AMETEK INC/
Form 10-K
February 26, 2009

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

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

For the transition period from to

Commission file number 1-12981

AMETEK, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**14-1682544** (I.R.S. Employer Identification No.)
37 North Valley Road, Building 4 **P.O. Box 1764** **Paoli, Pennsylvania** (Address of principal executive offices)	**19301-0801** (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 Par Value (voting)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of Class)

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

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

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

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

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was $5,037,380,113 as of June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter.

The number of shares of the registrant s Common Stock outstanding as of January 30, 2009 was 106,756,785.

Documents Incorporated by Reference

Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Stockholders on April 21, 2009.

AMETEK, Inc.

2008 Form 10-K Annual Report
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PART I

Item 1. Business

General Development of Business

AMETEK, Inc. (AMETEK or the Company) is incorporated in Delaware. Its predecessor was originally incorporated in Delaware in 1930 under the name American Machine and Metals, Inc. The Company maintains its principal executive offices in suburban Philadelphia, Pennsylvania at 37 North Valley Road, Building 4, Paoli, Pennsylvania 19301. AMETEK is a leading global manufacturer of electronic instruments and electromechanical devices with operations in North America, Europe, Asia and South America. The Company is listed on the New York Stock Exchange (symbol: AME). The common stock of AMETEK is a component of the S&P MidCap 400 and the Russell 1000 Indices.

Website Access to Information

The Company s annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available free of charge on the Company s website at www.ametek.com (in the Investors Financial News and Information section), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. The Company has posted, free of charge, to the investor information portion of its website, its corporate governance guidelines, Board committee charters and codes of ethics. Such documents are also available in published form, free of charge, to any stockholder who requests them by writing to the Investor Relations Department at AMETEK, Inc., 37 North Valley Road, Building 4, Paoli, Pennsylvania 19301.

Products and Services

The Company markets its products worldwide through two operating groups, the Electronic Instruments Group (EIG) and the Electromechanical Group (EMG). EIG builds monitoring, testing, calibration and display devices for the process, aerospace, industrial and power markets. EMG is a supplier of electromechanical devices. EMG produces highly engineered electromechanical connectors for hermetic (moisture-proof) applications, specialty metals for niche markets and brushless air-moving motors, blowers and heat exchangers. End markets include aerospace, defense, mass transit, medical, office products and other industrial markets. The Company believes that EMG is the world s largest manufacturer of air-moving electric motors for vacuum cleaners and is a prominent producer of motors for other floor care products. The Company continues to grow through strategic acquisitions focused on differentiated niche markets in instrumentation and electromechanical devices.

Competitive Strengths

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

Significant Market Share. AMETEK maintains a significant share in many of its targeted niche markets because of its ability to produce and deliver high-quality products at competitive prices. In EIG, the Company maintains significant market positions in many niche segments within the process, aerospace, industrial and power instrumentation markets. In EMG, the Company maintains significant market positions in many niche segments including aerospace, defense, mass transit, medical, office products and air-moving motors for the floor care market.

Technological and Development Capabilities. AMETEK believes it has certain technological advantages over its competitors that allow it to develop innovative products and maintain leading market positions. Historically, the Company has grown by extending its technical expertise into the manufacture of customized products for its customers, as well as through strategic acquisitions. EIG competes primarily on the basis of product innovation in several highly specialized instrumentation markets, including process measurement, aerospace, power and heavy-vehicle dashboard instrumentation. EMG s differentiated businesses focus on

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developing customized products for specialized applications in aerospace and defense, medical, business machines and other industrial applications. In its cost-driven motor business, EMG focuses on low-cost design and manufacturing, while enhancing motor-blower performance through advances in power, efficiency, lighter weight and quieter operation.

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

Experienced Management Team. Another key component of AMETEK s success is the strength of its management team and its commitment to the performance of the Company. AMETEK s senior management has extensive experience, averaging approximately 23 years with the Company, and is financially committed to the Company s success through Company-established stock ownership guidelines and equity incentive programs.

Business Strategy

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

AMETEK s Corporate Growth Plan consists of four key strategies:

Operational Excellence. Operational Excellence is AMETEK s cornerstone strategy for improving profit margins and strengthening the Company s competitive position across its businesses. Through its Operational Excellence strategy, the Company seeks to reduce production costs and improve its market positions. The strategy has played a key role in achieving synergies from newly acquired companies. AMETEK believes that Operational Excellence, which focuses on Six Sigma process improvements, global sourcing and lean manufacturing and also emphasizes team building and a participative management culture, has enabled the Company to improve operating efficiencies and product quality, increase customer satisfaction and yield higher cash flow from operations, while lowering operating and administrative costs and shortening manufacturing cycle times.

New Product Development. One of AMETEK s greatest strengths is the ability to develop innovative new products and bring them to market successfully. Recent product introductions include:

CAMECA® Shallow Probe LexFab 300 utilizes a unique surface probing technology to improve throughput and yield in semiconductor manufacturing facilities;

Chatillon® TCD225 Series advanced force testing system incorporates the latest design and control features in an innovative, tabletop force measurement instrument used for a broad range of quality control applications;

EDAX® Orbis micro-analytical system sets a new standard in compact tabletop systems for elemental analysis by incorporating advanced X-ray fluorescence and optics technology;

ORTEC® Micro-Detective lightweight, high-resolution detector is the latest addition to the highly successful Detective family of advanced radiation identifiers used for nuclear material detection, surveillance and monitoring;

Hamilton Precision Metals latest ultra-smooth stainless steel strips find application in thin-film solar cells;

PITTMAN® slotless brushless DC servo motors provide smooth and quiet operation and extended service life for data storage, medical/biotech, semiconductor processing and motion control applications;

Solartron™ SST ultra-deepwater pressure and temperature transmitters are used by leading oil and gas exploration companies in the most demanding and hostile subsea environments;

SPECTRO™ x-SORT, i-SORT and SPECTROTEST spectrometers round out a full line of high-performance mobile analyzers for onsite metal analysis;

Talyrond™ 395 surface analysis system represents a significant advancement in nanometric surface measurement offering unmatched performance and flexibility for ultra-precise manufacturing applications;

Western Research® Model 9000 RM is a compact, rugged multi-gas analyzer designed specifically for highly demanding Continuous Emissions Monitoring applications; and

AMETEK® 8.4-inch diameter motor-blower achieves higher output, greater efficiency and lower noise in the same footprint as a 7.4-inch diameter blower for a wide range of vacuum and blower applications.

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

Strategic Acquisitions and Alliances. The Company continues to pursue strategic acquisitions, both domestically and internationally, to expand and strengthen its product lines, improve its market share positions and increase earnings through sales growth and operational efficiencies at the acquired businesses. Since the beginning of 2004, through December 31, 2008, the Company has completed 23 acquisitions with annualized sales totaling approximately $1.0 billion, including 6 acquisitions in 2008 representing approximately $290 million in annualized sales (see Recent Acquisitions). Those acquisitions have enhanced AMETEK s position in analytical instrumentation, aerospace, and electrical interconnects and packaging. Through these and prior acquisitions, the Company s management team has gained considerable experience in successfully acquiring and integrating new businesses. The Company intends to continue to pursue this acquisition strategy.

2008 Overview

Operating Performance

In 2008, AMETEK generated sales of $2.5 billion, an increase of 18% from 2007, and increased net income by 8%. The Company set records for sales, operating income, net income and diluted earnings per share. This strong performance was driven by strong internal growth in each of the Company s two reportable segments, the contribution of recently acquired businesses and the Company s continuing cost reduction initiatives.

Financing

In the third quarter of 2008, the Company completed a private placement agreement to sell $350 million in senior notes to a group of institutional investors. There were two funding dates for the senior notes. The first funding occurred in September 2008 for $250 million, consisting of $90 million in aggregate principal amount of

6.59% senior notes due September 2015 and $160 million in aggregate principal amount of 7.08% senior notes due September 2018. The second funding date occurred in December 2008 for $100 million, consisting of $35 million in aggregate principal amount of 6.69% senior notes due December 2015 and $65 million in aggregate principal amount of 7.18% senior notes due December 2018. The senior notes carry a weighted average interest rate of 6.93%. The proceeds from the senior notes were used to pay down a portion of the borrowings outstanding under the Company s revolving credit facility.

In July 2008, the Company repaid the $225 million 7.20% senior notes due July 2008 using the proceeds from borrowings under its existing revolving credit facility. Also in July 2008, the Company obtained the second funding of $80 million in aggregate principal amount of 6.35% senior notes due July 2018 under the 2007 private placement agreement, which completed the sale of $450 million in senior notes to a group of institutional investors. The first funding of the 2007 private placement occurred in December 2007 for $370 million, consisting of $270 million in aggregate principal amount of 6.20% senior notes due December 2017 and $100 million in aggregate principal amount of 6.30% senior notes due December 2019.

The accounts receivable securitization facility was amended and restated in May 2008, extending the expiration date from May 2008 to May 2009, and bringing the borrowing capacity to $100 million, from $110 million previously.

Recent Acquisitions

The Company spent $463.0 million for six business acquisitions and one technology line acquisition in 2008. The six businesses acquired have annualized sales of approximately $290 million.

In February 2008, the Company acquired Drake Air (Drake). Drake is a provider of heat-transfer repair services to the commercial aerospace industry. Drake is a part of EMG.

In February 2008, the Company acquired Motion Control Group (MCG). MCG is a leading global manufacturer of highly customized motors and motion control solutions for the medical, life sciences, industrial automation, semiconductor and aviation markets. MCG is a part of EMG.

In April 2008, the Company acquired Reading Alloys. Reading Alloys is a global leader in specialty titanium master alloys and highly engineered metal powders used in the aerospace, medical implant, military and electronics markets. Reading Alloys is a part of EMG.

In June 2008, the Company acquired Vision Research, Inc. Vision Research is a leading manufacturer of high-speed digital imaging systems used for motion capture and analysis in numerous test and measurement applications. Vision Research is a part of EIG.

In August 2008, the Company acquired the programmable power business of Xantrex Technology, Inc. (Xantrex Programmable). Xantrex Programmable is a leader in alternating current (AC) and direct current (DC) programmable power supplies used to test electrical and electronic products. Xantrex Programmable is a part of EIG.

In November 2008, the Company acquired UK-based Muirhead Aerospace Limited (Muirhead). Muirhead is a leading manufacturer of motion technology products and a provider of avionics repair and overhaul services for the aerospace and defense markets. Muirhead is a part of EMG.

Financial Information About Reportable Segments, Foreign Operations and Export Sales

Information with respect to reportable segments and geographic areas is set forth in Note 15 to the Consolidated Financial Statements.

The Company s international sales increased 16% to $1,225.5 million in 2008. The increase was driven by both internal growth and acquisitions. The Company increased export sales of products manufactured in the United States, as well as sales from overseas operations. International sales represented 48% of consolidated net sales in 2008 compared with 49% in 2007.

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Description of Business

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

EIG

EIG is comprised of a group of differentiated businesses. EIG applies its specialized market focus and technology to manufacture instruments used for testing, monitoring, calibration and display for the process, aerospace, industrial and power markets. EIG s growth is based on the four strategies outlined in AMETEK s Corporate Growth Plan. EIG designs products that, in many instances, are significantly different from, or technologically better than, competing products. It has reduced costs by implementing operational improvements, achieving acquisition synergies, improving supply chain management, moving production to low-cost locales and reducing headcount. EIG is among the leaders in many of the specialized markets it serves, including aerospace engine sensors, heavy-vehicle instrument panels, analytical instrumentation, level measurement products, power instruments and pressure gauges. It has joint venture operations in Japan, China and Taiwan. 53% of EIG s 2008 sales were to markets outside the United States.

At December 31, 2008, EIG employed approximately 5,700 people, of whom approximately 900 were covered by collective bargaining agreements. EIG had 48 manufacturing facilities: 33 in the United States, seven in the United Kingdom, three in Germany and one each in France, Austria, Denmark, Argentina and Canada at December 31, 2008. EIG also shares manufacturing facilities with EMG in Mexico.

Process and Analytical Instrumentation Markets and Products

65% of EIG s 2008 sales were from instruments for process and analytical measurement and analysis. These include: oxygen, moisture, combustion and liquid analyzers; emission monitors; spectrometers; mechanical and electronic pressure sensors and transmitters; radiation measurement devices; level measurement devices; precision pumping systems; and force-measurement and materials testing instrumentation. EIG s focus is on the process industries, including oil, gas and petrochemical refining, power generation, specialty gas production, water and waste treatment, natural gas distribution and semiconductor manufacturing. AMETEK s analytical instruments are also used for precision measurement in a number of other applications including radiation detection for Homeland Security, materials analysis, nanotechnology research and other test and measurement applications.

Vision Research, acquired in June 2008, is a global leader and innovator in high-speed digital imaging technology. Its highly differentiated products include a broad array of high-speed digital cameras for capturing data in product characterization and motion analysis applications, including a high-speed digital camera, the Phantom® v12, capable of capturing one million pictures per second.

Cameca SAS (Cameca), acquired in August 2007, manufactures high-end elemental analysis systems used in advanced laboratory research, semiconductor and nanotechnology applications. Cameca s instruments measure the elemental and isotopic composition of micro- or nanovolumes at the surface or below the surface of a solid object. This extremely sensitive technology can measure atoms down to the part-per-billion level. The customer base, which is very diverse, includes semiconductor labs, semiconductor manufacturers and academic, governmental and industrial labs engaged in advanced research in nanotechnology, metals and nuclear science.

Power and Industrial Instrumentation Markets and Products

19% of EIG s 2008 sales were to the power and industrial instrumentation markets.

AMETEK s Power businesses provide analytical instruments, uninterruptible power supply systems and programmable power supplies used in a wide variety of industrial settings.

EIG is a leader in the design and manufacture of power measurement and recording instrumentation used by the electric power and manufacturing industries. Those products include power transducers and meters, event and transient recorders, annunciators and alarm monitoring systems used to measure, monitor and record variables in the transmission and distribution of electric power.

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EIG s Solidstate Controls designs and manufactures uninterruptible power supply systems for the process and power generation industries. EIG also manufactures sensor systems for land-based gas turbines and for boilers and burners used by the utility, petrochemical, process and marine industries worldwide.

EIG s programmable power business is a leader in programmable AC and DC power sources and pursues growth opportunities in the highly attractive electronic test and measurement equipment market.

Xantrex Programmable, acquired in July 2008, is a leader in programmable AC and DC power sources used to test electrical and electronic products by simulating various input voltages, frequencies and potentially harmful line transients. Its products are used in design verification testing, manufacturing, quality assurance and regulatory compliance by its customers in a wide range of industries, including aviation, military, and general electronics.

California Instruments Corporation, acquired in December 2007, is a leader in programmable AC power sources used to test electrical and electronic products.

EIG s Instrumentation and Specialty Controls business is a leading North American manufacturer of dashboard instruments for heavy trucks and is also among the major suppliers of similar products for construction vehicles. It has strong product development capability in solid-state instruments that primarily monitor and display engine operating parameters. Through its NCC business, EIG has a leading position in the food service instrumentation market and is a primary source for stand-alone and integrated timing controls for the food service industry.

Aerospace Instrumentation Markets and Products

16% of EIG s 2008 sales were from aerospace products. AMETEK s aerospace products are designed to customer specifications and are manufactured to stringent operational and reliability requirements. Its aerospace business operates in specialized markets, where its products have a technological and/or cost advantage. Acquisitions have complemented and expanded EIG s core sensor and transducer product line, used in a wide range of aerospace applications.

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

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

Advanced Industries, Inc., acquired in June 2007, manufactures starter generators, brush and brushless motors, vane-axial and centrifugal blowers, and linear actuators for the business jet, light jet and helicopter markets. These differentiated products complement the Company s AMPHION product line of power management products for the aerospace industry and have broadened the Company s product offering in the power management subsystem market.

B&S Aircraft Parts & Accessories, also acquired in June 2007, provides third-party maintenance, repair and overhaul (MRO) services, primarily for starter generators and hydraulic and fuel system components, for a variety of business aircraft and helicopter applications.

Customers

EIG is not dependent on any single customer such that the loss of that customer would have a material adverse effect on EIG s operations. 11% of EIG s 2008 sales were made to its five largest customers and no one customer accounted for 10% or more of 2008 consolidated net sales.

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EMG

EMG is among the leaders in many of the specialized markets it serves, including highly engineered motors, blowers, fans, heat exchangers, connectors, and other electromechanical products or systems for commercial and military aerospace applications, defense, medical equipment, business machines, computers and other power or industrial applications. In its cost-driven motor business, the Company believes that EMG is the world s largest producer of high-speed, air-moving electric motors for OEMs of floor care products. EMG designs products that, in many instances, are significantly different from, or technologically better than, competing products. It has reduced costs by implementing operational improvements, achieving acquisition synergies, improving supply chain management, moving production to low-cost locales and reducing headcount. 43% of EMG s 2008 sales were to customers outside the United States.

At December 31, 2008, EMG employed approximately 5,600 people, of whom approximately 2,300 were covered by collective bargaining agreements (including some that are covered by local unions). EMG had 51 manufacturing facilities: 28 in the United States, 12 in the United Kingdom, three in France, two each in Italy, Mexico and the Czech Republic and one each in China and Brazil at December 31, 2008.

Differentiated Businesses

Differentiated businesses account for an increasing proportion of EMG s overall sales base. Differentiated businesses represented 73% of EMG s sales in 2008 and are comprised of the technical motors and systems businesses and the engineered materials, interconnects and packaging businesses.

Technical Motors and Systems Markets and Products

Technical motors and systems, representing 40% of EMG s 2008 sales, consist of brushless motors, blowers and pumps, as well as other electromechanical systems. These products are used in aerospace and defense, business machines, computer equipment, mass transit vehicles, medical equipment, power, and industrial applications.

EMG produces electronically commutated (brushless) motors, blowers and pumps that offer long life, reliability and near maintenance-free operation. These motor-blower systems and heat exchangers are used for thermal management and other applications on a wide variety of military and commercial aircraft and military ground vehicles, and are used increasingly in medical and other applications, in which their long life, and spark-free and reliable operation is very important. These motors provide cooling and ventilation for business machines, computers and mass transit vehicles.

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

Muirhead, acquired in November 2008, is a leading manufacturer of motion technology products and a provider of avionics repair and overhaul services for the aerospace and defense markets.

MCG, acquired in February 2008, is a leading global manufacturer of highly customized motors and motion control solutions for the medical, life sciences, industrial automation, semiconductor and aviation markets. This acquisition enhances our capability in providing precision motion technology solutions.

Drake, also acquired in February 2008, provides heat-transfer repair services to the commercial aerospace industry and represents a further expansion of AMETEK s growing presence in the global aerospace MRO industry.

The Repair & Overhaul Division of Umeco plc (Umeco R&O), acquired in November 2007, provides an extensive array of MRO services for electrical and electronic equipment, fluid power devices, hydraulic components, actuation systems, landing gear, wheels and brakes and safety equipment. Umeco R&O operates from multiple locations in the United Kingdom and Toulouse and Paris, France.

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Engineered Materials, Interconnects and Packaging Markets and Products

33% of EMG s 2008 sales are engineered materials, interconnects and packaging products. AMETEK is an innovator and market leader in specialized metal powder, strip, wire and bonded products. It produces stainless steel and nickel clad alloys; stainless steel, cobalt and nickel alloy powders; metal strip; specialty shaped and electronic wire; and advanced metal matrix composites used in electronic thermal management. Its products are used in automotive, appliance, medical and surgical, aerospace, telecommunications, marine and general industrial applications. Its niche market focus is based upon proprietary manufacturing technology and strong customer relationships.

Reading Alloys, acquired in April 2008, is a niche specialty metals producer. It produces titanium master alloys and expands our position in customized titanium products. Reading Alloys adds to our capabilities in strip and foil products used in medical devices, electronic components and aerospace instruments. Its metal powder production techniques complement our existing gas and water atomization capabilities.

Hamilton Precision Metals, Inc., acquired in June 2007, produces precision metal strip and foil for niche markets such as metals used in medical implant devices and surgical instruments, electronic components and measurement devices for aerospace and other industrial markets.

Seacon Phoenix, subsequently renamed AMETEK SCP, Inc., acquired in April 2007, produces undersea electrical interconnect subsystems for the global submarine market. It added to the Company s position in highly engineered hermetically sealed electrical interconnects and microelectronics packaging used to protect sophisticated electronics in aerospace, defense, telecommunications and industrial applications.

Floor Care and Specialty Motor Markets and Products

27% of EMG s 2008 sales are to floor care and specialty motor markets, where it has the leading share, through its sales of air-moving electric motors to most of the world s major floor care OEMs, including vertically integrated OEMs that produce some of their own motors. EMG produces motor-blowers for a full range of floor care products, ranging from hand-held, canister and upright vacuums to central vacuums for residential use. High-performance vacuum motors also are marketed for commercial and industrial applications.

The Company also manufactures a variety of specialty motors used in a wide range of products, such as household and personal care appliances; fitness equipment; electric materials handling vehicles; and sewing machines. Additionally, its products are used in outdoor power equipment, such as electric chain saws, leaf blowers, string trimmers and power washers.

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

New Product Development

EMG focuses its new product development on reducing costs and achieving performance enhancements for its advanced motors and blowers, electrical connectors and microelectronics packaging; motion control products; industrial battery chargers and heat exchangers; and specialty metal alloys and powders. These include the latest versions of its Glasseal™ and Sealtron ™ electrical connectors; Pittman® and MCG™ motors and motion control components; INFIN-A-TEK® and FLO-TEK™ high-performance vacuum motors; and HPM® metal strip and Reading

Alloys® high-purity titanium alloys and powders.

Customers

EMG is not dependent on any single customer such that the loss of that customer would have a material adverse effect on EMG s operations. 14% of EMG s 2008 sales were made to its five largest customers and no one customer accounted for 10% or more of 2008 consolidated net sales.

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Marketing

The Company s marketing efforts generally are organized and carried out at the division level. EIG makes significant use of distributors and sales representatives in marketing its products, as well as direct sales in some of its more technically sophisticated products. Within aerospace, its specialized customer base of aircraft and jet engine manufacturers is served primarily by direct sales engineers. Given the technical nature of many of its products, as well as its significant worldwide market share, EMG conducts much of its domestic and international marketing activities through a direct sales force and makes some use of sales representatives and distributors both in the United States and in other countries.

Competition

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

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

EMG s differentiated businesses have competition from a limited number of companies in each of their markets. Competition is generally based on product innovation, performance and price. There also is competition from alternative materials and processes. In its cost-driven businesses, EMG has limited domestic competition in the U.S. floor care market from independent manufacturers. Competition is increasing from Asian motor manufacturers that serve both the U.S. and the European floor care markets. Increasingly, global vacuum motor production is being shifted to Asia where AMETEK has a smaller but growing market position. There is potential competition from vertically integrated manufacturers of floor care products that produce their own motor-blowers. Many of these manufacturers would also be potential EMG customers if they decided to outsource their motor production.

Backlog and Seasonal Variations of Business

The Company s backlog of unfilled orders by business segment was as follows at December 31:

	2008	**2007**	**2006**
		(In millions)	
Electronic Instruments	**$ 324.8**	$ 314.1	$ 248.2
Electromechanical	**393.8**	374.1	288.6
Total	**$ 718.6**	$ 688.2	$ 536.8

The higher backlog at December 31, 2008 was primarily due to the six businesses acquired in 2008, partially offset by the negative impact of a strengthening U.S. dollar when compared to the British pound and Euro.

Of the total backlog of unfilled orders at December 31, 2008, approximately 84% is expected to be shipped by December 31, 2009. The Company believes that neither its business as a whole, nor either of its reportable segments, is subject to significant seasonal variations, although certain individual operations experience some seasonal variability.

Availability of Raw Materials

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

Research, Product Development and Engineering

The Company is committed to research, product development and engineering activities that are designed to identify and develop potential new and improved products or enhance existing products. Research, product development and engineering costs before customer reimbursement were $115.9 million, $102.9 million and $87.6 million in 2008, 2007 and 2006, respectively. Customer reimbursements in 2008, 2007 and 2006 were $6.1 million, $7.1 million and $6.4 million, respectively. These amounts included net Company-funded research and development expenses of $57.5 million, $52.9 million and $42.0 million, respectively. All such expenditures were directed toward the development of new products and processes and the improvement of existing products and processes.

Environmental Matters

Information with respect to environmental matters is set forth in the section of Management s Discussion and Analysis of Financial Condition and Results of Operations entitled Environmental Matters and in Note 17 to the Consolidated Financial Statements.

Patents, Licenses and Trademarks

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

Employees

At December 31, 2008, the Company employed approximately 11,700 people in its EMG, EIG and corporate operations, of whom approximately 3,200 employees were covered by collective bargaining agreements. The Company has one collective bargaining agreement that will expire in 2009, which covers less than 20 employees. The Company expects no material adverse effects from the pending labor contract negotiation.

Working Capital Practices

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

Item 1A. Risk Factors

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

Current economic conditions and uncertain economic outlook could adversely affect our results of operations and financial condition.

The global economy is currently undergoing a period of unprecedented volatility and distress in financial markets, as well as a general slowdown in demand, including in many of the end markets we serve. A prolonged

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period of economic decline could have a material adverse effect on our results of operations and financial condition and exacerbate the other risk factors we have described below. These economic developments affect businesses such as ours in a number of ways. Our global business is adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending, capital spending, air travel, industrial production and government procurement. Any economic slowdown results in a decrease in or cancellation of orders for our products and services and negatively impacts the ability of our customers to make timely payments. In addition, the potential for one or more of our customers or suppliers to experience financial distress or bankruptcy is increased. Furthermore, a disparate impact on, or government actions affecting, one of the major economies could produce volatility in the rate of exchange for the U.S. dollar against certain major currencies, adversely affecting our results. We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions in the U.S. and other countries.

A prolonged downturn in the aerospace and defense, process instrumentation or electric motor businesses could adversely affect our business.

Several of the industries in which we operate are cyclical in nature and therefore are affected by factors beyond our control. A prolonged downturn in the aerospace and defense, process instrumentation or electric motor businesses could have an adverse effect on our business, financial condition and results of operations.

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

A portion of our growth has been attributed to acquisitions of strategic businesses. Since the beginning of 2004, through December 31, 2008, we have completed 23 acquisitions. We plan to continue making strategic acquisitions to enhance our global market position and broaden our product offerings. Although we have been successful with our acquisition strategies in the past, our ability to successfully effectuate acquisitions will be dependent upon a number of factors, including:

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

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

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We may experience unanticipated start-up expenses and production delays in opening new facilities or product line transfers.

Certain of our businesses are relocating or have recently relocated manufacturing operations to low-cost locales. Unanticipated start-up expenses and production delays in opening new facilities or completing product line transfers, as well as possible underutilization of our existing facilities, could result in production inefficiencies, which would adversely affect our business and operations.

Our substantial international sales and operations are subject to customary risks associated with international operations.

International sales for 2008 and 2007 represented 48% and 49% of our consolidated net sales, respectively. As a result of our growth strategy, we anticipate that the percentage of sales outside the United States will increase in the future. International operations are subject to the customary risks of operating in an international environment, including:

Potential imposition of trade or foreign exchange restrictions;

Overlap of different tax structures;

Unexpected changes in regulatory requirements;

Changes in tariffs and trade barriers;

Fluctuations in foreign currency exchange rates, including changes in the relative value of currencies in the countries where we operate, subjecting us to exchange rate exposures;

Restrictions on currency repatriation;

General economic conditions;

Unstable political situations;

Nationalization of assets; and

Compliance with a wide variety of international and U.S. laws and regulatory requirements.

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

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

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

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

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

We believe that our future success depends, in part, on our ability to develop, on a timely basis, technologically advanced products that meet or exceed appropriate industry standards. Although we believe we have certain technological and other advantages over our competitors, maintaining such advantages will require us to continue investing in research and development and sales and marketing. There can be no assurance that we will have sufficient resources to make such investments, that we will be able to make the technological advances necessary to maintain such competitive advantages or that we can recover major research and development expenses. We are not currently aware of any emerging standards or new products, which could render our existing products obsolete, although there can be no assurance that this will not occur or that we will be able to develop and successfully market new products.

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

We have multiple sources of supplies for our major raw material requirements and we are not dependent on any one supplier; however, certain items, including base metals and certain steel components, are available only from a limited number of suppliers and are subject to commodity market fluctuations. Shortages in raw materials or price increases therefore could affect the prices we charge, our operating costs and our competitive position, which could adversely affect our business, results of operations, liquidity and financial condition.

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

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

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

Our operations are subject to numerous federal, state, local and foreign governmental laws and regulations. In addition, existing laws and regulations may be revised or reinterpreted and new laws and regulations may be adopted or become applicable to us. We cannot predict the impact any of these laws and regulations will have on our business or operations.

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We may be required to defend lawsuits or pay damages in connection with alleged or actual harm caused by our products.

We face an inherent business risk of exposure to product liability claims in the event that the use of our products is alleged to have resulted in harm to others or to property. For example, our operations expose us to potential liabilities for personal injury or death as a result of the failure of, for instance, an aircraft component that has been designed, manufactured or serviced by us. We may incur significant liability if product liability lawsuits against us are successful. While we believe our current general liability and product liability insurance is adequate to protect us from future claims, we cannot assure that coverage will be adequate to cover all claims that may arise. Additionally, we may not be able to maintain insurance coverage in the future at an acceptable cost. Any liability not covered by insurance or for which third-party indemnification is not available could have a material adverse effect on our business, financial condition and results of operations.

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

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

Our access to sources of liquidity may be limited by market conditions and restrictions in our revolving credit facility and other agreements.

In recent months, the financial markets have experienced a significant liquidity shortfall as a result of diverse conditions that have caused the failure and near failure of a number of large financial services companies. If the availability of funds remains limited, we could incur increased costs associated with our receivables securitization facility, any renewal of our credit facility and/or other debt instruments. In addition, it is possible that our ability to access the credit market may be limited by these or other factors, at a time when we would like, or need, to do so, which could have an impact on our ability to refinance maturing debt and/or react to changing economic and business conditions. Notwithstanding the foregoing, at this time, we believe that available short-term and long-term capital resources are sufficient to fund our working capital requirements, scheduled debt payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations, dividends to our shareholders, any contemplated acquisitions and share repurchases for the foreseeable future.

We are subject to possible insolvency of financial counterparties.

We engage in numerous financial transactions and contracts including insurance policies, letters of credit, credit facilities, financial derivatives and investment management agreements involving various counterparties. We are subject to the risk that one or more of these counterparties may become insolvent and, therefore, be unable to discharge its obligations under such contracts.

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

Our total assets include substantial amounts of intangible assets, primarily goodwill. At December 31, 2008, goodwill and other intangible assets, net of accumulated amortization, totaled $1,681.8 million or 55% of our total assets. The goodwill results from our acquisitions, representing the excess of cost over the fair value of the net tangible and other identifiable intangible assets we have acquired. At a minimum, we assess annually whether there has been impairment in the value of our intangible assets. If future operating performance at one or more of our business units were to fall significantly below current levels, we could reflect, under current applicable accounting rules, a non-cash charge to operating earnings for goodwill or other intangible asset impairment. Any determination requiring the write-off of a significant portion of goodwill or other intangible assets would negatively affect our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company has 99 operating plant facilities in 22 states and 12 foreign countries. Of these facilities, 53 are owned by the Company and 46 are leased. The properties owned by the Company consist of approximately 654 acres, of which approximately 4.7 million square feet are under roof. Under lease is a total of approximately 1.6 million square feet. The leases expire over a range of years from 2009 to 2082, with renewal options for varying terms contained in many of the leases. Production facilities in Taiwan, China and Japan provide the Company with additional production capacity through the Company s investment in 50% or less owned joint ventures. The Company s executive offices in Paoli, Pennsylvania, occupy approximately 34,000 square feet under a lease that expires in September 2010.

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

	Number of Operating Plant Facilities		Square Feet Under Roof	
	Owned	**Leased**	**Owned**	**Leased**
Electronic Instruments	24	24	2,126,000	995,000
Electromechanical	29	22	2,621,000	612,000
Total	53	46	4,747,000	1,607,000

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Item 3. Legal Proceedings

The Company and/or its subsidiaries have been named as defendants, along with many other companies, in a number of asbestos-related lawsuits. To date, no judgments have been entered against the Company. The Company believes it has strong defenses to the claims and intends to continue to defend itself vigorously in these matters. Other companies are also indemnifying the Company against certain of these claims. To date, these parties have met their obligations in all material respects; however, one of these companies filed for bankruptcy liquidation in 2007.

In October 2008, the Company received a Notice of Administrative Civil Liability from the San Diego Regional Water Quality Control Board seeking certain penalties. The Notice claims that a former subsidiary of AMETEK, which became a separate company in 1988 and filed for bankruptcy liquidation in 2007, failed to adequately produce a delineation report and feasibility study within specified time frames. We believe we have good and valid defenses to this claim and intend to vigorously defend against it. (Also see Environmental Matters in Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 17 to the Consolidated Financial Statements.)

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

No matters were submitted to a vote of the Company s security holders, through the solicitation of proxies or otherwise, during the last quarter of the fiscal year ended December 31, 2008.

PART II

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

The principal market on which the Company s common stock is traded is the New York Stock Exchange and it is traded under the symbol AME. On January 30, 2009, there were approximately 2,294 holders of record of the Company s common stock.

Market price and dividend information with respect to the Company s common stock is set forth below. Future dividend payments by the Company will be dependent on future earnings, financial requirements, contractual provisions of debt agreements and other relevant factors.

The Company repurchased, under its share repurchase program, approximately 1,263,000 shares of common stock for $57.4 million and approximately 144,000 shares of common stock for $5.4 million in 2008 and 2007, respectively, to offset the dilutive effect of shares granted as equity-based compensation.

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Dividends paid per share	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**
Common stock trading range:				
High	**$ 46.95**	**$ 53.12**	**$ 52.50**	**$ 41.24**
Low	**$ 37.09**	**$ 43.80**	**$ 37.74**	**$ 27.32**
2007				
Dividends paid per share	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Common stock trading range:				
High	$ 35.91	$ 40.94	$ 43.79	$ 48.45
Low	$ 30.67	$ 33.51	$ 36.38	$ 42.00

Securities Authorized for Issuance Under Equity Compensation Plan Information

The following table sets forth information as of December 31, 2008 regarding all of the Company s existing compensation plans pursuant to which equity securities are authorized for issuance to employees and nonemployee directors:

	Number of securities to be issued	Weighted average	Number of securities remaining available for future issuance

Plan Category	upon exercise of outstanding options, warrants and rights (a)	exercise price of outstanding options, warrants and rights (b)	under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,034,783	$ 28.01	3,995,411
Equity compensation plans not approved by security holders			
Total	4,034,783	$ 28.01	3,995,411

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Stock Performance Graph

The following stock performance graph and related information shall not be deemed soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The following graph and accompanying table compare the cumulative total shareholder return for AMETEK, Inc. over the last five years ended December 31, 2008 with total returns for the same period for the Russell 1000 Index and the Dow Jones U.S. Electronic Equipment Index. The performance graph and table assume a $100 investment made on December 31, 2003 and reinvestment of all dividends. The stock performance shown on the graph below is based on historical data and is not necessarily indicative of future stock price performance.

	December 31,					
	2003	2004	2005	2006	2007	2008
AMETEK, Inc.	$ 100.00	$ 149.08	$ 178.84	$ 201.99	$ 298.97	$ 193.94
Russell 1000 Index*	100.00	111.40	118.38	136.69	144.58	90.22
Dow Jones U.S. Electronic Equipment Index*	100.00	108.49	116.80	134.72	158.08	92.80

* Includes AMETEK, Inc.

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Item 6. Selected Financial Data

The following financial information for the five years ended December 31, 2008, has been derived from the Company s consolidated financial statements. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this Form 10-K.

	2008	2007	2006	2005	2004
		(In millions, except per share amounts)			
Consolidated Operating Results (Year Ended December 31):					
Net sales	**$ 2,531.1**	$ 2,136.9	$ 1,819.3	$ 1,434.5	$ 1,232.3
Operating income(1)	**$ 432.7**	$ 386.6	$ 309.0	$ 233.5	$ 191.2
Interest expense	**$ (63.7)**	$ (46.9)	$ (42.2)	$ (32.9)	$ (28.3)
Net income(1)	**$ 247.0**	$ 228.0	$ 181.9	$ 136.4	$ 109.0
Earnings per share(1):					
Basic	**$ 2.33**	$ 2.15	$ 1.74	$ 1.31	$ 1.07
Diluted	**$ 2.30**	$ 2.12	$ 1.71	$ 1.29	$ 1.06
Dividends declared and paid per share	**$ 0.24**	$ 0.24	$ 0.18	$ 0.16	$ 0.16
Weighted average common shares outstanding:					
Basic	**106.1**	105.8	104.8	103.7	101.7
Diluted	**107.4**	107.6	106.6	105.6	103.1
Performance Measures and Other Data:					
Operating income Return on sales(1)	**17.1%**	18.1%	17.0%	16.3%	15.5%
Return on average total assets(1)	**14.9%**	15.9%	15.8%	14.6%	14.5%
Net income Return on average total capital(1)(5)	**10.9%**	12.0%	11.8%	10.7%	10.5%
Return on average stockholders equity(1)(5)	**19.5%**	20.7%	20.5%	18.5%	18.2%
EBITDA(1)(2)	**$ 489.4**	$ 433.9	$ 351.4	$ 269.9	$ 228.3
Ratio of EBITDA to interest expense(1)(2)	**7.7x**	9.3x	8.3x	8.2x	8.1x
Depreciation and amortization	**$ 63.3**	$ 52.7	$ 45.9	$ 39.4	$ 39.9
Capital expenditures	**$ 44.2**	$ 37.6	$ 29.2	$ 23.3	$ 21.0
Cash provided by operating activities	**$ 247.3**	$ 278.5	$ 226.0	$ 155.7	$ 155.8
Free cash flow(3)	**$ 203.1**	$ 240.9	$ 196.8	$ 132.4	$ 134.8
Ratio of earnings to fixed charges(6)	**6.1x**	7.3x	6.6x	6.2x	6.0x
Consolidated Financial Position (At December 31):					
Current assets	**$ 954.6**	$ 952.2	$ 684.1	$ 556.3	$ 461.9
Current liabilities	**$ 447.5**	$ 640.8	$ 480.9	$ 405.8	$ 272.8
Property, plant and equipment, net	**$ 307.9**	$ 293.1	$ 258.0	$ 228.5	$ 207.5
Total assets	**$ 3,055.5**	$ 2,745.7	$ 2,130.9	$ 1,780.6	$ 1,420.4
Long-term debt	**$ 1,093.2**	$ 667.0	$ 518.3	$ 475.3	$ 400.2
Total debt	**$ 1,111.7**	$ 903.0	$ 681.9	$ 631.4	$ 450.1

Stockholders equity(5)	**$ 1,287.8**	$ 1,240.7	$ 966.7	$ 809.5	$ 663.3
Stockholders equity per share(5)	**$ 12.07**	$ 11.56	$ 9.11	$ 7.66	$ 6.44
Total debt as a percentage of capitalization(5)	**46.3%**	42.1%	41.4%	43.8%	40.4%
Net debt as a percentage of capitalization(4)(5)	**44.3%**	37.1%	39.6%	42.4%	38.3%

See Notes to Selected Financial Data on page 21.

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Notes to Selected Financial Data

(1) Amounts for years prior to 2006 reflect the retrospective application of Statement of Financial Accounting Standards (SFAS) No. 123(R), *Share-Based Payment* (SFAS 123R) to expense stock options. The adoption of SFAS 123R reduced operating income, net income and diluted earnings per share by the following amounts:

Impact of Adopting SFAS 123R	Reduction of Amounts Originally Reported: Operating Income	Net Income	Diluted Earnings Per Share
	(In millions, except per share amounts)		
2005	$ 5.9	$ 4.3	$ 0.04
2004	$ 5.1	$ 3.7	$ 0.04

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

	Year Ended December 31, 2008	2007	2006	2005	2004
	(In millions)				
Net income	$				