



Advanced Technology  
Fuels Our Growth

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# Financial Highlights

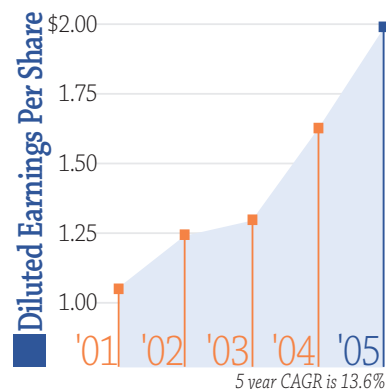
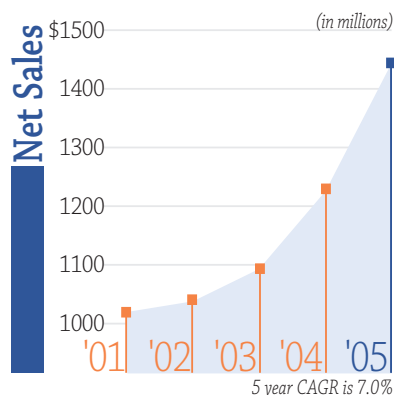
(In millions, except per share amounts and number of employees)

For the Year	2005	2004	2003	2002	2001
Net sales	\$1,434.5	\$1,232.3	\$1,091.6	\$1,040.5	\$1,019.3
Operating income <sup>(1)</sup>	239.4	196.2	156.8	148.7	132.8
Income from operations <sup>(1)</sup>	140.6	112.7	87.8	83.7	70.8
Net income <sup>(1)</sup>	140.6	112.7	87.8	83.7	66.1
EBITDA <sup>(1) (2)</sup>	275.8	233.4	191.1	180.4	178.0
Free cash flow <sup>(3)</sup>	142.6	140.3	138.0	86.3	71.7
Capital expenditures	23.3	21.0	21.3	17.4	29.4
<i>Per Share Data:</i>					
Diluted earnings per share:					
Income from operations <sup>(1)</sup>	1.99	1.63	1.30	1.24	1.06
Net income <sup>(1)</sup>	1.99	1.63	1.30	1.24	0.99
Cash dividends paid	0.24	0.24	0.12	0.12	0.12
<b>At Year-End</b>					
Total debt	\$ 631.4	\$ 450.1	\$ 424.4	\$ 390.1	\$ 470.8
Stockholders' equity	805.6	659.6	529.1	\$ 420.2	\$ 335.1
Shares outstanding	70.5	68.7	67.0	66.1	65.6
Number of employees	9,800	8,300	7,800	7,700	8,100

(1) Amounts in 2001 include the amortization of goodwill, and unusual charges and credits. (See page 25 for further information.)

(2) EBITDA represents income before interest, income taxes, depreciation and amortization, and unusual items. (See table on page 25 for a reconciliation of net income reported in accordance with U.S. generally accepted accounting principles (U.S. GAAP) to EBITDA.)

(3) Free cash flow represents cash flow from operating activities, before the effects of an accounts receivable securitization program, less capital expenditures. (See table on page 25 for a reconciliation of cash flow from operating activities reported in accordance with U.S. GAAP to free cash flow.)





# Letter

**2005 WAS AN EXCELLENT YEAR** We established records for sales, operating income, net income and diluted earnings per share. We enjoyed good internal growth in each of our businesses and acquired several excellent companies, whose contributions helped us post double-digit increases in sales and profits.

**2005 HIGHLIGHTS** Our sales increased 16% to \$1.43 billion. Operating income of \$239 million was up 22% from 2004. Our net income grew 25% to \$141 million. Diluted earnings per share of \$1.99 were up 22% from \$1.63 per share in 2004. Our strong operating performance, an improved mix of businesses, and continued focus on Operational Excellence drove our record performance.

Our businesses continued to demonstrate an ability to generate excellent cash flow. Cash flow from operations totaled a record \$166 million. That excellent cash flow allows us to fund our growth and acquisition initiatives, while maintaining a healthy debt-to-total-capital ratio.

**COMMITMENT AND VISION** We continued to make significant progress on our strategic initiatives and are committed to our goal of achieving double-digit annual

percentage growth in earnings per share over the business cycle.

The driving force in achieving that success is the solid execution of our Four Growth Strategies: Operational Excellence, Strategic Acquisitions, Global & Market Expansion and New Products. Our vision remains to double the size and profitability of AMETEK over the next five years.

To achieve that vision, we will continue to emphasize the differentiated businesses within our portfolio. Those businesses compete on the basis of product capability, have higher growth rates, and offer superior returns. They currently account for 84% of our total sales and consist of electronic instruments, technical motors and systems, electromechanical interconnects and packages, and specialty metals.

The remaining 16% of our sales come from our cost-driven businesses, which include global floor care and specialty motors. We continue to manage those businesses to ensure maximum operating performance and strong cash generation.

# to Shareholders

## OPERATIONAL EXCELLENCE

Operational Excellence is our cornerstone strategy. It is essential to the success of our cost-driven businesses, adds value to our differentiated businesses, and allows us to quickly capture value from acquisitions.

Our Operational Excellence strategy, which drives our strong focus on cost reduction and asset management, contributed to our increase in group operating margins from 17.9% in 2004 to 18.6% in 2005. This was accomplished despite higher raw material costs.

Operational Excellence is the key to our lean manufacturing base. It has allowed us to smoothly relocate manufacturing to low-cost areas without disrupting our businesses. Our low-cost plants in China, the Czech Republic and Mexico accounted for \$245 million in revenues in 2005. We expect those plants to generate an additional \$40 million to \$50 million in revenue in 2006.

We continue to deploy Six Sigma and Design for Six Sigma—proven methodologies for improving product quality and the pace of innovation—and to expand



our Global Sourcing Organization in China. That organization was established originally to support our motor manufacturing plants and now serves most of our divisions.

**ACQUISITIONS** We have a focused acquisition strategy with strict financial criteria, a thorough due diligence process, and a proven ability to quickly integrate newly acquired businesses. We seek highly differentiated businesses that complement our existing products.

During 2005, we acquired three companies that fit those criteria: SPECTRO

Analytical Instruments, Solartron and HCC Industries. Each exemplifies our acquisition strategy by expanding our technology and product offerings and moving us into new, higher-growth end markets.

Headquartered in Germany, SPECTRO designs, manufactures and services a broad array of spectrometers used worldwide to conduct elemental analysis for a variety of end markets. United Kingdom-based Solartron is a leader in analytical instrumentation for the process, laboratory and other industrial markets. HCC Industries manufactures hermetically sealed, or moisture-proof,



connectors, terminals, headers and microelectronic packages for electronic devices used primarily in aerospace and defense.

Taken together, these businesses represent nearly \$260 million in annualized revenue.

**GLOBAL AND MARKET EXPANSION** With more than half of our market opportunity outside the United States, we intend to gain our fair share of that opportunity and grow our international sales to half of our total revenues.

We have made significant progress toward that goal. In 2005, our international sales of \$656 million were up 22% from 2004 and were 46% of our total revenue. That compares with 44% of total revenue in 2004 and less than a third in 1999.

Recent acquisitions with large international sales, such as SPECTRO and Solartron in 2005, Taylor Hobson in 2004, and Airtechnology and Solidstate Controls in 2003, contributed to our success.

We also have markedly increased our international sales and marketing efforts in recent years. We plan to further expand those efforts in 2006 in key international markets, including China, Russia, Japan, and the Middle

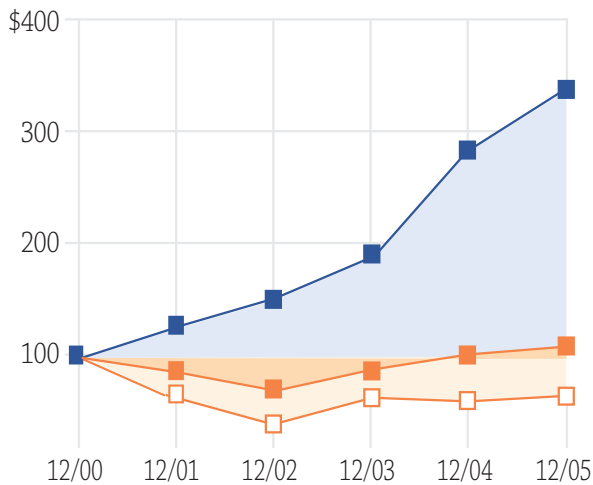
East, and to broaden our reach in new and existing market segments.

**NEW PRODUCTS AND INITIATIVES** We look to new products to drive our internal growth. Over the past five years, we have invested more than \$280 million in new product development, including \$76 million in 2005, an increase of 15% versus 2004. Those investments have resulted in a steady stream of new products.

In 2006, we plan to significantly increase our investment in new product development. A large portion of that investment will be in our high-end analytical instruments businesses, including products for the oil and gas industry, nanotechnology, wireless leak detection and Homeland Security. Each represents an important growth opportunity for AMETEK.

**SOLID PERFORMANCE** Every day, around the world, AMETEK colleagues are making our vision a reality through their skill and dedication. Their commitment to our continued success is the single greatest strength that we carry into the future.

Their efforts are reflected in our strong stock performance. Over the past five years, our total return to shareholders has been outstanding. During that time period, our stock price has more than tripled, signifi-



## ◀ TOTAL RETURN TO SHAREHOLDERS

For \$100 invested on 12/31/00 in stock or index, including reinvestment of dividends.

- AMETEK, Inc.
- Russell 1000\*
- Dow Jones US Electrical Components & Equipment\*

\* Includes AMETEK

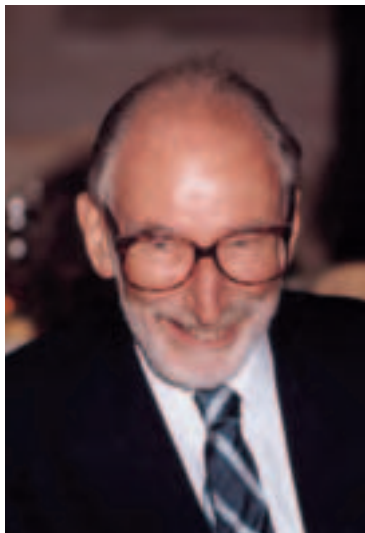
cantly exceeding the returns of our benchmark indexes as shown in the accompanying chart.

**OUTLOOK** We are optimistic about our prospects for the year ahead. We should enjoy strong internal growth and make additional progress toward our long-term strategic goals. We are confident that we will build on our record of success and continue to create value for you, our shareholders.

On behalf of my colleagues, I thank you for your support and confidence, and look forward to reporting to you on our progress.

**Frank S. Hermance**

Chairman and Chief Executive Officer  
March 8, 2006



## CELEBRATING A HALF CENTURY OF SERVICE

◀ *Helmut N. Friedlaender has served on AMETEK's Board of Directors for two-thirds of the Company's 75-year history. During that time, he made innumerable contributions to the Company and its shareholders. Hal retires from the Board in 2006 but will become Director Emeritus. His retirement marks a significant milestone in the Company's history.*



▶ AMETEK's Executive Office, from left to right: David A. Zapico, President, Electronic Instruments; Timothy N. Jones, President, Electromechanical Group; John J. Molinelli, Executive Vice President—Chief Financial Officer; Frank S. Hermance, Chairman and Chief Executive Officer; Robert W. Chlebek, President, Electronic Instruments.



# AMETEK

Headquartered in suburban Philadelphia, AMETEK is a leading global manufacturer of electronic instruments and electromechanical devices with nearly 10,000 colleagues worldwide. It operates 40 manufacturing facilities and a dozen direct sales and service centers in the United States and has 24 plants and more than 50 direct sales and service operations in over 30 other countries around the world.

AMETEK is composed of two business groups: Electronic Instruments and Electromechanical. The Electronic Instruments Group (EIG) is a leading producer of advanced monitoring, testing, calibrating, and display instruments for the process, aerospace, power and industrial markets. The Electromechanical Group (EMG) is a differentiated supplier of electrical interconnects, technical motors and systems, and electric motors for floor care and other specialty applications.

**ELECTRONIC INSTRUMENTS GROUP** EIG ranks among the global leaders in process and analytical instrumentation, with well-established positions in the chemical/petrochemical, oil and gas, pharmaceutical, semiconductor, factory automation, laboratory, research, and Homeland Security markets.

It is a leader in aerospace and defense, with engine and aircraft monitoring systems, data acquisition units, fuel and fluid measurement systems, engine and airframe sensors, cables and harness assemblies.

EIG supplies the global electric power generation, transmission and distribution industry with power monitoring and quality instrumentation. Its uninterruptible power supply systems provide backup power for a host of industrial users. Its sensors and monitors are widely used on gas turbine generators.

EIG provides the food service industry with timing controls and cooking computers and is a global

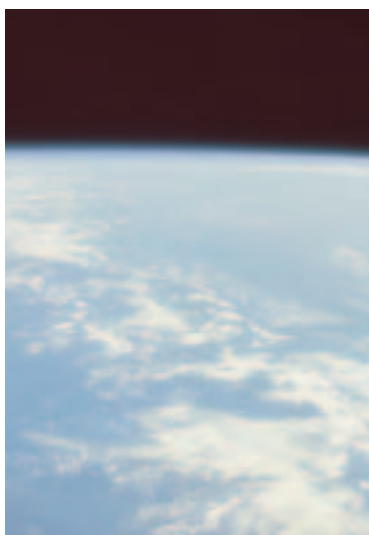
# at a Glance

leader in dashboard instruments for heavy trucks and construction vehicles.

**ELECTROMECHANICAL GROUP** EMG is a leader in electrical interconnects, microelectronic packaging, specialty metal products, and technical motors and systems. In addition, EMG produces electric motors for floor care and other specialty applications.

The Group supplies highly engineered connectors, terminals and microelectronic packaging to protect sensitive electronic devices from thermal and environmental damage. These products are used in aerospace, defense and industrial applications.

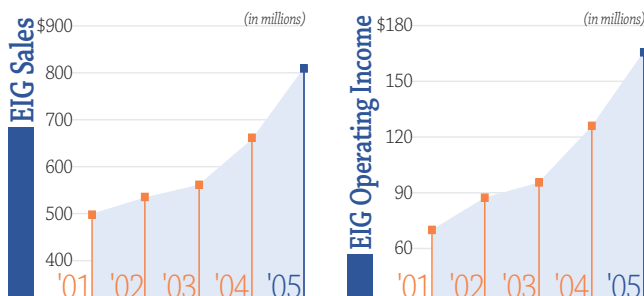
EMG also supplies specialty metal products, including high-purity metal powders, specialty clad metals, strip and shaped wire, and metal matrix composites used for electronic thermal management.



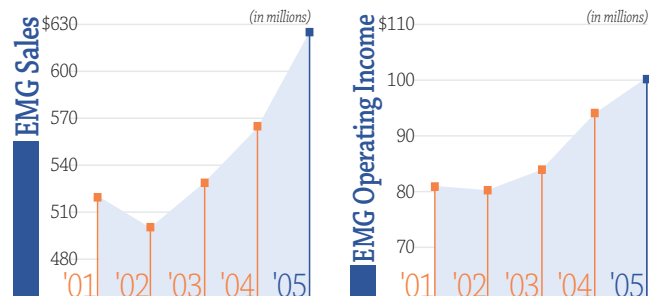
The Group provides components and systems consisting of brushless DC motors, blowers and heat exchangers. End-use applications include environmental control, electronic cooling, and NBC (nuclear, biological and chemical) filtration. Key markets include military and aerospace, medical devices, mass transit, business equipment, and fuel cells. Among its other products are industrial battery chargers, contactors, solenoids, switches and devices used in telecommunications.

The Group is a leader in motors and motor-blowers for household and commercial vacuum cleaners and other floor care appliances as well as specialty motors for outdoor power equipment, household, personal care, fitness equipment, and other consumer products. Its drive motors are used in material-handling vehicles, industrial equipment, pumps and winches.

## EIG Operating Results



## EMG Operating Results



# Advanced Technology



*Driving Innovation* AMETEK has spurred growth by emphasizing new products, acquisitions, and global and market expansion. It has shifted its mix of businesses toward those with higher growth and higher profit potential. As part of that shift, it has gained entry into promising new markets and is on the leading edge in several emerging technologies.

**SECURING AGAINST THE THREAT OF NUCLEAR TERRORISM** The threat of nuclear terrorism is a clear and present danger. Accurate and reliable nuclear threat detection requires products with significant technical capability. To counter that threat, AMETEK has met the challenge by developing the next generation of nonintrusive inspection technologies to protect ports from the entry of illicit radioactive materials.

AMETEK's high-resolution ORTEC<sup>®</sup> Advanced Spectroscopic Portal Monitors and hand-held Detective and Detective-EX Radiation Identifiers are significantly superior to alternative technologies. Based on high-purity germanium, AMETEK's detectors are the best available technology for the rapid and positive identification of potentially harmful nuclear materials.

**ALLOWING HYPERSONIC AIRCRAFT TO TAKE FLIGHT** The Scramjet (supersonic combustion ramjet) engine represents a breakthrough in the practical application of hypersonic propulsion, which holds the promise of more-airplane-like operation of ultrahigh-speed aircraft and space vehicles.

AMETEK is providing a suite of 14 engine sensors to Pratt & Whitney (P&W) for the engine that will power the Scramjet Engine Demonstrator being developed by P&W and Boeing for the U.S. Air Force. Successful development of the scramjet engine is expected to result in launch vehicles that will substantially reduce the cost of space flight, as well as allow the development of commercial and military aircraft able to circle the globe in a few hours.

# Fuels Our Growth

**SOLVING THE MYSTERY ON CSI: MIAMI** The unique crime-solving capabilities of AMETEK electronic instruments were put to the test in three episodes of top-rated television crime drama CSI: Miami.

The ORTEC® Detective-EX was used by Miami-Dade crime scene investigators to identify harmful radioactive material, while investigators turned to the EDAX Eagle™ micro-XRF elemental analyzer to conduct trace evidence analysis. AMETEK instruments were featured because of their unique real-life functions.

The ORTEC Detective-EX quickly and accurately differentiates between potentially dangerous and other, harmless radiation sources, while the EDAX Eagle is routinely used by forensic scientists to match glass fragments to crime scenes, analyze paint chips from hit-and-run accidents, and conduct compositional analysis on explosive residues.



Photo courtesy of CBS

**PROTECTING OUR ARMED FORCES FROM HARMFUL AGENTS** Among the most important developing markets for AMETEK's motor-blowers is the need in aerospace and military equipment to protect against nuclear, biological and chemical contaminants.

AMETEK has developed advanced air filtration systems to provide this protection for military aircraft and shelters, armored vehicles and naval vessels. AMETEK's regenerative filtration systems represent a significant advance over disposable carbon filter

systems currently in use by defense forces worldwide.

**PIONEERING EFFORTS IN NANOTECHNOLOGY** Nanotechnology is a new field of science devoted to phenomena at the submicroscopic level. It holds the potential for wide-scale application with significant basic research currently under way. The newly introduced Talsurf CCI 6000 surface profiler from AMETEK Taylor



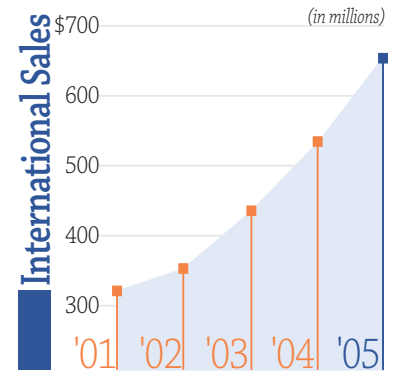
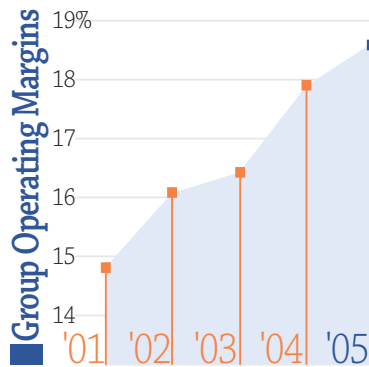
Hobson provides the ultimate in optical 3D surface analysis for leading-edge researchers conducting submicroscopic analysis of microelectromechanical systems (MEMS) and other applications.

MEMS are tiny devices that bring together silicon-based microelectronics with micromachining technology. This requires the ability to accurately view surface structures down to the submicron level. By combining the surface-imaging qualities of a microscope with an ultraprecise three-dimensional profiler, the Talysurf family of instruments is able to yield highly accurate submicron surface images in seconds.

**REDUCING GREENHOUSE GAS EMISSIONS** The best way to reduce energy consumption and resulting greenhouse gases from furnaces and boilers is to accurately measure and deliver the optimum mixture of air and fuel to achieve maximum combustion efficiency. AMETEK provides the most-advanced means to do both.

AMETEK's Thermo<sup>x</sup>® WDG-IVC oxygen and combustibles analyzer enables furnace and boiler operators to determine the optimal set point for maximizing fuel efficiency and minimizing emissions. AMETEK's Nautilair™ variable-speed, premix burner blowers, with their state-of-the-art electronic drive control, deliver the precise air-gas mixture for complete combustion.





### STREAMLINING NEW PRODUCT DEVELOPMENT

AMETEK Motors Shanghai (AMS) was challenged to significantly increase the pace of new product development. With help from AMETEK Engineering in Kent, Ohio, AMS completely re-engineered its motor development process. The results were a string of new product successes—more than 40 in 2005—and a substantial increase in customer satisfaction. For their efforts, the AMS New Product Task Force, pictured on the opposite page, was awarded the 2005 Dr. John H. Lux Total Quality Accomplishment Award.



In its Electronic Instruments Group, AMETEK has expanded beyond process measurement into such new fields as elemental analysis, nanotechnology and nuclear spectroscopy. At the same time, it has significantly broadened the scope of its products and services in such industries as oil and gas refining and petrochemical production.

In its Electromechanical Group, AMETEK moved beyond its industry-leading position in air-moving electric motors into electronic cooling, environmental control, highly engineered

hermetically sealed connectors and microelectronic packages.


## New Growth Platforms

AMETEK's strategy is to acquire businesses that allow the Company to leverage its products and technology into adjacent markets or establish platforms to expand into completely new markets.

### ACHIEVING GREATER MASS IN ELEMENTAL ANALYSIS

With the 2005 acquisitions of SPECTRO Analytical and Solartron, AMETEK's process and analytical instruments business now totals approximately \$550 million in annual sales, making the Company a sizable player in an expanding global market.

◀ AMETEK Motors Shanghai New Product Task Force consists of (standing rear from left to right): Dan Kirtz, Guan Xiao Ping, Tao Zhan Feng, Terry Ward, An Zhi Qiang, Chen Ping, Eddie Chong, Allan Gu and Jin Wei and (sitting in front from left to right) Liu Jian, Zhou Jun, Lucy Yang, Rainbow Xie, Chen Ping and David Ren. (Not pictured: Jim Shawcross.)



Based in Kleve, Germany, SPECTRO adds over \$100 million in annual sales and holds a leading position in several optical emission spectrometry technologies widely used in metals and environmental analysis.

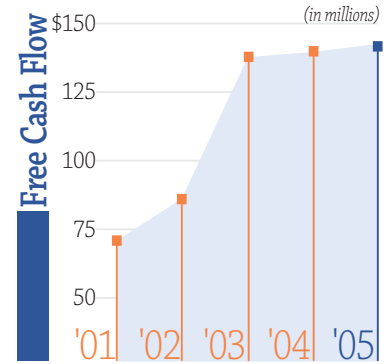
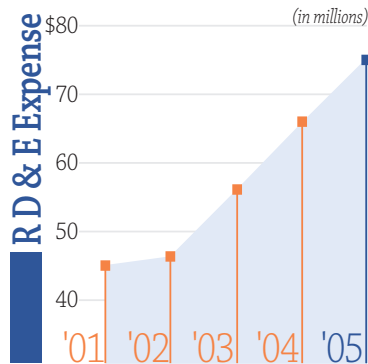
SPECTRO's products complement AMETEK's other instrument businesses, especially EDAX, which manufactures similar instruments used in elemental analysis.

Three businesses acquired as part of Solartron in 2005 fit nicely with several of AMETEK's current process and analytical instrument businesses. These differentiated, niche-focused businesses enabled AMETEK to expand its geographic reach and broaden its product offerings with instruments for corrosion measurement, metrology, and oil and gas applications.

Solartron Analytical produces high-precision measurement instrumentation and software for corrosion measurement.

Solartron Metrology is a leader in instruments that measure the size and form of machined and fabricated parts for the aerospace, semiconductor and other industrial markets.

Solartron ISA designs and manufactures flow measurement devices for the oil and gas industry.



### MAKING THE CONNECTION IN ELECTRONIC DEVICES

HCC Industries, acquired in 2005, represents a new business platform for AMETEK's Electromechanical Group. HCC is a leading producer of hermetically sealed connectors, terminals, headers and microelectronic packages.

HCC's products are essential components of electronic devices used in aerospace, military, industrial and petrochemical applications. HCC's products feature highly engineered glass-to-metal and ceramic-to-metal seals that protect sensitive electronic devices from environmental and thermal damage.

Advanced metal matrix composites from AMETEK have long been used in electronic thermal management of connectors, headers and microelectronic packages, and many of the end users of these products are familiar to AMETEK through its aerospace and defense businesses.



HCC enjoys an excellent technical reputation and strong customer relations in these markets and is expected to provide AMETEK with growth opportunities into adjacent markets and industries.

### UNTAPPED OPPORTUNITIES IN OIL AND GAS

Quizix, a small technology acquisition completed in 2005, adds to AMETEK's technical competence in high-growth energy markets. Quizix manufactures precision pumping systems that allow oil and gas producers to replicate conditions at the bottom of their production wells, permitting them to test core

samples under simulated field conditions.

Quizix complements other AMETEK acquisitions in the oil and gas market. These include Solartron ISA, acquired in 2005, and Chandler Instruments, acquired in 2003. These businesses have instruments that are used at the wellhead for drilling, completion and production as well as upstream for transmission and distribution of gas and fuels.

# Financial

## *Management's Discussion & Analysis*

This 2005 summary annual report contains abbreviated financial information. The complete text of Management's Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and footnotes are presented in AMETEK's 2005 Form 10-K, and in Appendix A to the Company's Proxy Statement for its 2006 Annual Meeting.

**OVERVIEW** As a multinational business, AMETEK's operations are affected by global, regional and industry economic factors. However, the Company's strategic geographic and industry diversity, and its mix of products and services, have helped to limit the potential adverse impact of any unfavorable developments in one industry, or the economy of any single country, on its consolidated operating results. In 2005, the Company experienced improved market conditions in most of its businesses. Strong internal growth and recent acquisitions, combined with successful Operational Excellence initiatives, enabled the Company to post another year of record sales, operating income, net income, and diluted earnings per share in 2005. In addition, AMETEK generated record cash flow from its operating activities in 2005.

The table on the opposite page sets forth net sales and operating income for the Company by business segment and on a consolidated basis for the years ended December 31, 2005, 2004, and 2003. The discussion that follows should be read in conjunction with the condensed consolidated financial statements appearing elsewhere in this summary annual report.

**REVIEW OF OPERATIONS** AMETEK reported sales of \$1,434.5 million in 2005, an increase of \$202.1 million, or 16.4%, from sales of \$1,232.3 million in 2004. The 2005 sales increase was the result of the recent acquisitions

and internal growth in both the Company's Electronic Instruments Group (EIG) and its Electromechanical Group (EMG). Net sales for EIG were \$808.5 million in 2005, an increase of 21.1% from sales of \$667.4 million in 2004. EIG's internal sales growth was 4.6% in 2005, driven by strength in its high-end analytical instruments business and the aerospace and power businesses. The acquisitions of SPECTRO in June 2005, Solartron in September 2005, and Taylor Hobson in June 2004 also contributed to the sales growth. Net sales for EMG were \$626.0 million in 2005, an increase of 10.8% from sales of \$564.9 million in 2004. EMG's internal sales growth was 4.2% in 2005 driven by the Group's differentiated businesses, partially offset by flat market conditions within the Group's cost-driven businesses. The acquisitions of HCC in October 2005 and Hughes-Treitler in July 2004 also contributed to the sales increase.

Total international sales for 2005 increased to \$655.9 million or 45.7% of consolidated sales, an increase of \$119.3 million or 22.2% when compared with international sales of \$536.6 million or 43.5% of consolidated sales in 2004. The increase in international sales resulted from the acquisitions previously mentioned as well as from base businesses. Increased international sales came mainly from sales to Europe and Asia by both operating groups. Export shipments from the United States, which are included in total international sales, were \$267.3 million in 2005, an increase of 15.2% compared with \$232.0 million in 2004.

New orders for 2005 were \$1,534.3 million, compared with \$1,287.0 million for 2004, an increase of \$247.3 million or 19.2%. Most of the increase in orders was driven by improved demand in the Company's differentiated businesses, led by the Company's aerospace and process businesses as well as the 2005 acquisitions mentioned above. The order backlog at December 31, 2005 was \$440.7 million, compared with \$340.9 million at December 31, 2004, an increase of \$99.8 million

# Review

(Dollars in thousands)  
Years Ended December 31,

	2005		2004		2003	
<b>Net Sales:</b>						
Electronic Instruments	\$ 808,493		\$ 667,418		\$ 561,879	
Electromechanical	625,964		564,900		529,743	
Total net sales	<b>\$1,434,457</b>		\$1,232,318		\$1,091,622	
	% of Sales		% of Sales		% of Sales	
<b>Operating Income:</b>						
Segment operating income:						
Electronic Instruments	\$ 166,423	20.6	\$126,372	18.9	\$ 94,976	16.9
Electromechanical	100,347	16.0	94,250	16.7	84,151	15.9
Total segment operating income	266,770	18.6	220,622	17.9	179,127	16.4
Corporate administrative and other expenses	(27,361)	(1.9)	(24,388)	(2.0)	(22,366)	(2.0)
Consolidated operating income	<b>\$ 239,409</b>	<b>16.7</b>	\$196,234	15.9	\$156,761	14.4

or 29.3%. The increase in backlog was due mainly to the 2005 acquisitions. Backlog increases were also reported by many of the Company's base differentiated businesses.

Segment operating income was \$266.8 million for 2005, an increase of \$46.2 million, or 20.9%, compared with segment operating income of \$220.6 million for 2004. Segment operating margins in 2005 were 18.6% of sales, an increase from 17.9% of sales in 2004. The increase in segment operating income was due to higher sales from the Company's differentiated businesses. Approximately half of the increase in operating income was from the recent acquisitions. The margin improvement came entirely from the Company's base differentiated businesses.

Selling, general, and administrative (SG&A) expenses were \$171.6 million in 2005, compared with \$135.5 million in 2004, an increase of \$36.1 million or 26.6%. As a percentage of sales, SG&A expenses were 12.0% in

2005, compared with 11.0% in 2004. Selling expenses, as a percentage of sales, increased to 10.1% in 2005, compared with 9.1% in 2004. The selling expense increase and the corresponding increase in selling expenses as a percentage of sales were due primarily to business acquisitions. The Company's acquisition strategy generally is to acquire differentiated businesses, which, because of their distribution channels and higher marketing costs, tend to have a higher rate of selling expenses. Base business selling expenses increased 5.0%, which approximates internal sales growth for 2005.

Corporate administrative expenses were \$27.4 million in 2005, an increase of \$3.0 million or 12.3%, when compared with 2004. The increase in corporate expenses is the result of higher restricted stock amortization expense related to the Company's 2004 change in its long-term incentive compensation program, and higher personnel costs necessary to grow the Company. The Company expects administrative expenses to increase

in 2006 due to expected continued growth in the business. As a percentage of sales, corporate administrative expenses were 1.9% in 2005, which is slightly lower than in 2004.

After deducting corporate administrative and other expenses, consolidated operating income was \$239.4 million in 2005, an increase of \$43.2 million or 22.0% compared with \$196.2 million in 2004. This represents an operating margin of 16.7% of sales for 2005 compared with 15.9% of sales in 2004.

Interest expense was \$32.9 million in 2005, an increase of 16.1% compared with \$28.3 million in 2004. The increase was due to higher average borrowing levels to fund the 2005 acquisitions, and higher average interest rates.

The effective tax rate for 2005 was 31.1% compared with 32.0% in 2004. The reduction in the effective tax rate was primarily due to the realization of tax benefits stemming from the Company's worldwide tax planning activities and other adjustments.

Net income for 2005 was \$140.6 million, an increase of \$27.9 million, or 24.8%, from \$112.7 million in 2004. Diluted earnings per share rose 22.1% to \$1.99 per share, an increase of \$0.36, when compared with \$1.63 per diluted share in 2004.

**REVIEW OF CASH FLOW AND FINANCIAL POSITION** Cash provided by operating activities totaled a record \$165.9 million for 2005, compared with \$161.3 million in 2004, an increase of \$4.6 million, or 2.9%. The increase in operating cash flow was primarily the result of higher earnings, partially offset by higher overall operating working capital requirements, mainly driven by the growth of the Company's business to meet the increased sales levels. In 2005, the Company contributed \$10.8 million to its defined benefit pension plans compared with \$6.1 million contributed in 2004. During 2004, the Company's operating activities also included \$13.8 million of net cash from insurance proceeds and refunds from prior years' tax returns. Free cash flow

(operating cash flow less capital spending) was \$142.6 million in 2005, slightly higher than in 2004. EBITDA (earnings before interest, income taxes, depreciation and amortization) was \$275.8 million in 2005, compared with \$233.4 million in 2004, an 18.2% improvement. (See table on page 25 for a reconciliation of U.S. GAAP measures to comparable non-GAAP measures).

Cash used for investing activities was \$361.8 million for 2005, compared with \$154.5 million in 2004. In 2005, the Company acquired SPECTRO for \$97.7 million in cash, Solartron for \$76.9 million in cash, and HCC for \$163.6 million in cash (each is net of cash received). In addition, the Company acquired two small technology lines for cash, bringing the total cash outlay for acquisitions in 2005 to \$340.7 million, including transaction costs, and net of cash received with the acquisitions. In 2004, the Company acquired Taylor Hobson and Hughes-Treitler for \$143.5 million of cash, net of cash received. Additions to property, plant and equipment totaled \$23.3 million in 2005, compared with \$21.0 million in 2004. Approximately 54% of the capital expenditures in 2005 were to increase productivity and expand production capacity. The Company expects 2006 capital expenditures to approximate 2% of sales with continued emphasis on productivity improvements and capacity expansions.

Cash provided by financing activities totaled \$196.8 million in 2005, compared with cash provided of \$15.5 million in 2004. In 2005, total borrowings, net of repayments, increased by \$197.5 million, compared with a net increase of \$15.5 million in 2004. The net increase in long-term borrowings was \$91.8 million in 2005 compared with a net increase of \$71.1 million in 2004. Short-term borrowings increased \$105.7 million in 2005, compared with a decrease of \$55.6 million in 2004. In 2005, long-term borrowings included a new 50 million euro (\$59.2 million) ten-year term loan, which was completed in the third quarter of 2005, to finance the acquisition of SPECTRO. Additionally, 21.5 million British pounds (approximately \$37.0 million) was outstanding at December 31, 2005 related to a floating

term loan due in annual installments over a 5-year period to finance a portion of the price to purchase Solartron in September 2005, along with \$162.0 million borrowed under the Company's \$300 million revolving credit facility and the accounts receivable securitization program to acquire HCC in October 2005. The euro and British pound borrowings provide natural hedges of the Company's investment in the German-based SPECTRO business and the United Kingdom-based Solartron business. The Company had available borrowing capacity of \$201.9 million under its \$300 million revolving bank credit facility, and had fully utilized its \$75.0 million accounts receivable securitization facility at December 31, 2005. The revolving bank credit facility was amended in June 2005 to extend its expiration date from February 2009 to June 2010. The amendment also lowered the Company's cost of capital, reduced the number of financial covenants required, and eased or removed other financial restrictions. It also added an "accordion feature" that permits the Company to request up to an additional \$100 million in revolving credit commitments at any time during the term of the revolving credit agreement. Extension of the credit facility provides the Company with increased flexibility to support its growth plans.

At December 31, 2005, total debt outstanding was \$631.4 million compared with \$450.1 million at December 31, 2004. The debt-to-capital ratio was 43.9% at December 31, 2005, compared with 40.6% at December 31, 2004. The increased debt-to-capital ratio was the result of the additional borrowing used to partially finance the 2005 acquisitions. The Company's debt agreements contain various covenants including limitations on indebtedness and dividend payments, and maintenance of certain financial ratios. At December 31, 2005 and 2004, the Company was in compliance with the debt covenants.

There were no repurchases of the Company's common stock in 2005 or 2004. As of December 31, 2005, \$52.4 million was available, under the current Board authorization, for future share repurchases.

As a result of all of the Company's cash flow activities in 2005, cash and cash equivalents at December 31, 2005 totaled \$35.5 million, compared with \$37.6 million at December 31, 2004. The Company believes it has sufficient cash-generating capabilities from domestic and unrestricted foreign sources, and available financing alternatives, to enable it to meet operating needs.

#### **FORWARD-LOOKING INFORMATION AND RISK FACTORS**

Except for historical information contained in this summary annual report, certain statements made herein, which state the Company's prediction for the future, are forward-looking statements, which involve risks and uncertainties that exist in the Company's operations and business environment and are subject to change based on various important factors. Actual results may differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company. Additional information concerning risk and other factors that could have a material adverse effect on our business, or cause actual results to differ from projections is contained in the Company's Form 10-K for the year ended December 31, 2005, filed with the Securities and Exchange Commission.

**CERTIFICATIONS** The Chief Executive Officer and Chief Financial Officer have certified in writing to the Securities and Exchange Commission (SEC) as to the integrity of the Company's financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, filed with the SEC, and the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting. The certifications are filed as Exhibit 31 to the said Form 10-K. On May 6, 2005, the Chief Executive Officer also certified to the New York Stock Exchange that he is not aware of any violation by the Company of the New York Stock Exchange corporate governance listing standards.

# Reports of Management

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

Company for its 2006 Annual Meeting. Both the internal auditors and independent registered public accounting firm have direct access to the Audit Committee.

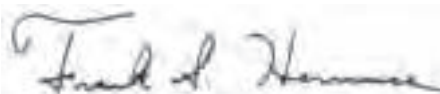
The Company's independent registered public accounting firm, Ernst & Young LLP, is engaged to render an opinion as to whether management's financial statements present fairly, in all material respects, the Company's financial position and results of operations. That report appears on page 20.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that the Company's internal control over financial reporting was effective as of December 31, 2005.

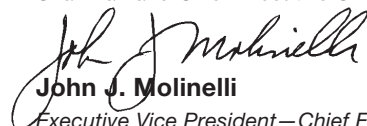
Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears on page 19.

March 1, 2006



**Frank S. Hermance**

*Chairman and Chief Executive Officer*



**John J. Molinelli**

*Executive Vice President—Chief Financial Officer*

# Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMETEK, INC.** We have audited management's assessment, included in the accompanying *Management's Report on Internal Control over Financial Reporting* (which appears on page 18), that AMETEK, Inc. maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). AMETEK, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. 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 opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, management's assessment that AMETEK, Inc. maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, AMETEK, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMETEK, Inc. as of December 31, 2005 and 2004, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2005, of AMETEK, Inc. and our report dated March 1, 2006, expressed an unqualified opinion thereon.

*Ernst + Young LLP*

Philadelphia, PA  
March 1, 2006

# Report of Independent Registered Public Accounting Firm on Condensed Consolidated Financial Statements

## **TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMETEK, INC.**

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMETEK, Inc. at December 31, 2005 and 2004, and the related consolidated statements of income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2005, (not presented separately herein) and in our report dated March 1, 2006, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements (which appear on pages 21 through 23) is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of AMETEK, Inc.'s internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2006, expressed an unqualified opinion thereon.

*Ernst + Young LLP*

Philadelphia, PA  
March 1, 2006

# Condensed Consolidated Statement of Income

(In thousands, except per share amounts)

Years Ended December 31,

	2005	2004	2003
<b>Net sales</b>	<b>\$1,434,457</b>	\$1,232,318	\$1,091,622
Operating expenses:			
Cost of sales (excluding depreciation)	<b>988,508</b>	863,827	785,441
Selling, general and administrative	<b>171,577</b>	135,494	115,186
Depreciation	<b>34,963</b>	36,763	34,234
Total operating expenses	<b>1,195,048</b>	1,036,084	934,861
<b>Operating income</b>	<b>239,409</b>	196,234	156,761
Other income (expenses):			
Interest expense	<b>(32,913)</b>	(28,343)	(26,017)
Other, net	<b>(2,288)</b>	(2,112)	(657)
Income before income taxes	<b>204,208</b>	165,779	130,087
Provision for income taxes	<b>63,565</b>	53,068	42,272
<b>Net income</b>	<b>\$ 140,643</b>	\$ 112,711	\$ 87,815
Basic earnings per share	<b>\$ 2.03</b>	\$ 1.66	\$ 1.32
<b>Diluted earnings per share</b>	<b>\$ 1.99</b>	\$ 1.63	\$ 1.30
Weighted average common shares outstanding:			
Basic shares	<b>69,151</b>	67,832	66,294
Diluted shares	<b>70,711</b>	69,254	67,620

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in an appendix to the Proxy Statement for the 2006 Annual Meeting.

# Condensed Consolidated Balance Sheet

(In thousands)  
December 31,

	2005	2004
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 35,545	\$ 37,582
Marketable securities	8,243	11,393
Receivables, less allowance for possible losses	269,395	217,329
Inventories	193,099	168,523
Deferred income taxes	21,154	5,201
Other current assets	28,871	21,912
Total current assets	556,307	461,940
<b>Property, plant and equipment, net</b>	<b>228,450</b>	<b>207,542</b>
<b>Goodwill</b>	<b>785,185</b>	<b>601,007</b>
<b>Other intangibles, net of accumulated amortization</b>	<b>117,948</b>	<b>79,259</b>
<b>Investments and other assets</b>	<b>92,710</b>	<b>70,604</b>
<b>Total assets</b>	<b>\$1,780,600</b>	<b>\$1,420,352</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings and current portion of long-term debt	156,130	49,943
Accounts payable	132,506	109,036
Income taxes payable	—	11,635
Accrued liabilities	117,156	102,224
Total current liabilities	405,792	272,838
<b>Long-term debt</b>	<b>475,309</b>	<b>400,177</b>
<b>Deferred income taxes</b>	<b>54,910</b>	<b>49,441</b>
<b>Other long-term liabilities</b>	<b>39,037</b>	<b>38,314</b>
<b>Stockholders' equity:</b>		
Preferred stock, \$0.01 par value; authorized: 5,000,000 shares; none issued	—	—
Common stock, \$0.01 par value; authorized: 200,000,000 shares; issued: 2005—71,696,022 shares; 2004—70,417,025 shares	717	704
Capital in excess of par value	78,313	52,182
Retained earnings	764,685	640,856
Accumulated other comprehensive losses	(20,916)	(9,643)
Less: Cost of shares held in treasury: 2005—1,219,654 shares; 2004—1,732,303 shares	(17,247)	(24,517)
Total stockholders' equity	805,552	659,582
<b>Total liabilities and stockholders' equity</b>	<b>\$1,780,600</b>	<b>\$1,420,352</b>

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in an appendix to the Proxy Statement for the 2006 Annual Meeting.

# Condensed Consolidated Statement of Cash Flows

(In thousands)

Years Ended December 31,

	2005	2004	2003
<b>Cash provided by (used for):</b>			
<b>Operating activities:</b>			
Net income	\$ 140,643	\$ 112,711	\$ 87,815
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,428	39,909	35,473
Deferred income taxes	10,768	7,518	12,286
Tax benefit from exercise of stock options	12,032	6,560	4,400
Changes in assets and liabilities (net of acquisitions):			
(Increase) decrease in receivables, inventories, and other current assets	(22,878)	(24,570)	12,565
(Decrease) increase in payables, accruals, and income taxes	(14,108)	17,184	8,653
Increase (decrease) in other long-term liabilities	4,112	2,895	(653)
Pension contribution	(10,810)	(6,114)	(5,179)
Other	6,677	5,187	3,943
Total operating activities	165,864	161,280	159,303
<b>Investing activities:</b>			
Additions to property, plant, and equipment	(23,261)	(21,025)	(21,326)
Purchase of businesses	(340,672)	(143,535)	(163,909)
Other	2,142	10,098	4,232
Total investing activities	(361,791)	(154,462)	(181,003)
<b>Financing activities:</b>			
Net change in short-term borrowings	105,708	(55,603)	(3,467)
Additional long-term borrowings	177,790	97,356	76,223
Reduction in long-term borrowings	(86,029)	(26,217)	(48,790)
Repurchases of common stock	—	—	(5,848)
Cash dividends paid	(16,814)	(16,277)	(8,124)
Proceeds from stock options and other	16,158	16,286	12,536
Total financing activities	196,813	15,545	22,530
Effect of exchange rate changes on cash and cash equivalents	(2,923)	906	—
(Decrease) increase in cash and cash equivalents	(2,037)	23,269	830
<b>Cash and cash equivalents:</b>			
Beginning of year	37,582	14,313	13,483
End of year	\$ 35,545	\$ 37,582	\$ 14,313

These condensed consolidated financial statements should be read in conjunction with the full financial statements and the notes presented in an appendix to the Proxy Statement for the 2006 Annual Meeting.

# Selected

(Dollars and shares in millions, except per share amounts)

	2005	2004	2003	2002	2001
<b>Consolidated Operating Results</b> (years ended December 31):					
Net sales	\$ 1,435.5	\$ 1,232.3	\$ 1,091.6	\$ 1,040.5	\$ 1,019.3
Operating income <sup>(1)</sup>	\$ 239.4	\$ 196.2	\$ 156.8	\$ 148.7	\$ 109.6
Interest expense	\$ (32.9)	\$ (28.3)	\$ (26.0)	\$ (25.2)	\$ (27.9)
Net income <sup>(1)</sup>	\$ 140.6	\$ 112.7	\$ 87.8	\$ 83.7	\$ 66.1
Diluted earnings per share <sup>(1)</sup>	\$ 1.99	\$ 1.63	\$ 1.30	\$ 1.24	\$ 0.99
Dividends declared and paid per share	\$ 0.24	\$ 0.24	\$ 0.12	\$ 0.12	\$ 0.12
Diluted weighted average common shares outstanding	70.7	69.3	67.6	67.3	66.9
<b>Operating Data</b> <sup>(1)</sup> (excluding unusual and nonrecurring items <sup>(2)</sup> ):					
Operating income	\$ 239.4	\$ 196.2	\$ 156.8	\$ 148.7	\$ 132.8
Operating income - Return on sales	16.7%	15.9%	14.4%	14.3%	13.0%
Operating income - Return on average total assets	15.0%	14.9%	14.0%	14.4%	14.1%
EBITDA <sup>(3)</sup>	\$ 275.8	\$ 233.4	\$ 191.1	\$ 180.4	\$ 178.0
Ratio of EBITDA to interest expense <sup>(3)</sup>	8.4x	8.2x	7.4x	7.2x	6.4x
Income from operations	\$ 140.6	\$ 112.7	\$ 87.8	\$ 83.7	\$ 70.8
Diluted earnings per share	\$ 1.99	\$ 1.63	\$ 1.30	\$ 1.24	\$ 1.06
<b>Other Data:</b>					
Depreciation and amortization <sup>(1)</sup>	\$ 39.4	\$ 39.9	\$ 35.5	\$ 33.0	\$ 46.5
Capital expenditures	\$ 23.3	\$ 21.0	\$ 21.3	\$ 17.4	\$ 29.4
Cash provided by operations	\$ 165.9	\$ 161.3	\$ 159.3	\$ 103.7	\$ 101.1
Free cash flow <sup>(4)</sup>	\$ 142.6	\$ 140.3	\$ 138.0	\$ 86.3	\$ 71.7
Ratio of earnings to fixed charges	6.4x	6.2x	5.5x	5.3x	3.7x
Net income - Return on average total capital	11.0%	10.9%	10.0%	10.4%	8.9%
Net income - Return on average stockholders' equity	19.2%	19.0%	18.5%	22.2%	21.5%
<b>Year-End Consolidated Financial Position:</b>					
Current assets	\$ 556.3	\$ 461.9	\$ 378.6	\$ 350.6	\$ 379.3
Current liabilities	\$ 405.8	\$ 272.8	\$ 289.2	\$ 261.4	\$ 336.2
Property, plant, and equipment	\$ 228.5	\$ 207.5	\$ 213.6	\$ 204.3	\$ 214.5
Total assets	\$ 1,780.6	\$ 1,420.4	\$ 1,217.1	\$ 1,030.0	\$ 1,039.5
Long-term debt	\$ 475.3	\$ 400.2	\$ 317.7	\$ 279.6	\$ 303.4
Total debt	\$ 631.4	\$ 450.1	\$ 424.4	\$ 390.1	\$ 470.8
Stockholders' equity	\$ 805.6	\$ 659.6	\$ 529.1	\$ 420.2	\$ 335.1
Total debt as a percentage of capitalization	43.9%	40.6%	44.5%	48.1%	58.4%
Stockholders' equity per share	\$ 11.43	\$ 9.60	\$ 7.90	\$ 6.35	\$ 5.11

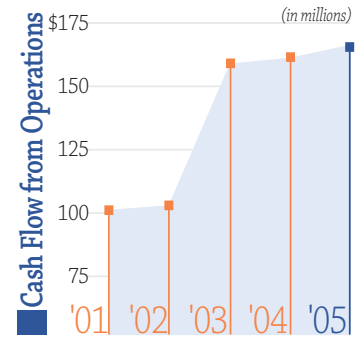
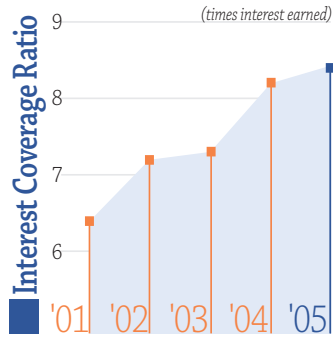
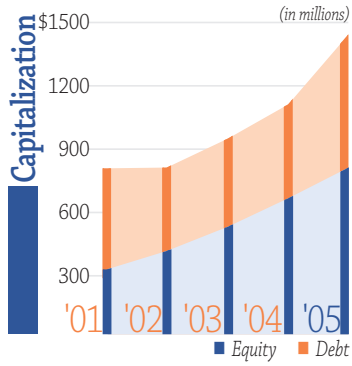
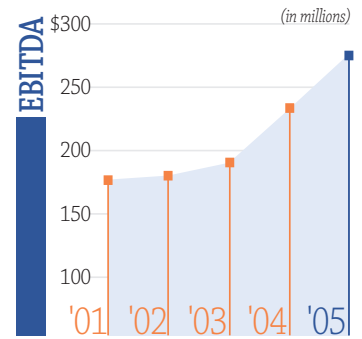
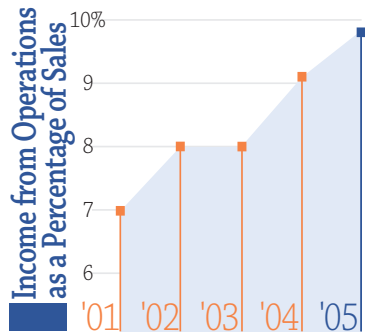
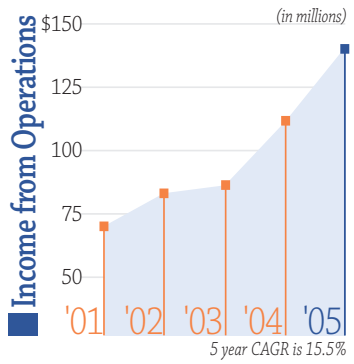
# Financial Data

- (1) Amounts in 2001 included the amortization of goodwill. Beginning in 2002, the Company accounted for goodwill in accordance with SFAS No. 142.
- (2) Amounts in 2001 excluded unusual pretax expenses of \$23.3 million, or \$15.3 million after tax (\$0.23 per diluted share), for cost realignment initiatives and asset write-downs. Also excluded from 2001 is a tax benefit of \$10.5 million (\$0.16 per diluted share) resulting from the closure of several tax years.
- (3) EBITDA represents income before interest, income taxes, depreciation and amortization, and unusual items. EBITDA is presented because the Company is aware that it is used by rating agencies, securities analysts, investors, and other parties in evaluating the Company. It should not be considered, however, as an alternative to net income as an indicator of the Company's operating performance, or as an alternative to cash flows as a measure of the Company's overall liquidity as presented in the Company's financial statements. Furthermore, AMETEK's EBITDA measure may not be comparable to similarly titled measures used by other companies. The table below presents the reconciliation of net income reported in accordance with U.S. generally accepted accounting practices (U.S. GAAP) to EBITDA.

	(In millions)				
	For the Year Ended December 31,				
	2005	2004	2003	2002	2001
Net income	<b>\$ 140.6</b>	\$ 112.7	\$ 87.8	\$ 83.7	\$ 66.1
Add (Deduct):					
Interest expense	<b>32.9</b>	28.3	26.0	25.2	27.9
Interest income	<b>(0.7)</b>	(0.6)	(0.5)	(0.7)	(1.0)
Income taxes	<b>63.6</b>	53.1	42.3	39.2	18.3
Depreciation	<b>35.0</b>	36.8	34.2	32.5	33.2
Amortization	<b>4.4</b>	3.1	1.3	0.5	13.3
Unusual items <sup>(2)</sup>	<b>—</b>	—	—	—	20.2
Total adjustments	<b>135.2</b>	120.7	103.3	96.7	111.9
EBITDA	<b>\$ 275.8</b>	\$ 233.4	\$ 191.1	\$ 180.4	\$ 178.0

- (4) Free cash flow represents cash flow from operating activities, before the effects of an accounts receivable securitization program, less capital expenditures. Free cash flow is presented because the Company is aware that it is used by rating agencies, securities analysts, investors and other parties in evaluating the Company. (Also see note 3 above.) The table below presents the reconciliation of cash flow from operating activities reported in accordance with U.S. GAAP to free cash flow.

	(In millions)				
	For the Year Ended December 31,				
	2005	2004	2003	2002	2001
Cash provided by operating activities	<b>\$ 165.9</b>	\$ 161.3	\$ 159.3	\$ 103.7	\$ 56.1
Add: Receivable securitization transactions	<b>—</b>	—	—	—	45.0
Total cash from operating activities (before receivable securitization transactions)	<b>165.9</b>	161.3	159.3	103.7	101.1
Deduct: Capital expenditures	<b>(23.3)</b>	(21.0)	(21.3)	(17.4)	(29.4)
Free cash flow	<b>\$ 142.6</b>	\$ 140.3	\$ 138.0	\$ 86.3	\$ 71.7



# Directors and Officers of the Company

## BOARD OF DIRECTORS

### **Lewis G. Cole**

*Of Counsel, Stroock & Stroock & Lavan LLP, Attorneys*

### **Helmut N. Friedlaender\***

*Private Investor*

### **Sheldon S. Gordon**

*Chairman of Union Bancaire Privée International Holdings, Inc.*

### **Frank S. Hermance**

*Chairman and Chief Executive Officer*

### **Charles D. Klein**

*Financial Adviser; A Managing Director of American Securities, L.P.*

### **James R. Malone**

*Founder and Managing Partner, Qorval LLC*

### **David P. Steinmann**

*A Managing Director of American Securities, L.P.*

### **Elizabeth R. Varet**

*Private Investor; Chairman of American Securities, L.P.*

*\* Retires as a Director on April 25, 2006.  
Director Emeritus effective April 25, 2006.*

## CORPORATE EXECUTIVE OFFICE

### **Frank S. Hermance**

*Chairman and Chief Executive Officer*

### **John J. Molinelli**

*Executive Vice President—  
Chief Financial Officer*

### **Robert W. Chlebek**

*President, Electronic Instruments*

### **Timothy N. Jones**

*President, Electromechanical Group*

### **David A. Zapico**

*President, Electronic Instruments*

## CORPORATE OFFICERS

### **William D. Eginton**

*Senior Vice President,  
Corporate Development*

### **Robert R. Mandos, Jr.**

*Senior Vice President and Comptroller*

### **William J. Burke**

*Vice President, Investor and  
Corporate Relations*

### **Thomas A. Deeney**

*Vice President, Compliance and Auditing*

### **Elaine M. Gorman**

*Vice President, Shared Services*

### **William P. Lawson**

*Vice President and  
Chief Information Officer*

### **Deirdre D. Saunders**

*Vice President and Treasurer*

### **Isaac S. Smalls**

*Vice President, Financial Reporting*

### **John J. Weaver**

*Vice President, Human Resources*

## OPERATING OFFICERS

### **John Wesley Hardin**

*Senior Vice President,  
Aerospace and Defense*

### **Tiziano M. Barni**

*Vice President, Vacuum Products  
Division, Ciaramella Division and  
AMETEK electromotory S.R.O.*

### **Jeffrey A. Beck**

*Vice President,  
Power Systems and Instruments*

### **Donald W. Carlson**

*Vice President, U.S. Gauge*

### **Preben Carøe**

*Vice President,  
Test and Calibration Instruments*

### **Alan H. Devenish**

*Vice President, Materials Analysis*

### **Richard L. Ferraid**

*Vice President, HCC Industries*

### **Matthew C. French**

*Vice President,  
Technical and Industrial Products*

### **Laurence K. Hayward**

*Vice President, Chemical Products*

### **Stephen N. Hoiles**

*Vice President, Dixon*

### **Allan Imrie**

*Vice President,  
Precision Instruments—Europe*

### **George W. Jucha**

*Vice President, Specialty Metal Products*

### **Jon P. Kidder**

*Vice President,  
Advanced Measurement Technology*

### **Charles F. Kovac**

*Vice President, Global Floor Care  
and Specialty Motors*

### **Lim Meng Kee**

*Vice President, Asia*

### **Richard A. Madamba**

*Vice President, Thermal Management  
Systems, Aerospace and Defense*

### **Thomas C. Marcic**

*Vice President,  
Process and Analytical Instruments*

### **Denise M. Schier**

*Vice President, Commercial Motors*

### **Roger A. Smith**

*Vice President, Marketing and Sales,  
Household Global Floor Care*

### **James E. Visnic**

*Vice President, Sensor Technology*

### **Bruce P. Wilson**

*Vice President, Taylor Hobson*

# Shareholder Information

## CORPORATE OFFICE

AMETEK, Inc.  
37 North Valley Road, Building 4  
Paoli, PA 19301-0801  
610-647-2121 or 800-473-1286

The Corporate Office is located in suburban Philadelphia.

## INVESTOR COMMUNICATIONS

Investors seeking the Form 10-K and additional information about the Company may call or write to Investor Relations at the Corporate Office. AMETEK earnings announcements, press releases, SEC filings, and other investor information are available at Investors on AMETEK's Web site: [www.ametek.com](http://www.ametek.com).

## ANNUAL MEETING

Tuesday, April 25, 2006, 2 p.m.  
J.P. Morgan Chase & Co.  
11th Floor Conference Center  
270 Park Avenue  
New York, NY 10017

All shareholders are invited to attend.

## STOCK EXCHANGE LISTING

New York Stock Exchange  
Symbol: AME

## SHAREHOLDER SERVICES

American Stock Transfer and Trust Co.  
59 Maiden Lane  
New York, NY 10038  
Attn: Shareholder Services  
718-921-8200 or 800-937-5449

[www.amstock.com](http://www.amstock.com)

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

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
Philadelphia, PA

## CORPORATE COUNSEL

Stroock & Stroock & Lavan LLP  
New York, NY

*AMETEK is an equal opportunity employer.*





37 North Valley Road  
Paoli, PA 19301-0801  
[www.ametek.com](http://www.ametek.com)

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