acquisition. See Note 11 of the Notes to Consolidated Financial Statements.

(2) Group net sales include intersegment sales.

(3) IDEX discontinued goodwill and trademark amortization as of January 1, 2002, in accordance with Statement of Financial Accounting Standards No. 142, as further explained in Note 2 of the Notes to Consolidated Financial Statements.

(4) Group operating income excluded net unallocated corporate operating expenses and restructuring activity. IDEX took actions in 2002 to downsize operations to lower its cost structure, as further explained in Note 6 of the Notes to Consolidated Financial Statements. The restructuring activity resulted in income of $203 in 2002, which was not assigned to the individual group segments. Had the Company allocated the 2002 restructuring activity, it would have been assigned to the groups as follows: Pump Products (income of $1,046), Dispensing Equipment (expense of $121), and Other Engineered Products (expense of $722).

FROM LEFT TO RIGHT: DAVE WINDMULLER (VICE PRESIDENT – GROUP EXECUTIVE OF DISPENSING EQUIPMENT AND OTHER ENGINEERED PRODUCTS), **JOHN MCMURRAY** (VICE PRESIDENT – GROUP EXECUTIVE OF PUMP PRODUCTS AND OPERATIONAL EXCELLENCE)

Dispensing Equipment Group sales of $170.2 million increased by $11.0 million, or 7%, in 2004 compared with the prior year, due to favorable foreign currency translation of 5% and a 2% increase in base business activity. Base domestic sales increased 7% compared with 2003, while base international sales decreased 2%. Base sales to customers outside the U.S. were 61% of total group sales in 2004, down from 63% in 2003.

Other Engineered Products Group sales of $219.0 million increased by $34.0 million, or 18%, in 2004 compared with 2003. Acquisitions accounted for an increase of 7%, foreign currency translation added 4% and base business activity contributed 7%. In 2004, base sales increased 13% domestically, while base international sales decreased 1%. Base business sales to customers outside the U.S. were 39% of total group sales in 2004, down from 43% in 2003.

Gross profit of $370.8 million in 2004 was $61.5 million, or 20%, higher than 2003. As a percent of sales, gross profit was 40.0% in 2004, which represented a 120 basis point increase from 38.8% in 2003. The higher gross profit margin primarily reflects reduced material costs from our global sourcing, Six Sigma and Lean Manufacturing initiatives, volume leverage, and price increases, all of which more than offset cost increases and additional expenses.

Selling, general and administrative (SG&A) expenses increased to $221.4 million in 2004 from $199.5 million in 2003. This increase was partly due to the inclusion of six acquisitions that incrementally added $10.0 million of cost. This increase also reflects the deliberate reinvestment in the business to drive organic growth as well as certain volume-related cost increases. As a percent of net sales, SG&A expenses were 23.9%, down from 25.0% in 2003.

Operating income increased by $39.5 million, or 36%, to $149.4 million in 2004 from $109.9 million in 2003, primarily due to higher 2004 gross profit, offset by increased SG&A expenses. Operating margins in 2004 were 16.1% of sales, compared with 13.8% in 2003.

In the Pump Products Group, operating income of $93.4 million and operating margin of 17.2% increased in 2004 compared with the $70.4 million and 15.4% recorded in 2003. Operating income for the Dispensing Equipment Group increased to $33.5 million in 2004 from $25.7 million last year, and operating margins improved to 19.7% from 16.2% recorded in 2003. Operating income in the Other Engineered Products Group of $47.1 million and operating margin of 21.5% increased from the $33.0 million and 17.8% achieved in 2003. The margin improvement in all three segments was mostly attributable to the improved sales volumes and other factors discussed above.

Other expense of $.7 million in 2004 was $1.6 million higher than $.9 million of income in 2003. In 2004, we incurred hurricane-related costs at one of our business units as well as certain costs associated with the refinancing of our credit facility. In 2003, we benefited from a foreign currency exchange gain related to the anticipated funding of the Vetter acquisition in January 2004.

Interest expense increased to $14.8 million in 2004 from $14.1 million in 2003. The increase was principally due to higher debt levels resulting from our recent acquisitions as well as a slightly higher interest rate environment.

The provision for income taxes increased to $47.5 million in 2004 from $34.3 million in 2003. The effective tax rate was 35.5% for both periods.

Net income was $86.4 million, or $1.68 per share, compared with $62.4 million, or $1.25 per share, in 2003.

PERFORMANCE IN 2003 COMPARED WITH 2002

Orders, sales, net income and earnings per share were higher in 2003 compared with 2002. New orders in 2003 totaled $797.8 million and were 6% higher than the prior year. Excluding the impact of the five acquisitions made since the beginning of 2002 (Halox–April 2002; Rheodyne–July 2002; Wright Pump–October 2002; Sponsler–June 2003; and Classic–September 2003) and foreign currency translation, orders were essentially unchanged from 2002.

Sales in 2003 of $797.9 million were 8% higher than the $742.0 million recorded in 2002. Acquisitions and foreign currency translation accounted for an improvement of 2% and 5%, respectively, while base business sales rose by 1%. Domestic sales increased by 1%, while international sales, net of foreign currency translation, were 8% higher. For the year 2003, international sales were 45% of total sales, up from 41% in 2002.

In 2003, the Pump Products Group contributed 57% of sales and 55% of operating income, the Dispensing Equipment Group accounted for 20% of both sales and operating income, and the Other Engineered Products Group represented 23% of sales and 25% of operating income.

Pump Products Group sales of $456.5 million in 2003 increased by $19.9 million, or 5%, compared with 2002. Acquisitions and foreign currency translation accounted for a 5% and 2% sales improvement, respectively, but this was offset by a 2% decline in base business activity. In 2003, domestic sales increased slightly and international sales increased by 12% compared with 2002. Excluding acquisitions, base U.S. sales volume decreased by 4%, while base international sales increased by 7%. Sales to customers outside the U.S. were 39% of total group sales in 2003, up from 37% in 2002.

Management's Discussion and Analysis of Financial Condition and Results of Operations

FROM LEFT TO RIGHT:
DAVE KAMATH (CHIEF INFORMATION OFFICER), **DAN SALLIOTTE** (VICE PRESIDENT – STRATEGY AND BUSINESS DEVELOPMENT), **KIM BORS** (VICE PRESIDENT – HUMAN RESOURCES), **FRANK NOTARO** (VICE PRESIDENT – GENERAL COUNSEL AND SECRETARY), **TOM GIORDANO** (VICE PRESIDENT – SUPPLY CHAIN & LOGISTICS)

Dispensing Equipment Group sales of $159.2 million increased by $20.5 million, or 15%, in 2003 compared with the prior year, mainly due to favorable foreign currency translation of 13% and a 2% increase in base business activity. Domestic sales decreased by 5% compared with 2002, while international sales increased by 32%. Sales to customers outside the U.S. were 62% of total group sales in 2003, up from 54% in 2002.

Other Engineered Products Group sales of $185.0 million increased by $15.3 million, or 9%, in 2003 compared with 2002. Foreign currency translation and increased base business activity provided an improvement of 5% and 10%, respectively, but this was partially offset by a 6% decline due to the sale of a product line. In 2003, domestic sales increased by 7% and international sales increased by 29%. Sales to customers outside the U.S. were 43% of total group sales in 2003, up from 38% in 2002.

Gross profit of $309.3 million in 2003 was $27.9 million higher than 2002. As a percent of sales, gross profit was 38.8% in 2003, which represented an increase from 37.9% in 2002. The higher gross profit margin primarily reflects reduced material costs from our global sourcing activities and savings from Six Sigma and Lean Manufacturing initiatives, which more than offset increased research and development expenses.

SG&A expenses increased to $199.5 million in 2003 from $181.3 million in 2002. This increase was partly due to the inclusion of five acquisitions that incrementally added $4.4 million of cost. This increase also reflects the deliberate reinvestment in the business to drive organic growth, as well as certain cost increases including pension, insurance, audit and legal expenses. As a percent of net sales, SG&A expenses were 25.0%, up from 24.4% in 2002. While 2003 SG&A expenses are up for the reasons noted, we do not believe this is indicative of a significant negative trend.

We also generated income related to restructuring activity of $.2 million in 2002. For more details on our restructuring programs, see "Restructuring Actions" on page 24.

Operating income increased by $9.5 million, or 9%, to $109.9 million in 2003 from $100.4 million in 2002, primarily due to higher 2003 gross profit, offset by increased SG&A expenses. Operating margins in 2003 were 13.8% of sales compared with 13.5% in 2002.

As described in footnote 4 of the "Company and Business Group Financial Information" table on page 20, each group's operating income and margins exclude restructuring activity in 2002. In the Pump Products Group, operating income of $70.4 million and operating margin of 15.4% decreased in 2003 compared with the $71.9 million and 16.5% recorded in 2002. The decline in operating margin was due to a number of factors including new product development, additional sales/marketing resources, ERP implementation and lower volume in some of our more profitable base businesses. Operating income for the Dispensing Equipment Group increased to $25.7 million in 2003 from $18.6 million in 2002, and operating margins improved to 16.2% from 13.4% recorded in 2002. The margin increase was mainly due to increased sales volumes. Operating income in the Other Engineered Products Group of $33.0 million and operating margin of 17.8% increased from the $25.6 million and 15.1% achieved in 2002. The improvement in margins was mostly attributable to improved sales volumes.

Other income of $.9 million in 2003 was $1.0 million higher than the $.1 million of expense in 2002. In 2003, we benefitted from a foreign currency exchange gain associated with the anticipated funding of the Vetter acquisition in January 2004.

Interest expense decreased to $14.1 million in 2003 from $16.4 million in 2002. The decrease was principally due to lower debt levels resulting from debt paydowns from operating cash flow and a lower interest rate environment.

The provision for income taxes increased to $34.3 million in 2003 from $29.8 million in 2002. The effective tax rate was 35.5% for both periods.

Net income was $62.4 million, or $1.25 per share, compared with $54.1 million, or $1.11 per share, in 2002.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2004, working capital was $113.0 million and our current ratio was 1.8 to 1. Cash flows from operating activities increased by $30.6 million, or 27%, to $142.3 million in 2004, mainly due to the improved operating results discussed earlier and favorable working capital primarily due to $10.0 million of lower contributions to our pension plans in 2004.

Cash flows from operating activities were more than adequate to fund capital expenditures of $21.1 million and $20.3 million in 2004 and 2003, respectively. Capital expenditures were generally for machinery and equipment that improved productivity and tooling to support IDEX's global sourcing initiative, although a portion was for business system technology and replacement of equipment and facilities. Management believes that IDEX has ample capacity in its plant and equipment to meet expected needs for future growth in the intermediate term.

In 2004, the Company acquired Vetter, Systec, Scivex and Dinglee at a cost of $44.8 million, $22.4 million, $98.6 million and $4.1 million, respectively. The Company also completed the acquisitions of Sponsler and Classic in 2003 at a cost of $10.3 million and $3.7 million, respectively. In 2004, the Company also paid $1.1 million in settlement of a purchase price contingency related to the 2003 acquisition of Classic. In February 2003, an $8.0 million payment of deferred consideration was made in connection with the Rheodyne acquisition that was consummated in July 2002. These payments were financed under the Company's credit facilities.

In addition to the $150.0 million of 6.875% Senior Notes (Senior Notes) due February 15, 2008, the Company also entered into a new $600.0 million domestic multi-currency bank revolving credit facility (Credit Facility), which expires on December 14, 2009. At December 31, 2004, the maximum amount available under the Credit Facility was $600.0 million, of which $35.0 million was borrowed with outstanding letters of credit totaling $4.2 million. The Credit Facility contains a covenant that limits total debt outstanding to 3.25 times operating cash flow, as defined in the agreement. Our total debt outstanding was $225.3 million at December 31, 2004, and based on the covenant, total debt outstanding was limited to $598.3 million. Interest is payable quarterly on the outstanding balance at the bank agent's reference rate or, at the Company's election, at LIBOR plus an applicable margin. The applicable margin is based on the credit rating of our Senior Notes, and can range from 27 basis points to 75 basis points. Based on the Company's BBB rating at December 31, 2004, the applicable margin was 55 basis points. We also pay an annual fee of 15 basis points on the total Credit Facility.

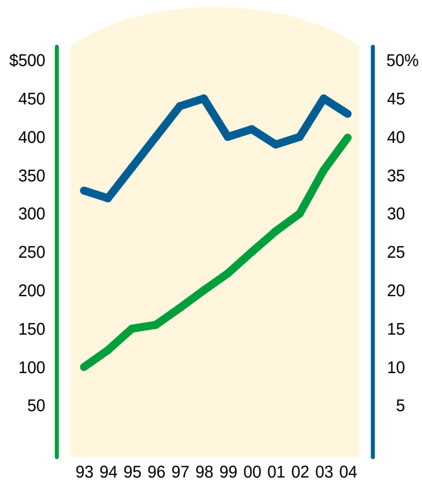
In December 2001, we, and certain of our subsidiaries, entered into a one-year, renewable agreement with a financial institution, under which we collateralized certain receivables for borrowings (Receivables Facility). This agreement was renewed on December 15, 2004 for another year. The Receivables Facility provides for borrowings of up to $30.0 million, depending upon the level of eligible receivables. At December 31, 2004, there were $25.0 million in borrowings outstanding and included in long-term debt at an interest rate of approximately 2.5% per annum.

We also have a one-year, renewable $30.0 million demand line of credit (Short-Term Facility), which expires on May 20, 2005. Borrowings under the Short-Term Facility are at LIBOR plus the applicable margin in effect under the Credit Facility. At December 31, 2004, there were no borrowings outstanding under the Short-Term Facility.

We believe the Company will generate sufficient cash flow from operations for the next 12 months and over the long term to meet its operating requirements, interest on all borrowings, required debt repayments, any authorized share repurchases, planned capital expenditures, and annual dividend payments to holders of common stock. In the event that suitable businesses are available for acquisition upon terms acceptable to the Board of Directors, we may obtain all or a portion of the financing for the acquisitions through the incurrence of additional long-term debt.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND OFF-BALANCE SHEET ARRANGEMENTS

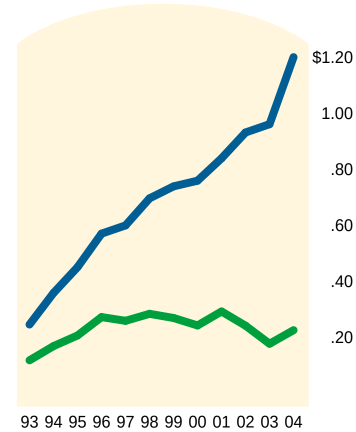
Our contractual obligations and commercial commitments include rental payments under operating leases, payments under capital leases, and other long-term obligations arising in the ordinary course of business. There are no identifiable events or uncertainties, including the lowering of our credit rating, that would accelerate payment or maturity of any of these commitments or obligations. The Company also has obligations with respect to its pension and postretirement medical benefit plans. See Note 14 of the Notes to Consolidated Financial Statements.



INTERNATIONAL SALES

■ Percent of net sales ■ Amount in millions

A solid global distribution network, acquisitions with a high percentage of foreign sales, and 24 manufacturing facilities outside the U.S. result in a high level of international sales for IDEX.



ASSETS AND TOTAL DEBT
(in billions)

■ Assets ■ Total debt

IDEX has continued to use strong cash flow to reduce its debt, while making strategic acquisitions to complement organic growth.

The following table summarizes our significant contractual obligations and commercial commitments at December 31, 2004, and the future periods in which such obligations are expected to be settled in cash. In addition, the table reflects the timing of principal and interest payments on outstanding borrowings. Additional detail regarding these obligations are provided in the Notes to Consolidated Financial Statements, as referenced in the table:

Payments Due by Period (in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings (Note 9)	$225,317	$ 15,283	$ –	$210,034	$ –
Operating lease commitments (Note 13)	20,749	6,635	8,571	3,330	2,213
Capital lease obligations(1)	2,641	1,360	379	481	421
Purchase obligations(2)	65,428	60,206	5,137	85	–
Total contractual obligations(3)	$314,135	$ 83,484	$ 14,087	$213,930	$ 2,634

(1) Comprised primarily of property leases

(2) Comprised primarily of inventory commitments

(3) Comprised of liabilities recorded on the balance sheet of $248,707, and obligations not recorded on the balance sheet $65,428

RESTRUCTURING ACTIONS

IDEX took actions in 2002 and 2001 to downsize operations to lower its cost structure. The restructuring affected all three business groups and reduced the workforce, lowered costs, improved efficiencies and addressed excess capacity that resulted from lower demand and more efficient processes. These steps were necessary to appropriately size the Company's production capacity to match the declining levels of demand for a broad range of products. The restructuring actions affected multiple employee groups in approximately 20 locations across 11 business units. No business activities or product lines were abandoned. The restructuring actions included the layoff of 508 employees with 250 terminations resulting from the first quarter 2001 plan, 231 from the fourth quarter 2001 plan, and 27 from the second quarter 2002 plan. All costs of the restructuring activities were charged to expense and included in "Restructuring activity" in the Consolidated Statements of Operations. The restructuring charges included employee severance, fringe benefits, outplacement fees, idle facility carrying costs, lease termination costs, the loss on sale of equipment, and the loss on disposal of two manufacturing facilities owned by the Company. Determination of the restructuring charges was based on the estimated severance benefits paid to terminated employees, the net book value of surplus assets less expected proceeds, and estimated other costs. The restructuring plans were substantially executed as originally planned.

The restructuring activity resulted in income of $.2 million in 2002. This related to a reversal of $1.5 million of restructuring expenses initially recorded, which more than offset the 2002 charges of $1.3 million. Of the $1.5 million reversal, $1.1 million was attributed to the sale of a manufacturing facility for more than the value estimated at the time the restructuring plan was adopted. For additional detail related to restructuring activity, see Note 6 of the Notes to Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

We believe that the application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management. For a summary of all of our accounting policies, including the accounting policies discussed below, see Note 1 of the Notes to Consolidated Financial Statements.

Revenue recognition – We recognize revenue from product sales when title passes and the risks of ownership have passed to the customer, based on the terms of the sale. Our customary terms are FOB shipping point. We estimate and record provisions for sales returns, sales allowances and original warranties in the period the related products are sold, in each case based on our historical experience. To the extent actual results differ from these estimated amounts, results could be adversely affected.

Noncurrent assets – The Company evaluates the recoverability of certain noncurrent assets utilizing various estimation processes. In particular, the recoverability of December 31, 2004 balances for goodwill and intangible assets of $713.6 million and $29.5 million, respectively, are subject to estimation processes, which depend on the accuracy of underlying assumptions, including future operating results. The Company evaluates the recoverability of each of these assets based on estimated business values and estimated future cash flows (derived from estimated earnings and cash flow multiples). The recoverability of these assets depends on the reasonableness of these assumptions and how they compare with the eventual operating performance of the specific businesses to which the assets are attributed. To the extent actual business values or cash flows differ from those estimated amounts, the recoverability of these noncurrent assets could be affected.

Income taxes – Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Federal income taxes are provided on that portion of the income of foreign subsidiaries that is expected to be remitted to the United States and be taxable. Management periodically estimates the Company's probable tax obligations using historical experience in tax jurisdictions and informed judgments. To the extent actual results differ from these estimated amounts, results could be adversely affected.

Contingencies and litigation – We are currently involved in certain legal and regulatory proceedings and, as required and where it is reasonably possible to do so, have accrued our estimates of the probable costs for the resolution of these matters. These estimates have been developed in consultation with outside counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future operating results for any particular quarterly or annual period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings.

Defined benefit retirement plans – The plan obligations and related assets of defined benefit retirement plans are presented in Note 14 of the Notes to Consolidated Financial Statements. Plan assets, which consist primarily of marketable equity and debt instruments, are valued using market quotations. Plan obligations and the annual pension expense are determined by consulting actuaries using a number of assumptions. Key assumptions in measuring the plan obligations include the discount rate at which the obligations could be effectively settled and the anticipated rate of future salary increases. Key assumptions in the determination of the annual pension expense include the discount rate, the rate of salary increases, and the estimated future return on plan assets. To the extent actual amounts differ from these assumptions and estimated amounts, results could be adversely affected.

REGISTRATION STATEMENT FILINGS FOR COMMON STOCK OFFERINGS

In March 2002, we filed a registration statement on Form S-3 with the U.S. Securities and Exchange Commission (SEC) covering the secondary offering of 4,408,799 shares of common stock owned by IDEX Associates, L.P. In April 2002, that registration statement was amended to also include the secondary offering of 841,201 shares of IDEX common stock owned by KKR Associates, L.P., and the primary offering of 2,250,000 shares of IDEX common stock. Also in April 2002, we announced the pricing of this public offering at $24 per common share. Subsequently, the overallotment option was exercised by the underwriter for the sale of an additional 1,125,000 secondary shares owned by KKR Associates, L.P., bringing the total offering to 8,625,000 shares. The $50.8 million of net proceeds we received was used to repay debt under the Credit Facility.

In September 2002, we filed a registration statement on Form S-3 with the SEC covering the secondary offering of 2,025,000 shares of IDEX common stock owned by KKR Associates, L.P. This offering, completed in January 2003, did not increase the number of shares outstanding, and the Company did not receive any proceeds from the offering.

The secondary shares covered by both of these registration statements had been owned by KKR Associates, L.P. and IDEX Associates, L.P. since IDEX was formed in January 1988.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) 106-2, "*Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003.*" FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) on postretirement health care plans that provide prescription drug benefits. FSP 106-2 also requires disclosures regarding the effect of the federal subsidy provided by the Act. The adoption of FSP 106-2 did not have a material impact on the Company's results of operations, financial position, or cash flows.

In November 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 151, "*Inventory Costs – an amendment of Accounting Research Bulletin (ARB) No. 43, Chapter 4*." This SFAS amends the guidance in ARB No. 43, Chapter 4, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). It also requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this SFAS requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company will adopt this SFAS in 2005, but does not expect it to have a material impact on its results of operations, financial condition, or cash flows.

In December 2004, the FASB issued SFAS No. 123 (Revised), "*Share-Based Payment*." This SFAS establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This SFAS focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. The Company will continue to evaluate the impact of adopting this SFAS in 2005.

In December 2004, the FASB issued SFAS No. 153, "*Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29.*" This SFAS eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The Company will continue to evaluate the impact of adopting this SFAS in 2005.

In December 2004, the FASB issued FSP 109-1, "*Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004*," and FSP 109-2, "*Accounting for Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*." FSP 109-1 provides a tax deduction on qualified production activities, while FSP 109-2 introduces a special one-time dividends-received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer, provided certain criteria are met. The Company has adopted both of these staff positions in 2004 (see Note 12 of Notes to Consolidated Financial Statements).

MARKET RISK

We are subject to market risk associated with changes in interest rates and foreign currency exchange rates. Interest rate exposure is limited to the $225.3 million of total debt outstanding at December 31, 2004. Approximately 32% of the debt is priced at interest rates that float with the market. A 50 basis point movement in the interest rate on the floating rate debt would result in an approximate $.4 million annualized increase or decrease in interest expense and cash flows. The remaining debt is fixed rate debt. We will, from time to time, enter into interest rate swaps on our debt when we believe there is a financial advantage for doing so. A treasury risk management policy, adopted by the Board of Directors, describes the procedures and controls over derivative financial and commodity instruments, including interest rate swaps. Under the policy, we do not use derivative financial or commodity instruments for trading purposes, and the use of these instruments is subject to strict approvals by senior officers. Typically, the use of derivative instruments is limited to interest rate swaps on the Company's outstanding long-term debt.

Our foreign currency exchange rate risk is limited principally to the euro and British pound. We manage our foreign exchange risk principally through invoicing our customers in the same currency as the source of our products. As a result, the Company's exposure to any movement in foreign currency exchange rates is immaterial to the Consolidated Statements of Operations.

At December 31, 2003, the Company had a foreign currency contract that it entered into in anticipation of the funding of the January 2004 purchase of Vetter. The increase in fair market value of this contract resulted in income of $.5 million at December 31, 2003, and was included in "Other (expense) income – net" in the Consolidated Statements of Operations.

Consolidated Balance Sheets

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

As of December 31,	2004	2003
Assets		
Current assets		
Cash and cash equivalents	$ 7,274	$ 8,552
Receivables – net	119,567	101,859
Inventories	126,978	105,304
Other current assets	7,419	8,781
Total current assets	261,238	224,496
Property, plant and equipment – net	155,602	147,095
Goodwill – net	713,619	559,008
Intangible assets – net	29,545	19,401
Other noncurrent assets	26,288	10,739
Total assets	$ 1,186,292	$ 960,739
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	$ 71,405	$ 56,252
Dividends payable	6,105	4,622
Accrued expenses	70,745	54,807
Total current liabilities	148,255	115,681
Long-term debt	225,317	176,546
Other noncurrent liabilities	99,115	76,410
Total liabilities	472,687	368,637
Commitments and Contingencies (Note 13)		
Shareholders' equity		
Common stock, par value $.01 per share		
Shares issued and outstanding: 2004 – 50,996,444; 2003 – 49,613,328	510	496
Additional paid-in capital	234,354	198,000
Retained earnings	439,137	375,629
Minimum pension liability adjustment	(4,644)	(12,481)
Accumulated translation adjustment	53,046	35,892
Treasury stock, at cost: 2004 – 175,650 shares; 2003 - 134,228 shares	(4,209)	(2,903)
Unearned compensation on restricted stock	(4,589)	(2,531)
Total shareholders' equity	713,605	592,102
Total liabilities and shareholders' equity	$ 1,186,292	$ 960,739

See Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

For the years ended December 31,	2004	2003	2002
Net sales	$ 928,297	$ 797,920	$ 742,014
Cost of sales	557,502	488,600	460,576
Gross profit	370,795	309,320	281,438
Selling, general and administrative expenses	221,411	199,458	181,269
Restructuring activity	–	–	(203)
Operating income	149,384	109,862	100,372
Other (expense) income – net	(743)	899	(123)
Income before interest expense and income taxes	148,641	110,761	100,249
Interest expense	14,764	14,091	16,354
Income before income taxes	133,877	96,670	83,895
Provision for income taxes	47,471	34,318	29,783
Net income	$ 86,406	$ 62,352	$ 54,112
Earnings Per Common Share			
Basic earnings per common share	$ 1.73	$ 1.28	$ 1.14
Diluted earnings per common share	$ 1.68	$ 1.25	$ 1.11
Share Data			
Basic weighted average common shares outstanding	50,073	48,795	47,504
Diluted weighted average common shares outstanding	51,348	49,973	48,725

See Notes to Consolidated Financial Statements.

Consolidated Shareholders' Equity

(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Common stock and additional paid-in capital	Retained earnings	Minimum pension liability adjustment	Accumulated translation adjustment	Unrealized gains (losses) on derivatives	Treasury stock	Unearned compensation on restricted stock	Total shareholders' equity
Balance, December 31, 2001	$ 124,966	$295,489	$ (1,783)	$ (10,226)	$ (140)	$ (865)	$ (6,329)	$ 401,112
Net income		54,112						54,112
Other comprehensive income, net of tax								
Unrealized translation adjustment				19,466				19,466
Reversal of unrealized derivative losses					140			140
Minimum pension adjustment			(8,788)					(8,788)
Other comprehensive income			(8,788)	19,466	140			10,818
Comprehensive income		54,112	(8,788)	19,466	140			64,930
Issuance of 409,460 shares of common stock from exercise of stock options and deferred compensation plans	7,061							7,061
Issuance of 2,250,000 shares of common stock	50,836							50,836
Amortization of restricted common stock award							1,899	1,899
Restricted shares surrendered for tax withholdings						(1,081)		(1,081)
Cash dividends declared – $.37 per common share outstanding		(17,966)						(17,966)
Balance, December 31, 2002	182,863	331,635	(10,571)	9,240	–	(1,946)	(4,430)	506,791
Net income		62,352						62,352
Other comprehensive income, net of tax								
Unrealized translation adjustment				26,652				26,652
Minimum pension adjustment			(1,910)					(1,910)
Other comprehensive income			(1,910)	26,652				24,742
Comprehensive income		62,352	(1,910)	26,652				87,094
Issuance of 809,079 shares of common stock from exercise of stock options and deferred compensation plans	15,633							15,633
Amortization of restricted common stock award							1,899	1,899
Restricted shares surrendered for tax withholdings						(957)		(957)
Cash dividends declared – $.37 per common share outstanding		(18,358)						(18,358)
Balance, December 31, 2003	198,496	375,629	(12,481)	35,892	–	(2,903)	(2,531)	592,102
Net income		86,406						86,406
Other comprehensive income, net of tax								
Unrealized translation adjustment				17,154				17,154
Minimum pension adjustment			7,837					7,837
Other comprehensive income			7,837	17,154				24,991
Comprehensive income		86,406	7,837	17,154				111,397
Issuance of 1,238,247 shares of common stock from exercise of stock options and deferred compensation plans	31,997							31,997
Issuance of 145,000 shares of restricted common stock	4,371						(4,371)	–
Amortization of restricted common stock award							2,313	2,313
Restricted shares surrendered for tax withholdings						(1,306)		(1,306)
Cash dividends declared – $.45 per common share outstanding		(22,898)						(22,898)
Balance, December 31, 2004	$ 234,864	$439,137	$ (4,644)	$ 53,046	$ –	$ (4,209)	$ (4,589)	$ 713,605

Consolidated Cash Flows

(IN THOUSANDS)

For the years ended December 31,	2004	2003	2002
Cash flows from operating activities			
Net income	$ 86,406	$ 62,352	$ 54,112
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	27,998	27,146	27,103
Amortization of intangible assets	638	430	523
Amortization of unearned compensation on restricted stock	2,313	1,899	1,899
Amortization of debt issuance expenses	580	580	580
Deferred income taxes	10,782	10,487	9,592
Changes in:			
Receivables – net	(5,953)	6,867	1,006
Inventories	(9,284)	4,624	6,246
Trade accounts payable	11,897	211	7,025
Accrued expenses	11,995	2,508	(310)
Other – net	4,923	(5,418)	1,709
Net cash flows from operating activities	142,295	111,686	109,485
Cash flows from investing activities			
Additions to property, plant and equipment	(21,097)	(20,318)	(19,335)
Acquisition of businesses (net of cash acquired)	(170,983)	(21,954)	(74,928)
Proceeds from fixed asset disposals	527	3,436	3,934
Net cash flows from investing activities	(191,553)	(38,836)	(90,329)
Cash flows from financing activities			
Borrowings under credit facilities for acquisitions	170,983	21,954	74,928
Net repayments under credit facilities	(124,953)	(85,387)	(132,195)
Net borrowings (repayments) of other long-term debt	1,665	(1,686)	2,759
Proceeds from issuance of common stock	–	–	50,836
Dividends paid	(21,415)	(18,284)	(17,721)
Proceeds from stock option exercises	22,848	13,176	5,755
Other – net	(1,148)	(1,023)	(1,538)
Net cash flows from financing activities	47,980	(71,250)	(17,176)
Net (decrease) increase in cash	(1,278)	1,600	1,980
Cash and cash equivalents at beginning of year	8,552	6,952	4,972
Cash and cash equivalents at end of year	$ 7,274	$ 8,552	$ 6,952
Supplemental cash flow information			
Cash paid for:			
Interest	$ 14,022	$ 13,576	$ 16,232
Income taxes	23,617	18,774	21,022
Significant non-cash activities			
Debt acquired with acquisition of businesses	–	–	2,136

See Notes to Consolidated Financial Statements.

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

1. SIGNIFICANT ACCOUNTING POLICIES

Business

IDEX Corporation (IDEX or the Company) is a manufacturer of a broad range of pumps, metering products, dispensing equipment, and other engineered products sold to a diverse customer base in a variety of industries in the U.S. and internationally. Its products include industrial pumps, compressors, flow meters, injectors and valves, and related controls for use in a wide variety of process applications; precision-engineered equipment for dispensing, metering and mixing paints, hair colorants and other personal care products; refinishing equipment; centralized lubrication systems; and engineered products for industrial and commercial markets, including fire and rescue, transportation equipment, oil and gas, electronics, and communications. These activities are grouped into three business segments: Pump Products, Dispensing Equipment and Other Engineered Products.

Principles of Consolidation

The consolidated financial statements include the Company and its subsidiaries. Significant intercompany transactions and accounts have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The principal areas of estimation reflected in the financial statements are revenue recognition, noncurrent assets, income taxes, contingencies and litigation, and defined benefit retirement plans.

Revenue Recognition

IDEX recognizes revenue from product sales when title passes and the risks of ownership have passed to the customer, based on the terms of the sale. Customary terms are FOB shipping point. The Company estimates and records provisions for sales returns, sales allowances and original warranties in the period the related products are sold, in each case based on its historical experience.

Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three or fewer months to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost – which includes labor, material and factory overhead – is determined on the first-in, first-out (FIFO) basis or the last-in, first-out (LIFO) basis. Generally, a reserve for excess inventory is recorded for inventory on hand in excess of one year of historical usage, except for newly introduced products. An obsolescence reserve is recorded for inventory made obsolete by marketplace, product or engineering changes.

Debt Expenses

Expenses incurred in securing and issuing debt are amortized over the life of the related debt.

Earnings Per Common Share

Earnings per common share (EPS) are computed by dividing net income by the weighted average number of shares of common stock (basic) plus common stock equivalents and unvested restricted shares (diluted) outstanding during the year. Common stock equivalents consist of stock options and deferred compensation units (DCUs) and have been included in the calculation of weighted average shares outstanding using the treasury stock method. All prior share and per share amounts have been restated to reflect the three-for-two stock split effected in the form of a 50% stock dividend in May 2004.

Basic weighted average shares outstanding reconciles to diluted weighted average shares outstanding as follows:

	2004	2003	2002
Basic weighted average common shares outstanding	50,073	48,795	47,504
Dilutive effect of stock options, DCUs and unvested restricted shares	1,275	1,178	1,221
Diluted weighted average common shares outstanding	51,348	49,973	48,725

Options to purchase approximately .1 and .9 million shares of common stock as of December 31, 2004 and 2003, respectively, were not included in the computation of diluted EPS because the exercise price was greater than the average market price of the Company's common stock and, therefore, the effect of their inclusion would be antidilutive.

Stock Options

The Company uses the intrinsic-value method of accounting for stock option awards as prescribed by Accounting Principles Board (APB) Opinion No. 25 and, accordingly, does not recognize compensation expense for its stock option awards in the Consolidated Statements of Operations.

The following table reflects pro forma net income and EPS had the Company elected to adopt the fair value approach of Statement of Financial Accounting Standards (SFAS) No. 123, "*Accounting for Stock-Based Compensation*."

	2004	2003	2002
Net income			
As reported	$ 86,406	$ 62,352	$ 54,112
Pro forma	81,024	57,563	49,682
Basic EPS			
As reported	1.73	1.28	1.14
Pro forma	1.62	1.18	1.05
Diluted EPS			
As reported	1.68	1.25	1.11
Pro forma	1.58	1.15	1.02

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions for 2004, 2003 and 2002, respectively: dividend yields of 1.55%, 1.84% and 1.54%; volatility of 29.6%, 32.6% and 34.1%; risk-free interest rates of 3.0%, 3.2% and 4.5%; and expected lives of 5.5 years.

Depreciation and Amortization

Depreciation is recorded using the straight-line method. The estimated useful lives used in the computation of depreciation of tangible assets are as follows:

Land improvements	10 to 12 years
Buildings and improvements	3 to 30 years
Machinery and equipment and engineering drawings	3 to 12 years
Office and transportation equipment	3 to 10 years

Certain identifiable intangible assets are amortized over their estimated useful lives using the straight-line method. Cost in excess of net assets acquired was amortized over a period of 30 to 40 years for periods prior to 2002 (see Note 2).

The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation or amortization period or to the unamortized balance is warranted. This evaluation is based on the expected utilization of the long-lived assets and the projected, undiscounted cash flows of the operations in which the long-lived assets are used.

Research and Development Expenditures

Costs associated with research and development are expensed in the year incurred and included in "Cost of sales." Research and development expenses – which include costs associated with developing new products and major improvements to existing products – were $21,242, $17,261 and $12,738 in 2004, 2003 and 2002, respectively.

Foreign Currency Translation

The functional currency of all operations outside the United States is the respective local currency. All foreign currency balance sheet accounts have been translated using the exchange rates in effect as of the balance sheet date. Income statement amounts have been translated using the average exchange rate for the year. The gains and losses resulting from changes in exchange rates from year to year have been reported in "Accumulated translation adjustment" in the Consolidated Balance Sheets. The effect on the Consolidated Statements of Operations of transaction gains and losses is insignificant for all years presented.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and trade receivables and payables, approximate their fair values.

Concentration of Credit Risk

IDEX is not overly dependent on a single customer, the largest of which accounted for less than 3% of net sales for all years presented.

New Accounting Pronouncements

In May 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) 106-2, "*Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*." FSP 106-2 provides guidance on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) on postretirement health care plans that provide prescription drug benefits. FSP 106-2 also requires disclosures regarding the effect of the federal subsidy provided by the Act. The adoption of FSP 106-2 did not have a material impact on the Company's results of operations, financial position, or cash flows.

In November 2004, the FASB issued SFAS No. 151, "*Inventory Costs – an amendment of Accounting Research Bulletin (ARB) No. 43, Chapter 4*." This SFAS amends the guidance in ARB No. 43, Chapter 4, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). It also requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this SFAS requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company will adopt this SFAS in 2005, but does not expect it to have a material impact on its results of operations, financial condition, or cash flows.

In December 2004, the FASB issued SFAS No. 123 (Revised), "*Share-Based Payment*." This SFAS establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This SFAS focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. The Company will continue to evaluate the impact of adopting this SFAS in 2005.

In December 2004, the FASB issued SFAS No. 153, "*Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29*." This SFAS eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The Company will continue to evaluate the impact of adopting this SFAS in 2005.

In December 2004, the FASB issued FSP 109-1, "*Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004*," and FSP 109-2, "*Accounting for Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*." FSP 109-1 provides a tax deduction on qualified production activities, while FSP 109-2 introduces a special one-time dividends-received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer, provided certain criteria are met. The Company has adopted both of these staff positions in 2004 (see Note 12).

2. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the year ended December 31, 2004, by business group, were as follows:

	Pump Products	Dispensing Equipment	Other Engineered Products	Total
Balance, December 31, 2003	$338,292	$125,287	$ 95,429	$559,008
Goodwill acquired during the year	103,409	–	39,535	142,944
Foreign currency translation	1,400	5,754	4,513	11,667
Balance, December 31, 2004	$443,101	$131,041	$139,477	$713,619

The carrying value of indentifiable intangible assets at December 31, 2004, was $29,545, which was split between amortizable and unamortizable assets as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets			
Patents	$10,018	$ 4,808	$ 5,210
Other	725	168	557
Total amortized intangible assets	10,743	4,976	5,767
Unamortized trademark assets	26,173	2,395	23,778
Total intangible assets	$36,916	$ 7,371	$29,545

Amortization expense in 2004 for the items listed above was $638, which is consistent with the estimated amortization expense for the next five years.

In June 2001, the FASB issued SFAS No. 142, "*Goodwill and Other Intangible Assets*." which established the accounting and reporting standards for goodwill and intangible assets. SFAS No. 142 also eliminated the amortization of goodwill and certain intangible assets to earnings, but instead required these assets be reviewed periodically for impairment. IDEX adopted SFAS No. 142 on January 1, 2002. After reviewing the estimated fair market values, both in the aggregate and at each individual reporting unit, no impairment to goodwill and other intangible assets was recorded as of December 31, 2004.

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

3. BALANCE SHEET COMPONENTS

The components of certain balance sheet accounts at December 31, 2004 and 2003, were as follows:

	2004	2003
Receivables		
Customers	$ 120,696	$ 101,961
Other	3,131	3,692
Total	123,827	105,653
Less allowance for doubtful accounts	4,260	3,794
Total receivables – net	$ 119,567	$ 101,859
Inventories		
Raw materials	$ 52,824	$ 38,998
Work in process	14,181	13,651
Finished goods	59,973	52,655
Total inventories	$ 126,978	$ 105,304

Inventories that were carried on a LIFO basis amounted to $104,957 and $90,812 at December 31, 2004 and 2003, respectively. The excess of current cost over LIFO inventory value and the impact of using the LIFO method on earnings were not material.

	2004	2003
Property, plant and equipment, at cost		
Land and improvements	$ 15,474	$ 14,904
Buildings and improvements	95,984	82,007
Machinery and equipment	206,494	194,181
Office and transportation equipment	80,222	76,088
Engineering drawings	3,990	3,919
Construction in progress	5,650	5,887
Total	407,814	376,986
Less accumulated depreciation and amortization	252,212	229,891
Total property, plant and equipment – net	$ 155,602	$ 147,095
Goodwill		
Cost in excess of net assets acquired	$ 798,923	$ 642,856
Less accumulated amortization	85,304	83,848
Total goodwill – net	$ 713,619	$ 559,008
Intangible assets		
Cost (at fair market value on acquisition date)	$ 36,916	$ 25,897
Less accumulated amortization	7,371	6,496
Total intangible assets – net	$ 29,545	$ 19,401
Accrued expenses		
Payroll and related items	$ 38,316	$ 30,528
Taxes	14,676	11,072
Insurance	4,776	2,308
Other	12,977	10,899
Total accrued expenses	$ 70,745	$ 54,807
Other noncurrent liabilities		
Deferred income taxes	$ 56,414	$ 31,345
Pension and retiree medical reserves	40,196	41,888
Other	2,505	3,177
Total other noncurrent liabilities	$ 99,115	$ 76,410

4. COMMON AND PREFERRED STOCK

On April 22, 2004, the Company's Board of Directors authorized a three-for-two common stock split effected in the form of a 50% stock dividend paid on May 28, 2004, to shareholders of record on May 14, 2004. Par value of common stock remained at $.01 per share. All prior share and per share amounts have been restated to reflect the stock split.

During 2004, the Company issued 145,000 shares of restricted stock as compensation to key employees. These shares carry dividend and voting rights, and the sale of these shares is restricted prior to the date of vesting. Of the 145,000 shares issued, 115,000 shares vest annually from one to five years after the grant date, while the remaining 30,000 shares contain a cliff vesting feature with half vesting four years and the remaining half five years after the grant date.

During 2000, the Company issued 525,000 shares of restricted stock as compensation to a key employee. These shares carry dividend and voting rights, and the sale of these shares is restricted prior to the date of vesting, which occurs annually from one to five years after the grant date.

All restricted shares were recorded at their fair market value on the date of the grant, with a corresponding charge to shareholders' equity. The unearned portion is being amortized as compensation expense on a straight-line basis over the related vesting period.

On October 20, 1998, IDEX's Board of Directors authorized the repurchase of up to 2.25 million shares of its common stock, either at market prices or on a negotiated basis as market conditions warrant. At December 31, 2004, IDEX had purchased a total of 9,750 shares under the program at a cost of approximately $144.

At December 31, 2004 and 2003, the Company had 75 million shares of authorized common stock with a par value of $.01 per share and 5 million shares of preferred stock with a par value of $.01 per share authorized but unissued.

5. BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

IDEX's operations have been aggregated (primarily on the basis of products, production processes, distribution methods and management organizations) into three reportable segments: Pump Products, Dispensing Equipment and Other Engineered Products. The Pump Products Group designs, produces and distributes a wide range of engineered industrial pumps, flow meters, compressors, injectors and valves, and related controls for process applications. The Dispensing Equipment Group designs, manufactures and markets precision-engineered equipment for dispensing, metering and mixing paints, hair colorants and other personal care products; refinishing equipment; and centralized lubrication systems. The Other Engineered Products Group designs, produces and distributes engineered equipment for industrial and commercial markets, including fire and rescue, transportation equipment, oil and gas, electronics, and communications. IDEX is not overly dependent on a single customer, the largest of which accounted for less than 3% of net sales for all years presented.

Information on IDEX's business segments follows, and is based on the nature of products and services offered. The Company evaluates performance based on several factors, of which operating income is the primary financial measure. The accounting policies of the business segments are described in Note 1. Intersegment sales are accounted for at fair value as if the sales were to third parties.

	2004	2003	2002
Net sales			
Pump Products			
External customers	$ 539,101	$ 453,703	$ 433,623
Intersegment sales	3,235	2,813	3,041
Total group sales	542,336	456,516	436,664
Dispensing Equipment			
External customers	170,195	159,224	138,701
Intersegment sales	3	1	1
Total group sales	170,198	159,225	138,702
Other Engineered Products			
External customers	219,001	184,994	169,690
Intersegment sales	5	28	2
Total group sales	219,006	185,022	169,692
Intersegment elimination	(3,243)	(2,843)	(3,044)
Total net sales	$ 928,297	$ 797,920	$ 742,014
Operating income(1)			
Pump Products	$ 93,356	$ 70,436	$ 71,945
Dispensing Equipment	33,489	25,724	18,627
Other Engineered Products	47,120	32,990	25,638
Restructuring activity	–	–	203
Corporate office and other	(24,581)	(19,288)	(16,041)
Total operating income	$ 149,384	$ 109,862	$ 100,372
Assets			
Pump Products	$ 694,731	$ 551,183	$ 535,822
Dispensing Equipment	214,140	203,786	192,258
Other Engineered Products	246,410	186,417	186,860
Corporate office and other	31,011	19,353	16,110
Total assets	$1,186,292	$ 960,739	$ 931,050
Depreciation and amortization			
Pump Products	$ 16,464	$ 16,141	$ 16,913
Dispensing Equipment	5,616	5,881	5,734
Other Engineered Products	6,012	5,116	4,666
Corporate office and other(2)	2,857	2,337	2,212
Total depreciation and amortization	$ 30,949	$ 29,475	$ 29,525
Capital expenditures			
Pump Products	$ 13,968	$ 12,887	$ 9,348
Dispensing Equipment	2,769	2,967	3,651
Other Engineered Products	3,204	3,874	4,990
Corporate office and other	1,156	590	1,346
Total capital expenditures	$ 21,097	$ 20,318	$ 19,335

(1) Group operating income excludes net unallocated corporate operating expenses and restructuring activity. IDEX took actions in 2002 to downsize operations to lower its cost structure, as further explained in Note 6. The restructuring activity resulted in income of $203 in 2002 and was not assigned to the individual group segments. Had the Company allocated the 2002 restructuring activity, it would have been assigned to the groups as follows: Pump Products (income of $1,046), Dispensing Equipment (expense of $121) and Other Engineered Products (expense of $722).

(2) Excludes amortization of debt issuance expenses.

Information about the Company's operations in different geographical regions for the years ended December 31, 2004, 2003 and 2002 is shown below. Net sales were attributed to geographic areas based on location of the customer, and no country outside the U.S. was greater than 10% of total revenues.

	2004	2003	2002
Net sales			
U.S.	$ 516,155	$ 441,427	$ 434,791
Europe	244,153	213,905	186,466
Other countries	167,989	142,588	120,757
Total net sales	$ 928,297	$ 797,920	$ 742,014
Long-lived assets			
U.S.	$ 656,469	$ 523,633	$ 528,942
Europe	258,725	207,308	176,948
Other countries	9,860	5,302	3,900
Total long-lived assets	$ 925,054	$ 736,243	$ 709,790

6. RESTRUCTURING ACTIVITY

IDEX took actions in 2002 and 2001 to downsize operations to lower its cost structure. These steps were necessary to appropriately size the Company's production capacity to match the declining levels of demand for a broad range of products. The restructuring actions affected multiple employee groups in approximately 20 locations across 11 business units. No business activities or product lines were abandoned. All costs of the restructuring actions were charged to expense and included in "Restructuring activity" in the Consolidated Statements of Operations. The restructuring charges included employee severance, fringe benefits, outplacement fees, idle facility carrying costs, lease termination costs, the loss on sale of equipment, and the loss on disposal of two manufacturing facilities owned by the Company. Determination of the restructuring charges was based on the estimated severance benefits paid to terminated employees, the net book value of surplus assets less expected proceeds, and estimated other costs.

In 2002, IDEX reversed $1,531 of accrued restructuring expenses previously recorded. Of this reversal, $1,090 was attributable to the fact that the Company was able to sell one manufacturing facility for more than the value estimated at the time the restructuring plan was adopted.

The restructuring activity was separately identified in the Consolidated Statements of Operations and resulted in the following activity for 2002:

	2002
Pretax charge	$ 1,328
Reversal of previously recorded charges	(1,531)
Total pretax income	(203)
Provision for income taxes	72
Total income after taxes	$ (131)

The cash requirements for the restructuring plans did not have a significant impact on the Company's liquidity. The restructuring actions resulted in the layoff of 508 employees, both hourly and salaried, across 11 business units, representing approximately 12% of the labor force. The restructurings led to 27 and 481 employee terminations in 2002 and 2001, respectively.

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

7. STOCK OPTIONS

Under various plans, the Company may grant stock options to employees and non-employee directors at exercise prices equal to or exceeding the market price at the date of grant. Therefore, no compensation cost has been recognized in the Consolidated Statements of Operations for these plans. Substantially all of the options become exercisable in five equal installments, beginning one year from the date of grant, and generally expire 10 years from the date of grant. The Company may grant additional options for up to .5 million shares.

The following table summarizes option activity under the plans:

	Number of Shares Under Option	Weighted Average Option Price Per Share
Outstanding at December 31, 2001	4,490,763	$ 17.95
Granted	1,299,660	24.48
Exercised	(518,918)	16.47
Forfeited	(277,162)	20.63
Outstanding at December 31, 2002	4,994,343	19.65
Granted	1,510,988	20.36
Exercised	(813,900)	16.94
Forfeited	(284,181)	21.47
Outstanding at December 31, 2003	5,407,250	20.16
Granted	1,619,300	28.23
Exercised	(1,249,628)	18.95
Forfeited	(208,810)	22.00
Outstanding at December 31, 2004	5,568,112	$ 22.70
Exercisable at December 31, 2002	2,143,374	$ 17.66
Exercisable at December 31, 2003	2,309,903	$ 19.14
Exercisable at December 31, 2004	1,946,501	$ 19.90

Weighted-average fair value of options granted during the year ended:

December 31, 2002	$ 8.33
December 31, 2003	$ 5.90
December 31, 2004	$ 8.04

The following table summarizes information about options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life of Contract	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$11.66-17.00	226,300	3.2 years	$16.05	225,850	$16.06
17.01-22.00	2,655,843	6.7 years	19.04	1,208,242	18.69
22.01-35.74	2,685,969	8.2 years	26.88	512,409	24.44
Total	5,568,112	7.3 years	$22.70	1,946,501	$19.90

8. COMPREHENSIVE INCOME

The tax effects of the components of other comprehensive income for 2004, 2003 and 2002 follow:

	2004	2003	2002
Minimum pension adjustment			
Pretax amount	$12,118	$ (2,864)	$ (13,732)
Tax (provision) benefit	(4,281)	954	4,944
Aftertax amount	$ 7,837	$ (1,910)	$ (8,788)
Unrealized translation adjustment			
Pretax amount	$17,154	$ 26,652	$ 19,466
Tax provision	–	–	–
Aftertax amount	$17,154	$ 26,652	$ 19,466
Unrealized gains on derivatives			
Pretax amount	$ –	$ –	$ 226
Tax provision	–	–	(86)
Aftertax amount	$ –	$ –	$ 140

9. DEBT

Debt at December 31, 2004 and 2003 consisted of the following:

	2004	2003
Long-term debt		
Senior Notes	$ 150,000	$150,000
Bank credit facilities, including accrued interest	64,195	18,009
Other long-term debt	11,122	8,537
Total long-term debt	$ 225,317	$ 176,546

In February 1998, the Company sold $150 million of Senior Notes due February 15, 2008 (Senior Notes), with a coupon interest rate of 6.875% and an effective rate of 6.919% to maturity. Interest is payable semiannually. The Senior Notes are redeemable at any time at the option of the Company in whole or in part. At December 31, 2004, the fair market value of the Senior Notes was approximately $161.3 million, based on the quoted market price.

The Company entered into a new $600 million domestic multi-currency bank revolving credit facility (Credit Facility), which expires in December 2009. At December 31, 2004, the Company had a total of $35 million, which approximated fair value, drawn under the Credit Facility and outstanding letters of credit totaling $4 million. The net available borrowings under the Credit Facility as of December 31, 2004, were approximately $561 million.

Interest on the outstanding borrowings under the Credit Facility is payable quarterly at a rate based on the bank agent's reference rate or, at the Company's election, at a rate based on LIBOR plus 55 basis points per annum. The weighted average interest rate on borrowings outstanding under the Credit Facility was 3.1% per annum at December 31, 2004. A facility fee equal to 15 basis points per annum is payable quarterly on the total amount available under the Credit Facility.

The Company and certain of its subsidiaries entered into a renewable, one-year agreement in December 2001 (Receivables Facility) with a financial institution, under which the Company collateralized certain of its receivables for borrowings. This agreement was renewed in December 2004 for another year. The Receivables Facility provides for borrowings of up to $30 million depending upon the level of eligible receivables. At December 31, 2004, $25 million, which approximated fair value, was outstanding and included in bank credit facilities at an interest rate of approximately 2.5% per annum.

The Company has a $30 million demand line of credit (Short-Term Facility), which expires in May 2005. Borrowings under the Short-Term Facility are based on LIBOR plus the applicable margin in effect under the Credit Facility. At December 31, 2004, there were no borrowings under the Short-Term Facility.

At December 31, 2004, other long-term debt included debt at international locations maintained for working capital purposes. Interest is payable on the outstanding balances at rates ranging from 2.6% to 4.9% per annum.

Total debt outstanding at December 31, 2004 and 2003 included accrued interest of $4.2 million and $4.0 million, respectively.

There are two financial covenants that the Company is required to maintain. As defined in the agreement, the minimum interest coverage ratio (operating cash flow to interest) is 3.0 to 1 and the maximum leverage ratio (outstanding debt to operating cash flow) is 3.25 to 1. At December 31, 2004, the Company was in compliance with both of these financial covenants.

10. DERIVATIVE INSTRUMENTS

At December 31, 2003, the Company had a foreign currency contract, which it entered into in anticipation of the funding of the January 2004 purchase of Vetter. The increase in fair market value of this contract resulted in income of $.5 million at December 31, 2003 and was included in "Other (expense) income – net" in the Consolidated Statements of Operations.

At December 31, 2001, the Company had two interest rate swaps, which effectively converted $52.3 million of floating rate debt into fixed rate debt at interest rates approximating 5.6%. The fair market value of the interest rate swaps was a net expense of $140 at December 31, 2001, as reported in other comprehensive income. Both of the interest rate swaps expired in March 2002.

Fair values relating to derivative financial instruments reflect the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date, based on quoted market prices of comparable contracts. The net gain or loss on the interest rate swap contracts was not material.

11. ACQUISITIONS

In 2004, the Company acquired Manfred Vetter GmbH (January 2004), Systec, L.L.C. (April 2004), Scivex, L.L.C. (May 2004) and Tianjin Dinglee Machine and Motor Co., Ltd (July 2004). Vetter, based in Zülpich, Germany, designs and manufactures pneumatic lifting and sealing bags for vehicle and aircraft rescue, environmental protection, industrial maintenance, and disaster recovery and control. Vetter operates as part of the Hale business unit within the Other Engineered Products Group. Systec, based in New Brighton, Minnesota, designs and manufactures vacuum degassing products for the analytical chemistry instrumentation market. Degassing of fluids is critical to the instrumentation and analytical chemistry markets since dissolved gasses within a given fluid can be detrimental to the accuracy of test results. Systec operates as part of our Rheodyne business unit within the Pump Products Group. Scivex, which operates Upchurch Scientific in Oak Harbor, Washington and Sapphire Engineering in Pocasset, Massachusetts, is a leading provider of fluidic components and systems for the analytical, biotechnology and diagnostics instrumentation markets. Scivex is being operated as a stand-alone business unit in IDEX's Pump Products Group. Dinglee, based in Tianjin, China, is a leading manufacturer of rescue tools in the Chinese rescue tool market. Dinglee operates as part of our Hale business unit within the Other Engineered Products Group. IDEX acquired Vetter, Systec, Scivex and Dinglee for a purchase price of $44,813, $22,442, $98,553 and $4,106, respectively, with financing provided by borrowings under the Credit Facility. In addition, a purchase price contingency related to the acquisition of Classic in September 2003 was settled in 2004, resulting in an additional payment of $1,069. Goodwill and intangible assets recognized as part of these transactions was $142,944 and $10,212, respectively.

In 2003, the Company acquired Sponsler Co., Inc. (June 2003) and Classic Engineering, Inc. (September 2003). Sponsler, headquartered in Westminster, South Carolina, is a manufacturer of precision turbine flow meters to meet all flow applications, including low-flow and situations where viscosity, corrosive media, extreme temperature or hazardous materials are factors. Classic, headquartered in Jacksonville, Florida, is a supplier of fully integrated pump and metering systems to chemical companies and municipal water treatment facilities. It also designs, engineers and manufactures standard and custom chemical-feed systems for the water, wastewater, chemical OEM, pulp and paper, cement and general industrial markets. Within the Pump Products Group, Classic is operated as part of Pulsafeeder, while Sponsler is operated as part of Liquid Controls. IDEX acquired Sponsler and Classic for a purchase price of $10,251 and $3,703, respectively, with financing provided by borrowings under the Credit Facility. Goodwill and intangible assets recognized as part of these acquisitions was $11,484 and $373, respectively. In February 2003, an $8.0 million payment of deferred consideration was made in connection with the Rheodyne acquisition in July 2002.

In 2002, the Company acquired Halox Technologies, Inc. (April 2002), Rheodyne, L.L.C. (July 2002) and Wright Pump Corporation (October 2002). Halox, headquartered in Bridgeport, Connecticut, is a manufacturer of point-of-use chlorine dioxide equipment. Its products generate chlorine dioxide for use in water treatment and disinfectant applications. Rheodyne, headquartered in Rohnert Park, California, is a manufacturer of injectors, valves, fittings and accessories for the analytical instrumentation market and used by manufacturers of high pressure liquid chromatography equipment. Wright Pump, headquartered in Waukesha, Wisconsin, is a manufacturer of stainless-steel positive displacement circumferential piston pumps and replacement parts for the sanitary pump market. Within the Pump Products Group, Wright Pump is operated as part of Viking Pump, Halox is operated as part of Pulsafeeder, and Rheodyne's activities are closely coordinated with those of ISMATEC, Trebor, Scivex and Micropump. IDEX acquired the above businesses for an aggregate purchase price of $74,928, with financing provided by borrowings under the Credit Facility. The Company also acquired $2,136 of debt in connection with the acquisitions. Goodwill and intangible assets recognized as part of these acquisitions was $62,370 and $6,431, respectively.

All acquisitions were accounted for as purchases, and operating results include the acquisitions from the dates of purchase. In addition, in certain instances, the acquisitions contain purchase price contingencies, which are considered to be immaterial to the Company. IDEX does not consider any of the acquisitions, individually or in aggregate, to be material to its results of operations, financial condition, or cash flows for any of the years presented.

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

12. INCOME TAXES

Pretax income for the years ended December 31, 2004, 2003, and 2002, was taxed under the following jurisdictions:

	2004	2003	2002
Domestic	$ 85,119	$ 66,402	$ 58,087
Foreign	48,758	30,268	25,808
Total	$133,877	$ 96,670	$ 83,895

The provision for income taxes for the years ended December 31, 2004, 2003, and 2002, was as follows:

	2004	2003	2002
Current			
U.S.	$ 21,921	$ 13,000	$ 12,891
State and local	326	738	448
Foreign	14,442	10,093	6,852
Total current	36,689	23,831	20,191
Deferred			
U.S.	6,293	6,954	6,934
State and local	1,439	779	–
Foreign	3,050	2,754	2,658
Total deferred	10,782	10,487	9,592
Total provision for income taxes	$ 47,471	$ 34,318	$ 29,783

Deferred (prepaid) income taxes resulted from the following:

	2004	2003	2002
Employee and retiree benefit plans	$ 5,995	$ 5,046	$ (59)
Depreciation and amortization	5,559	8,334	6,603
Inventories	(1,545)	(785)	(285)
Allowances and accruals	(560)	(1,557)	3,560
Other	1,333	(551)	(227)
Total	$ 10,782	$ 10,487	$ 9,592

Deferred tax assets (liabilities) related to the following at December 31, 2004 and 2003:

	2004	2003
Employee and retiree benefit plans	$ 882	$ 11,144
Depreciation and amortization	(68,455)	(55,776)
Inventories	(4,660)	(4,456)
Tax benefit carry forwards	–	872
Allowances and accruals	5,666	4,922
Other	2,515	2,512
Total	$ (64,052)	$ (40,782)

The balance sheet at December 31, 2004, included a current deferred tax liability of $7,638 in accrued expenses and a noncurrent deferred tax liability of $56,414 in other noncurrent liabilities. The balance sheet at December 31, 2003, included a current deferred tax liability of $9,437 in accrued expenses and a noncurrent deferred tax liability of $31,345 in other noncurrent liabilities.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to pretax income. The computed amount and the differences for the years ended December 31, 2004, 2003, and 2002 are shown in the following table.

	2004	2003	2002
Pretax income	$133,877	$ 96,670	$ 83,895
Provision for income taxes:			
Computed amount at statutory rate of 35%	$ 46,857	$ 33,835	$ 29,363
State and local income tax (net of federal tax benefit)	1,147	986	291
Taxes on non-US earnings - net	2,319	960	674
U.S. business tax credits	(2,674)	–	–
Extra-territorial income (ETI) deduction	(1,531)	(945)	(1,260)
Other	1,353	(518)	715
Total provision for income taxes	$ 47,471	$ 34,318	$ 29,783

The Company has not provided an estimate for any U.S. or additional foreign taxes on undistributed earnings of foreign subsidiaries that might be payable if these earnings were repatriated. However, the Company believes that U.S. foreign tax credits would, for the most part, eliminate any additional U.S. tax and offset any additional foreign tax.

On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the Act). The Act provides a deduction for income from qualified domestic production activities, which will be phased in from 2005 through 2010. In return, the Act also provides for a two-year phase out of the existing ETI exclusion for foreign sales that was viewed to be inconsistent with international trade protocols by the European Union. The Company expects the net effect of the phase-out of the ETI and the phase-in of this new deduction will not result in a significant change to the effective tax rate for fiscal year 2005 and future years based on current earning levels.

Another provision of the Act creates a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85% dividends-received deduction for certain dividends from controlled foreign corporations. The deduction is subject to a number of limitations and, as of today, uncertainty remains as to how to interpret numerous provisions in the Act. As such, we are not yet in a position to decide on whether, and to what extent, we might repatriate foreign earnings that have not been remitted to the U.S. Based on our analysis to date, it is reasonably possible that we might repatriate foreign earnings of up to $73,000, with a related tax liability of up to $7,300. We expect to be in a position to finalize our assessment by December 31, 2005.

13. COMMITMENTS AND CONTINGENCIES

At December 31, 2004, total future minimum rental payments under noncancelable operating leases, primarily for office facilities, warehouses and data processing equipment, were $20,749. The future minimum rental commitments for each of the next five years and thereafter are as follows: 2005 – $6,635; 2006 – $5,160; 2007 – $3,412; 2008 – $1,913; 2009 – $1,417; thereafter – $2,212.

Rental expense totaled $10,401, $9,238 and $9,510 for the years ended December 31, 2004, 2003 and 2002, respectively.

IDEX is a party to various legal proceedings involving employment, contractual, product liability and other matters, none of which is expected to have a material adverse effect on its results of operations, financial condition, or cash flows.

14. RETIREMENT BENEFITS

The Company sponsors several qualified and nonqualified pension plans and other postretirement plans for its employees. The following table provides a reconciliation of the changes in the benefit obligations and fair value of plan assets over the two-year period ended December 31, 2004, and a statement of the funded status at December 31 for both years:

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Change in benefit obligation				
Obligation at January 1	$ 84,517	$ 71,968	$ 18,657	$ 16,188
Service cost	4,430	3,765	414	330
Interest cost	5,103	4,703	1,088	1,066
Plan amendments	433	(15)	250	–
Benefits paid	(6,466)	(5,374)	(692)	(510)
Actuarial loss	4,490	9,470	373	1,583
Other	2,808	–	–	–
Obligation at December 31	$ 95,315	$ 84,517	$ 20,090	$ 18,657
Change in plan assets				
Fair value of plan assets at January 1	$ 62,248	$ 38,764	$ –	$ –
Actual return on plan assets	7,102	7,668	–	–
Employer contributions	10,411	20,444	692	510
Benefits paid	(6,466)	(5,374)	(692)	(510)
Other	2,174	746	–	–
Fair value of plan assets at December 31	$ 75,469	$ 62,248	$ –	$ –
Funded status				
Funded status at December 31	$ (19,846)	$ (22,269)	$ (20,090)	$ (18,657)
Unrecognized loss	29,975	29,354	3,770	3,619
Unrecognized transition obligation	199	287	–	–
Unrecognized prior service cost	2,420	2,411	(281)	(533)
Net amount recognized at December 31	$ 12,748	$ 9,783	$ (16,601)	$ (15,571)
Recognized in the Consolidated Balance Sheets				
Prepaid benefit cost	$ 22,010	$ 5,433	$ –	$ –
Accrued benefit liability	(17,154)	(16,764)	(16,601)	(15,571)
Intangible asset	608	1,712	–	–
Accumulated other comprehensive income	7,284	19,402	–	–
Net amount recognized at December 31	$ 12,748	$ 9,783	$ (16,601)	$ (15,571)

The accumulated benefit obligation for all defined benefit pension plans was $87,955 and $77,611 at December 31, 2004 and 2003, respectively. For plans with an accumulated benefit obligation in excess of plan assets, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets was $30,558, $28,487 and $11,163, respectively, at December 31, 2004, and $67,847, $62,073 and $45,309, respectively, at December 31, 2003.

The assumptions used in the measurement of the Company's benefit obligation at December 31, 2004 and 2003, were as follows:

	U.S. Plans		Non-U.S. Plans	
	2004	2003	2004	2003
Discount rate	5.75 %	6.00 %	5.50-6.00 %	5.50 %
Expected return on plan assets	8.50 %	8.50 %	5.00-6.50 %	6.50 %
Rate of compensation increase	4.00 %	4.00 %	4.25 %	4.25 %

To develop the expected rate of return on plan assets, the Company considered the historical returns and the future expectations for returns on each asset class, as well as the target asset allocation of the pension portfolio.

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

The following tables provide the components of, and the assumptions used to determine, the net periodic benefit cost for the plans in 2004, 2003, and 2002:

	Pension Benefits			Other Benefits		
	2004	2003	2002	2004	2003	2002
Service cost	$ 4,430	$ 3,765	$ 3,486	$ 413	$ 330	$ 346
Interest cost	5,103	4,703	4,209	1,088	1,066	1,054
Expected return on plan assets	(5,597)	(3,449)	(3,903)	–	–	–
Net amortization	3,227	3,216	848	67	(31)	(29)
Net periodic benefit cost	$ 7,163	$ 8,235	$ 4,640	$ 1,568	$ 1,365	$ 1,371

	U.S. Plans			Non-U.S. Plans		
	2004	2003	2002	2004	2003	2002
Discount rate	6.00%	6.75%	7.50%	5.50-6.00%	5.75%	6.00%
Expected return on plan assets	8.50%	8.50%	9.00%	6.50%	6.50%	7.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.25%	3.75%	4.00%

Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market value of assets are amortized over the average remaining service period of active participants. Contributions to bargaining unit-sponsored multi-employer plans and defined contribution plans were $6,404, $6,756 and $6,607 for 2004, 2003 and 2002, respectively.

For measurement purposes, a range of 9.5%-7.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2004. The rate was assumed to decrease gradually each year to a rate in the 6%-5% range for 2008-2014, and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% increase in the assumed health care cost trend rates would increase the service and interest cost components of the net periodic benefit cost by $135 and the health care component of the accumulated postretirement benefit obligation by $1,768. A 1% decrease in the assumed health care cost trend rate would decrease the service and interest cost components of the net periodic benefit cost by $116 and the health care component of the accumulated postretirement benefit obligation by $1,534.

Plan Assets

The Company's pension plan weighted-average asset allocations at December 31, 2004 and 2003, by asset category, were as follows:

	2004	2003
Equity securities	66%	68%
Debt securities	33	31
Other	1	1
Total	100%	100%

Investment Policies and Strategies

The investment objectives of the Company's plan assets are to earn the highest possible rate of return consistent with the tolerance for risk as determined periodically by IDEX in its role as a fiduciary. The general guidelines of asset allocation of fund assets are that "equities" will represent from 55% to 75% of the market value of total fund assets with a target of 66%, and "fixed income" obligations, including cash, will represent from 25% to 45% with a target of 34%. The term "equities" include common stock, convertible bonds and convertible stock. The term "fixed income" includes preferred stock and/or contractual payments with a specific maturity date. The Company strives to maintain asset allocations within the designated ranges by conducting periodic reviews of fund allocations and plan liquidity needs, and rebalancing the portfolio accordingly. The total fund performance is monitored and results measured using a 3- to 5-year moving average against long-term absolute and relative return objectives to meet actuarially determined forecasted benefit obligations. No restrictions are placed on the selection of individual investments by the qualified investment fund managers. The performance of the investment fund managers is reviewed on a regular basis, using appointed professional independent advisors. As of December 31, 2004 and 2003, there were no shares of the Company's stock held in plan assets.

Cash Flows

The Company expects to contribute approximately $1.6 million to its pension plans and $1.0 million to its other postretirement benefit plans in 2005.

Estimated Future Benefit Payments

The future estimated benefit payments for the next five years and the five years thereafter are as follows: 2005 – $4,638; 2006 – $6,362; 2007 – $4,756; 2008 – $5,099; 2009 – $5,816; 2010 to 2014 – $34,391.

15. QUARTERLY RESULTS OF OPERATIONS

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2004 and 2003:

	2004 Quarters				2003 Quarters			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	$214,600	$233,590	$237,557	$242,550	$195,498	$207,147	$197,314	$197,961
Gross profit	85,730	93,923	94,989	96,153	74,303	82,123	76,178	76,716
Operating income	31,286	39,814	39,961	38,323	23,401	29,557	28,943	27,961
Net income	17,692	22,834	23,219	22,661	12,695	16,943	16,509	16,205
Basic EPS	$ .36	$ .46	$ .46	$ .45	$ .26	$ .35	$ .34	$ .33
Basic weighted average shares outstanding	49,475	50,060	50,293	50,462	48,437	48,576	48,992	49,178
Diluted EPS	$ .35	$ .44	$ .44	$ .43	$ .26	$ .34	$ .33	$ .32
Diluted weighted average shares outstanding	51,279	52,037	52,400	52,099	49,208	49,697	50,460	50,739

Reports

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of IDEX Corporation

We have audited the accompanying consolidated balance sheets of IDEX Corporation and its subsidiaries (the Company) as of December 31, 2004 and 2003 and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. 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 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, such consolidated financial statements present fairly, in all material respects, the financial position of IDEX Corporation and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 2 of the Consolidated Financial Statements, in 2002 the Company changed its method of accounting for goodwill and intangible assets to conform to Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

Deloitte & Touche LLP
Chicago, Illinois
February 14, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of IDEX Corporation

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that IDEX Corporation and its subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company'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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IDEX Corporation and its subsidiaries as of December 31, 2004 and 2003 and the related consolidated statements of operations, consolidated shareholders' equity, and consolidated cash flows for each of the three years in the period ended December 31, 2004, and our report dated February 14, 2005 expressed an unqualified opinion on those financial statements and included a paragraph related to the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

Deloitte & Touche LLP
Chicago, Illinois
February 14, 2005

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, 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, and includes those policies and procedures that:

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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

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.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining effective internal control over financial reporting for the Company.

Management has used the framework set forth in the report entitled "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2004. Deloitte & Touche LLP has issued an attestation report on management's assessment of the Company's internal control over financial reporting dated February 14, 2005.

Dennis K. Williams
Chairman of the Board, President and Chief Executive Officer

Dominic A. Romeo
Vice President and Chief Financial Officer

Northbrook, Illinois
February 14, 2005

NEW YORK STOCK EXCHANGE DISCLOSURES

Dennis K. Williams and Dominic A. Romeo have provided certifications to the U.S. Securities and Exchange Commission as required by Section 302 of the Sarbanes-Oxley Act of 2002. These certifications are included as Exhibits 31.1 and 31.2 to the Company's Form 10-K for the year ended December 31, 2004.

As required by the New York Stock Exchange (NYSE), on April 13, 2004, Dennis K. Williams submitted his annual certification to the NYSE that stated he was not aware of any violation by the Company of the NYSE corporate governance listing standards.

Principal Operating Managers

PUMP PRODUCTS

Gast Manufacturing
Ivy B. Suter
President

Liquid Controls
Michael Schneider
President

SAMPI
Luca Bozzi
Managing Director

Sponsler
Michael R. Sponsler
President

Pulsafeeder
Paul M. Beldham
President

Pulsafeeder Standard Products
Robert H. Manion
President

Knight
George J. Noa, Jr.
President

Halox
Peter L. Timpanelli
President

Viking Pump
Paul Schwarzbaum
President

Sanitary Pumps
John K. Hartsworm
President

AODD Pumps
Cleive C. Dumas
President

Versa-Matic
Nicholas L. Dorsch
President

Warren Rupp
John A. Carter
President

IDEX Technology (Suzhou)
Cyril Leung
Managing Director

Precision Flow Products
Robert K. Brinley
President

Micropump
Jeffrey L. Hohman
President

ISMATEC
Peter Zwingli
Managing Director

Trebor
Gregory R. Orr
President

Rheodyne
Mark F. McDonald
President

Systec
Thomas J. Thielen
President

Scivex
Upchurch Scientific
Alan G. Schell
President

Sapphire Engineering
Steven R. Nurnberg
President

DISPENSING EQUIPMENT

FAST & Fluid Management Italy
Osvaldo Mattion
Managing Director

FAST & Fluid Management Netherlands
Oscar Van der Horst
Managing Director

Fluid Management
John L. Fortin
President

Lubriquip
Richard C. Morgan
President

OTHER ENGINEERED PRODUCTS

BAND-IT
Robert J. Johnson
President

Hale Products
Robert W. Kreps
President

Hale Fire Suppression
Gary P. Ewers
President

Hale Hydraulic Equipment
Uwe Kirchner
President

Corporate Officers & Directors

CORPORATE OFFICERS

Dennis K. Williams
Chairman of the Board, President and Chief Executive Officer
Age: 59
Years of Service: 5

Lawrence D. Kingsley
Chief Operating Officer
Age: 42
Years of Service: less than 1

Dominic A. Romeo
Vice President and Chief Financial Officer
Age: 45
Years of Service: 1

Kimberly K. Bors
Vice President – Human Resources
Age: 44
Years of Service: 2

Thomas S. Giordano
Vice President – Supply Chain & Logistics
Age: 53
Years of Service: less than 1

Clinton L. Kooman
Vice President – Controller
Age: 61
Years of Service: 40

Douglas C. Lennox
Vice President – Treasurer
Age: 52
Years of Service: 25

John L. McMurray
Vice President – Group Executive of Pump Products and Operational Excellence
Age: 54
Years of Service: 12

Dennis L. Metcalf
Vice President – Corporate Development
Age: 57
Years of Service: 31

Frank J. Notaro
Vice President – General Counsel and Secretary
Age: 41
Years of Service: 7

Daniel J. Salliotte
Vice President – Strategy and Business Development
Age: 38
Years of Service: less than 1

David T. Windmuller
Vice President – Group Executive of Dispensing Equipment and Other Engineered Products
Age: 47
Years of Service: 24

DIRECTORS

Dennis K. Williams ■ (Executive Committee)
Chairman of the Board, President and Chief Executive Officer
IDEX Corporation
Northbrook, Illinois
Age: 59
Years of Service: 5

Bradley J. Bell ■ (Audit Committee)
Executive Vice President and Chief Financial Officer
Nalco Company
Naperville, Illinois
Age: 52
Years of Service: 4

Frank S. Hermance ■ (Audit Committee)
Chairman and Chief Executive Officer
AMETEK, Inc.
Paoli, Pennsylvania
Age: 56
Years of Service: 1

Gregory B. Kenny ■ (Compensation Committee)
President and Chief Executive Officer
General Cable Corporation
Highland Heights, Kentucky
Age: 52
Years of Service: 3

Paul E. Raether ■ (Nominating and Governance Committee)
Member
Kohlberg Kravis Roberts & Co., L.L.C.
New York, New York
Age: 58
Years of Service: 17

Neil A. Springer ■ ■ ■ (Executive, Audit, Nominating and Governance Committees)
Managing Director
Springer & Associates L.L.C.
Chicago, Illinois
Age: 66
Years of Service: 15

Michael T. Tokarz ■ ■ (Executive, Compensation Committees)
Member
The Tokarz Group L.L.C.
New York, New York
Age: 55
Years of Service: 17

Member of:
- ■ Executive Committee
- ■ Audit Committee
- ■ Compensation Committee
- ■ Nominating and Governance Committee

NOTE: Years of service for corporate officers includes periods with predecessor to IDEX.

Shareholder Information

CORPORATE OFFICE

IDEX Corporation
630 Dundee Road
Northbrook, Illinois 60062
USA
(847) 498-7070

INVESTOR INFORMATION

Inquiries from shareholders and prospective investors should be directed to: Susan H. Fisher, Director – Investor Relations, at the corporate office (above). Further information may also be obtained at www.idexcorp.com.

REGISTRAR AND TRANSFER AGENT:

Inquiries about stock transfers, address changes or IDEX's dividend reinvestment program should be directed to:

National City Bank
Shareholder Services
3rd Floor North
4100 W. 150th Street
Cleveland, Ohio 44135
(800) 622-6757
E-mail: shareholder.inquiries@nationalcity.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
Two Prudential Plaza
180 North Stetson Avenue
Chicago, Illinois 60601

DIVIDEND POLICY

IDEX paid a quarterly dividend on its common stock on January 31, 2005, of $.12 per share, which reflects a 29% increase from last year's quarterly dividend rate. The declaration of future dividends is within the discretion of the Company's Board of Directors and will depend upon, among other things, business conditions, earnings and IDEX's financial condition.

STOCK MARKET INFORMATION

IDEX common stock was held by an estimated 6,000 shareholders at December 31, 2004, and is traded on the New York Stock Exchange and Chicago Stock Exchange under the ticker symbol IEX.

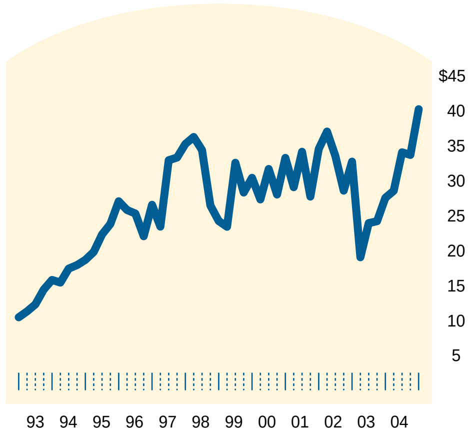
PUBLIC FILINGS

Shareholders may obtain a copy of any Form 10-K and Form 10-Q filed with the United States Securities and Exchange Commission by written request to the attention of Susan H. Fisher, Director – Investor Relations, at the corporate office (above), or through the Company's website at www.idexcorp.com.

ANNUAL MEETING

For the date, time, and location of the 2005 Annual Meeting of IDEX Shareholders, please refer to the Company's website at www.idexcorp.com.

STOCK HISTORY
Quarterly Closing Prices



QUARTERLY STOCK PRICE

		First	Second	Third	Fourth
2004	High	$29.11	$34.39	$35.75	$40.96
	Low	26.53	28.39	29.20	33.95
	Close	28.99	34.35	33.96	40.50
2003	High	$23.00	$24.59	$26.93	$28.25
	Low	17.35	19.17	23.40	23.93
	Close	19.33	24.16	24.29	27.73

IDEX CORPORATION

630 DUNDEE ROAD
NORTHBROOK, IL 60062 USA
www.idexcorp.com