

AMPHENOL CORP /DE/
Form 10-K/A
June 08, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

AMENDMENT NO. 3

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2005
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-10879

AMPHENOL CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

22-2785165

(I.R.S. Employer Identification No.)

358 Hall Avenue, Wallingford, Connecticut 06492

203-265-8900

(Address, including zip code, and telephone

number, including area code, of Registrant's

principal executive offices)

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

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

Class A Common Stock, \$.001 par value
(Title of each Class)

New York Stock Exchange, Inc.
(Name of each Exchange on which Registered)

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

Indicate by check mark if the Registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark 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.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of Amphenol Corporation common stock, \$.001 par value, held by non-affiliates was approximately \$3,557 million based on the reported last sale price of such stock on the New York Stock Exchange on June 30, 2005.

As of December 31, 2005, the total number of shares outstanding of registrant's common stock was 89,311,958.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement, which is expected to be filed within 120 days following the end of the fiscal year covered by this report, are incorporated by reference into Part III hereof.

EXPLANATORY NOTE

Amphenol Corporation (the Company) is filing this Amendment No. 3 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, filed with the Securities and Exchange Commission on March 16, 2006, for the sole purpose of filing signed copies of (i) the Report of Independent Registered Public Accounting Firm for the consolidated financial statements and management's assessment of internal control, and the effectiveness of the Company's internal control over financial reporting, (ii) the Report of Independent Registered Public Accounting Firm on the consolidated financial statement schedules of the Company listed in Item 15 and (iii) the Consent of Independent Registered Public Accounting Firm in Exhibit 23.1. The original filing of the reports and consent of the Company's independent auditors inadvertently omitted the electronic signatures of such firm.

In order to comply with certain requirements of the SEC's rules in connection with the filing of this Amendment on Form 10-K/A, this amendment includes (i) the complete text of Item 8. Financial Statements and Supplementary Data and (ii) Item 15. Exhibits and Financial Statement Schedules. This Amendment No. 3 on Form 10-K/A does not change or update the previously reported financial statements or any of the other disclosure contained in the original Form 10-K.

A-2

PART II

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Amphenol Corporation
Wallingford, Connecticut

We have audited the accompanying consolidated balance sheets of Amphenol Corporation and subsidiaries (the Company) as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and other comprehensive income, and cash flows for each of the three years in the period ended December 31, 2005. We also have audited management's assessment, included in the accompanying Management Report on Internal Control in Item 9a, that the Company 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 Company's management is responsible for these financial statements, 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 these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits. As described in Management Report on Internal Control, management excluded from their assessment the internal control over financial reporting at Amphenol TCS which was acquired on December 1, 2005 and whose financial statements constitute 7 percent, 2 percent and 0.2 percent of total assets, revenues and net income, respectively, of the consolidated financial statement amounts as of and for the year ended December 31, 2005. Accordingly, our audit did not include the internal control over financial reporting at Amphenol TCS.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting 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 audits provide a reasonable basis for our opinions.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte &
Touche

Hartford, Connecticut
March 14, 2006

A-3

Consolidated Statements of Income*(dollars in thousands, except per share data)*

	Year Ended December 31,		
	2005	2004	2003
Net sales	\$ 1,808,147	\$ 1,530,446	\$ 1,239,504
Costs and expenses:			
Cost of sales, excluding depreciation and amortization	1,162,004	999,965	820,724
Depreciation and amortization expense	50,666	38,829	37,007
Selling, general and administrative expense	252,150	215,008	177,353
Operating income	343,327	276,644	204,420
Interest expense	(24,090)	(22,540)	(29,505)
Other expenses, net	(8,871)	(6,663)	(6,987)
Expense for early extinguishment of debt	(2,398)	-	(10,367)
Income before income taxes	307,968	247,441	157,561
Provision for income taxes	(101,629)	(84,130)	(53,571)
Net income	\$ 206,339	\$ 163,311	\$ 103,990
Net income per common share Basic	\$ 2.33	\$ 1.86	\$ 1.21
Average common shares outstanding Basic	88,551,630	88,023,082	86,100,688
Net income per common share Diluted	\$ 2.28	\$ 1.82	\$ 1.18
Average common shares outstanding - Diluted	90,471,737	89,736,656	88,131,720

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets*(dollars in thousands, except per share data)*

	December 31, 2005	2004
Assets		
Current Assets:		
Cash and short-term cash investments	\$ 38,669	\$ 30,172
Accounts receivable, less allowance for doubtful accounts of \$11,162 and \$8,666, respectively	302,867	214,158
Inventories:		
Raw materials and supplies	101,042	55,697
Work in process	141,944	128,879
Finished goods	82,879	62,727
	325,865	247,303
Prepaid expenses and other assets	42,413	37,382
Total current assets	709,814	529,015
Land and depreciable assets:		
Land	15,582	14,120
Buildings	112,449	109,525
Machinery and equipment	478,266	423,363
	606,297	547,008
Less accumulated depreciation	(352,408)	(349,255)
	253,889	197,753
Deferred debt issuance costs	2,351	6,451
Goodwill	886,720	545,411
Other assets	79,766	28,081
	\$ 1,932,540	\$ 1,306,711
Liabilities & Shareholders Equity		
Current Liabilities:		
Accounts payable	\$ 177,266	\$ 134,856
Accrued interest	4,998	2,183
Accrued salaries, wages and employee benefits	42,705	38,535
Accrued income taxes	45,124	48,025
Other accrued expenses	50,807	37,064
Current portion of long-term debt	15,030	16,909
Total current liabilities	335,930	277,572
Long-term debt	765,970	432,144
Accrued pension and post employment benefit obligations	108,816	102,050
Other liabilities	32,589	13,341
Commitments and contingent liabilities (Notes 2, 6 and 11)		
Shareholders Equity:		
Class A Common Stock, \$.001 par value; 100,000,000 shares authorized; 89,311,958 and 87,891,533 shares outstanding at December 31, 2005 and 2004, respectively	89	88
Additional paid-in capital (deficit)	(164,082)	(207,504)
Accumulated earnings	985,317	789,741
Accumulated other comprehensive loss	(77,742)	(55,078)
Treasury stock, at cost; 1,673,100 and 1,455,500 shares at December 31, 2005 and 2004, respectively	(54,347)	(45,643)
Total shareholders equity	689,235	481,604
	\$ 1,932,540	\$ 1,306,711

See accompanying notes to consolidated financial statements.

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

Consolidated Statements of Changes in Shareholders Equity and Other Comprehensive Income

(dollars in thousands, except per share data)

	Common Stock	Additional Paid-In Capital (Deficit)	Comprehensive Income (Loss)	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders Equity
Balance							
December 31, 2002	\$ 86	\$ (274,325)		\$ 522,440	\$ (81,219)	\$	\$ 166,982
Comprehensive income:							
Net income			\$ 103,990	103,990			103,990
Other comprehensive loss, net of tax:							
Translation adjustments			17,047		17,047		17,047
Revaluation of interest rate derivatives			(669)		(669)		(669)
Minimum pension liability adjustment			(103)		(103)		(103)
Other comprehensive income			16,275				
Comprehensive income			120,265				
Deferred compensation		240					240
Stock options exercised, including tax benefit	1	35,918					35,919
Balance							
December 31, 2003	87	(238,167)		626,430	(64,944)		323,406
Comprehensive income:							
Net income			163,311	163,311			163,311
Other comprehensive income, net of tax:							
Translation adjustments			11,904		11,904		11,904
Revaluation of interest rate derivatives			2,116		2,116		2,116
Minimum pension liability adjustment			(4,154)		(4,154)		(4,154)
Other comprehensive income			9,866				
Comprehensive income			173,177				
Purchase of treasury stock						(45,643)	(45,643)
Deferred compensation		329					329
Stock options exercised, including tax benefit	1	30,334					30,335
Balance							
December 31, 2004	88	(207,504)		789,741	(55,078)	(45,643)	481,604
Comprehensive income:							

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

Net income		206,339	206,339	206,339
Other comprehensive income, net of tax:				
Translation adjustments		(11,956)	(11,956)	(11,956)
Revaluation of interest rate derivatives		(297)	(297)	(297)
Minimum pension liability adjustment		(10,411)	(10,411)	(10,411)
Other comprehensive loss		(22,664)		
Comprehensive income		\$ 183,675		
Purchase of treasury stock			(8,704)	(8,704)
Deferred compensation	193			193
Stock options exercised, including tax benefit	1 36,449			36,450
Dividends declared			(10,763)	(10,763)
Shares issued in connection with acquisition	6,780			6,780
Balance				
December 31, 2005	\$ 89	\$ (164,082)	\$ 985,317	\$ (77,742) \$ (54,347) \$ 689,235

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flow*(dollars in thousands, except per share data)*

	Year Ended December 31,		
	2005	2004	2003
Net income	\$ 206,339	\$ 163,311	\$ 103,990
Adjustments for cash from operations:			
Depreciation and amortization	50,666	38,829	37,007
Amortization of deferred debt issuance costs	976	1,428	1,473
Non-cash expense for early extinguishment of debt	5,666		10,367
Net change in operating assets and liabilities:			
Accounts receivable	(45,152)	(26,016)	(28,799)
Net change in receivables sold	5,000	6,200	10,600
Inventory	(20,636)	(14,511)	4,647
Prepaid expenses and other assets	5,582	1,721	(3,420)
Accounts payable	25,828	3,240	20,776
Accrued income taxes	23	28,483	17,967
Accrued liabilities	(10,389)	15,731	(7,736)
Accrued interest	2,998	(740)	(2,429)
Accrued pension and post employment benefits	511	(12,929)	(5,804)
Deferred taxes and other assets	1,800	1,344	11,168
Other	412	2,160	197
Cash flow provided by operations	229,624	208,251	170,004
Cash flow from investing activities:			
Additions to property, plant and equipment	(57,121)	(44,341)	(30,196)
Investments in acquisitions	(512,307)	(41,661)	(51,101)
Cash flow used by investing activities	(569,428)	(86,002)	(81,297)
Cash flow from financing activities:			
Net change in borrowings under revolving credit facilities	744,131	(14,302)	1,751
Decrease in borrowings under 2003 bank agreement	(413,000)	(86,000)	(150,543)
Payment of fees and expenses related to refinancing	(2,542)		
Retirement of debt: old bank agreement			(439,500)
senior subordinated notes			(148,740)
fees and expenses relating to refinancing			(9,720)
Borrowings under bank agreement			625,000
Purchase of treasury stock	(8,704)	(45,643)	
Proceeds from exercise of stock options	36,450	30,335	35,919
Dividend payments	(8,034)		
Cash flow provided by (used by) financing activities	348,301	(115,610)	(85,833)
Net change in cash and short-term cash investments	8,497	6,639	2,874
Cash and short-term cash investments balance, beginning of year	30,172	23,533	20,659
Cash and short-term cash investments balance, end of year	\$ 38,669	\$ 30,172	\$ 23,533
Cash paid during the year for:			
Interest	\$ 20,272	\$ 21,868	\$ 30,819
Income taxes paid, net of refunds	85,562	43,660	21,996

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(for the years ended December 31, 2005, 2004 and 2003, dollars in thousands, except per share data)

Note 1-Summary of Significant Accounting Policies

Operations

Amphenol Corporation (Amphenol or the Company) is in two business segments which consist of manufacturing and selling interconnect products and assemblies, and manufacturing and selling cable products. The Company sells its products to customers locations worldwide.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions have been eliminated in consolidation.

Cash and Short-Term Cash Investments

Cash and short-term cash investments consist of cash and liquid investments with an original maturity of less than three months. The carrying amount approximates fair value of those instruments.

Sale of Receivables

A subsidiary of the Company has an agreement with a financial institution whereby the subsidiary can sell an undivided interest of up to \$85,000 in a designated pool of qualified accounts receivable. The agreement expires in May 2007. Under the terms of the agreement, new receivables are added to the pool as collections reduce previously sold accounts receivable. The aggregate value of receivables transferred to the pool for the years 2005, 2004 and 2003 were \$761,129, \$606,136, and \$538,093, respectively. At December 31, 2005 and 2004, \$44,958 and \$32,992, respectively, of accounts receivable were transferred to the subsidiary, but not purchased by the financial institution and are therefore included in the accounts receivable balance in the accompanying Consolidated Balance Sheets. Due to the short-term nature of the accounts receivable, the fair value approximates the carrying value. The Company services, administers and collects the receivables on behalf of the purchaser. Program fees payable to the purchaser under this agreement are equivalent to rates afforded high quality commercial paper issuers plus certain administrative expenses and are included in other expenses, net, in the accompanying Consolidated Statements of Income. The agreement contains certain covenants and provides for various events of termination. At December 31, 2005 and 2004, approximately \$85,000 and \$80,000, respectively, of receivables were sold under the agreement and are therefore not reflected in the accounts receivable balance in the accompanying Consolidated Balance Sheets.

Inventories

Inventories are stated at the lower of standard cost, which approximates average cost, or market. The principal components of cost included in inventories are materials, direct labor and manufacturing overhead.

Depreciable Assets

Property, plant and equipment are carried at cost. Depreciation and amortization of property, plant and equipment are provided on a straight-line basis over the respective asset lives determined on a composite basis by asset group or on a specific item basis using the estimated useful lives of such assets which range from 3 to 12 years for machinery and equipment and 20 to 40 years for buildings. It is the Company's policy to periodically review fixed asset lives.

Deferred Debt Issuance Costs

Deferred debt issuance costs are being amortized on the interest method over the term of the related debt and such amortization is included in interest expense.

Goodwill

The Company performs its annual evaluation for the impairment of goodwill for the Company's reporting units, in accordance with Financial Accounting Standards Board Statement No. 142 (FAS 142) Goodwill and Other Intangible Assets , as of each June 30. The Company has defined its reporting units as the operating segments within its two reportable business segments Interconnect Products and Assemblies and Cable Products , as the components of these operating segments have similar economic characteristics. Goodwill impairment for each reporting unit is evaluated using a two-step approach requiring the Company to determine the fair value of the reporting unit and compare that to the carrying value including goodwill. If the carrying value exceeded the fair value, the goodwill of the reporting unit would be potentially impaired and a second step of additional testing would be performed to measure the impairment loss. As of June 30, 2005, and for each previous year in which the impairment test has been performed, the fair market value of the Company's reporting units exceeded the carrying value and therefore no impairment was recognized.

Revenue Recognition

The Company's primary source of revenues is from product sales to its customers.

Revenue from sales of the Company's products is recognized at the time the goods are delivered and title passes, provided the earnings process is complete and revenue is measurable. Delivery is determined by the Company's shipping terms, which are primarily FOB shipping point. Revenue is recorded at the net amount to be received after deductions for estimated discounts, allowances and returns. These estimates and reserves are determined and adjusted as needed based upon historical experience, contract terms and other related factors.

The shipping costs for the majority of the Company's sales are paid directly by the Company's customers. In the broadband communication market (approximately 12% of consolidated sales), the Company pays for shipping cost to the majority of its customers. Amounts billed to customers related to shipping costs are immaterial and are included in net sales. Shipping costs incurred to transport products to the customer, which are not reimbursed are included in selling, general and administrative expense.

Retirement Pension Plans

Costs for retirement pension plans include current service costs and amortization of prior service costs over periods of up to thirty years. It is the Company's policy to fund current pension costs taking into consideration minimum funding requirements and maximum tax deductible limitations. The expense of retiree medical benefit programs is recognized during the employees' service with the Company as well as amortization of a transition obligation recognized on adoption of the accounting principle.

Stock Options

The Company applies APB Opinion 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for stock options. Accordingly, no compensation cost has been recognized for the option plans. Had compensation cost for stock options been determined based on the fair value of the option at date of grant consistent with the provisions of FAS No. 123, Accounting for Stock-Based Compensation, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	2005	2004	2003
Net income	\$ 206,339	\$ 163,311	\$ 103,990
Less: Total stock based compensation expense determined under Black-Scholes option pricing model, net of related tax effects	(4,936)	(4,714)	(5,148)
Pro forma net income	\$ 201,403	\$ 158,597	\$ 98,842
Earnings Per Share:			
Basic-as reported	\$ 2.33	\$ 1.86	\$ 1.21
Basic-pro forma	\$ 2.27	\$ 1.80	\$ 1.15
Diluted-as reported	\$ 2.28	\$ 1.82	\$ 1.18
Diluted-pro forma	\$ 2.23	\$ 1.77	\$ 1.12

The fair value of stock options has been estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2005	2004	2003
Risk free interest rate	4.0 %	3.4 %	3.2 %
Expected life	5 years	5 years	5 years
Expected volatility	25 %	27.0 %	30.0 %
Expected dividend yield	0.3 %	0.0 %	0.0 %

The weighted-average fair values of options granted during 2005, 2004 and 2003 were \$10.69, \$9.15 and \$6.50, respectively.

As discussed below in Recent Accounting Changes, effective January 1, 2006, in accordance with the implementation of SFAS 123R, the Company will begin to expense stock based compensation. Prior to January 1, 2006, such expense has been disclosed in the Company's financial statement footnotes as noted above, and was not included as an expense in the Company's statement of income.

Income Taxes

Deferred income taxes are provided for revenue and expenses which are recognized in different periods for income tax and financial statement purposes. Deferred income taxes are not provided on undistributed earnings of foreign affiliated companies which are considered to be permanently invested. It is not practicable to estimate the amount of tax that might be payable. Deferred tax assets are regularly assessed for recoverability based on both historical and anticipated earnings levels and a valuation allowance is recorded when it is more likely than not that these amounts will not be recovered.

Foreign Currency Translation

The financial position and results of operations of the Company's significant foreign subsidiaries are measured using local currency as the functional currency. Assets and liabilities of such subsidiaries have been translated at current exchange rates and related revenues and expenses have been translated at weighted average exchange rates. The aggregate effect of translation adjustments so calculated is included as a component of accumulated other comprehensive loss within shareholders' equity. Transaction gains and losses related to operating assets and liabilities are included in selling, general and administrative expense and those related to non-operating assets and liabilities are included in other expense, net.

Research and Development

Research and development expenses for the creation of new and improved products and processes were \$37,510, \$32,459, and \$26,361, for the years 2005, 2004 and 2003, respectively.

Environmental Obligations

The Company recognizes the potential cost for environmental remediation activities when assessments are made, remedial efforts are probable and related amounts can be reasonably estimated; potential insurance reimbursements are not recorded. The Company regularly assesses its environmental liabilities through reviews of contractual commitments, site assessments, feasibility studies and formal remedial design and action plans.

Net Income per Common Share

Basic income per common share is based on the net income for the period divided by the weighted average common shares outstanding. Diluted income per common share assumes the exercise of outstanding, dilutive stock options using the treasury stock method. On January 21, 2004, the Company announced a 2-for-1 stock split that was effective for shareholders of record as of March 17, 2004. The additional shares were distributed on March 29, 2004. The share information included herein has been restated to reflect the effect of such stock split.

Derivative Financial Instruments

Derivative financial instruments, which are periodically used by the Company in the management of its interest rate and foreign currency exposures, are accounted for on an accrual basis. Income and expense are recorded in the same category as that arising from the related asset or liability. For example, amounts to be paid or received under interest rate swap agreements are recognized as an increase or decrease of interest expense in the periods in which they accrue. The Company adopted FAS 133, as amended by FAS 138, beginning January 1, 2001. Gains and losses on derivatives designated as cash flow hedges resulting from changes in fair value are recorded in other comprehensive income, and subsequently reflected in net income in a manner that matches the timing of the actual income or expense of such instruments with the hedged transaction. At December 31, 2005, the Company had interest rate swap agreements that fix the Company's LIBOR interest rate on \$150,000, \$250,000 and \$250,000 of floating rate bank debt at 4.82%, 4.24% and 4.85%, expiring in December 2007, July 2008 and December 2008, respectively. These agreements are designated as cash flow hedges and accounted for as described above.

Recent Accounting Changes

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. (FAS) 123R Share-Based Payment. FAS 123R applies to all transactions involving the issuance, by a company, of its own equity (stock, stock options, or other equity instruments) in exchange for goods or services, including employee services. FAS 123R requires entities to recognize the cost of employee services received in exchange for the stock-based compensation using the fair value of those stocks on the grant date (with limited exceptions). The Company has adopted FAS 123R on January 1, 2006 using the modified prospective method. The impact of adoption of FAS 123R is expected to result in approximately \$10,000 of (pretax) expense during 2006 although it will depend in part on the level of share-based payments granted in the future.

Note 2 Long-Term Debt

Long-term debt consists of the following:

	Average Interest Rate at December 31, 2005	Maturity	December 31,	
			2005	2004
Revolving Credit Facility 2003 bank agreement:	5.2	% 2010	\$ 720,900	\$
Term Loan Tranche A				13,000
Term Loan Tranche B				400,000
Notes payable to foreign banks and other debt	4.6	% 2005-2017	60,100	36,053
			781,000	449,053
Less current portion			15,030	16,909
Total long-term debt			\$ 765,970	\$ 432,144

On July 15, 2005, the Company completed a refinancing of its senior secured credit facility. The new bank agreement (Revolving Credit Facility) is comprised of a five-year \$750,000 unsecured revolving credit facility that expires in July 2010, of which approximately \$440,000 was drawn at closing. The net proceeds from the refinancing were used to repay all amounts outstanding under the Company's previous senior credit facility and for working capital purposes. On November 15, 2005, the Company exercised its option to increase its aggregate commitments under the Revolving Credit Facility by an additional \$250,000 thereby increasing the Revolving Credit Facility to \$1,000,000 from \$750,000.

At December 31, 2005, availability under the Revolving Credit Facility was \$267,638, after a reduction of \$11,462 for outstanding letters of credit. In connection with the 2005 refinancing, the Company incurred one-time expenses for the early extinguishment of debt of \$2,398 (less tax effects of \$791) or \$.02 per share after tax. Such one-time expenses include the write-off of unamortized deferred debt issuance costs less the gain on the termination of related interest rate swap agreements. The Company's interest rate on borrowings under the Revolving Credit Facility is LIBOR plus 60 basis points. The Company also pays certain annual agency and facility fees. At December 31, 2005, the Company's credit rating from Standard & Poor's was BBB- and from Moody's was Ba1. The Revolving Credit Facility requires that the Company satisfy certain financial covenants including an interest coverage ratio (EBITDA divided by interest expense) of higher than 3X and a leverage ratio (Debt divided by EBITDA) lower than 3.50X; at December 31, 2005, such ratios as defined in the Revolving Credit Facility were 9.04X and 1.96X, respectively. The Revolving Credit Facility also includes limitations with respect to, among other things, (i) indebtedness in excess of \$50,000 for capital leases, \$200,000 for general indebtedness, \$200,000 for acquisition indebtedness, (of which approximately \$8,601, \$0 and \$0 were outstanding at December 31, 2005, respectively), (ii) restricted payments including dividends on the Company's Common Stock in excess of 50% of consolidated cumulative net income subsequent to July 15, 2005 plus \$250 million, or approximately \$301,272 at December 31, 2005, (iii) required consolidated net worth equal to 50% of cumulative consolidated net income commencing April 1, 2005 plus 100% of net cash proceeds from equity issuances commencing April 1, 2005, plus \$400,000, or approximately \$512,400 at December 31, 2005, (iv) creating or incurring liens, (v) making other investments, and (vi) acquiring or disposing of assets.

In conjunction with borrowings under the Revolving Credit Facility, the Company has entered into interest rate swap agreements that fixed the Company's LIBOR interest rate on \$150,000, \$250,000 and \$250,000 of floating rate bank debt at 4.82%, 4.24% and 4.85%, expiring in December 2007, July 2008 and December 2008, respectively. While it is not the Company's intention to terminate the interest rate swap agreements, the fair value of such agreements was estimated by obtaining quotes from brokers which represented the amounts that the Company would receive or pay if the agreements were terminated. The fair value indicated that termination of the agreements at December 31, 2005 would have resulted in a pre-tax gain of \$1,901; such gain, net of tax of \$753 was recorded in other comprehensive income.

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

The maturity of the Company's long-term debt over each of the next five years ending December 31, is as follows: 2006 - \$15,030; 2007 - \$6,755; 2008 - \$653; 2009 - \$259; 2010 - \$757,256; thereafter - \$1,047.

The Company estimates that the fair value of its long-term debt approximates book value.

A-12

Note 3 Income Taxes

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

	Year Ended December 31,		
	2005	2004	2003
Income before taxes:			
United States	\$ 132,715	\$ 103,240	\$ 58,560
Foreign	175,253	144,201	99,001
	\$ 307,968	\$ 247,441	\$ 157,561
Current provision:			
United States	\$ 58,218	\$ 47,596	\$ 24,483
Foreign	40,863	31,411	17,176
	\$ 99,081	\$ 79,007	\$ 41,659
Deferred provision:			
United States	\$ 2,413	\$ 4,263	\$ 11,008
Foreign	135	860	904
	2,548	5,123	11,912
Total provision for income taxes	\$ 101,629	\$ 84,130	\$ 53,571

At December 31, 2005, the Company had \$11,551 and \$783 of foreign tax loss carryforwards, and state tax credit carryforwards net of Federal benefit, respectively, of which \$2,882 and \$688, respectively, expire or will be refunded at various dates through 2019 and the balance can be carried forward indefinitely.

A valuation allowance of \$3,466 and \$3,213 at December 31, 2005 and 2004, respectively, has been recorded which relates to the foreign net operating loss carryforwards and foreign and state tax credits. The net change in the valuation allowance for deferred tax assets was an increase of \$253 and \$1,150 in 2005 and 2004, respectively. The net change in the valuation allowance in both 2005 and 2004 was related to foreign net operating loss and foreign and state credit carryforwards.

Differences between the U.S. statutory federal tax rate and the Company's effective income tax rate are analyzed below:

	Year Ended December 31,		
	2005	2004	2003
U.S. statutory federal tax rate	35.0 %	35.0 %	35.0 %
State and local taxes	1.9	1.5	1.6
Foreign earnings and dividends taxed at different rates	(3.5)	(2.9)	(2.2)
Valuation allowance		.5	.5
Other	(.4)	(.1)	(.9)
Effective tax rate	33.0 %	34.0 %	34.0 %

The Company's deferred tax assets and liabilities, excluding a valuation allowance, were comprised of the following:

	December 31,	
	2005	2004
Deferred tax assets relating to:		
Accrued liabilities and reserves	\$ 2,896	\$ 3,428
Operating loss and tax credit carryforwards	4,041	3,213
Pensions	19,592	20,366
Employee benefits	3,085	2,487
	\$ 29,614	\$ 29,494
Deferred tax liabilities relating to:		
Depreciation	\$ 5,802	\$ 8,282

The deferred tax asset relating to pension in the table above includes \$44,036 and \$39,410 at December 31, 2005 and 2004, respectively, relating to the Company's additional minimum pension liability (Note 5).

On October 22, 2004, the American Jobs Creation Act of 2004 (the Act) was signed into law. Under Internal Revenue Code Section 965, the Act creates a temporary incentive for U.S. corporations to repatriate income earned abroad by providing an 85% dividends received deduction for certain dividends. The Company has applied the provisions of the Act to a portion of its qualifying 2005 repatriations of current year earnings. The amount of earnings that the Company repatriated under the provision is \$32,134. The income tax incurred as a result of this repatriation is \$1,211. The Company has also applied a provision of the Act that allows a deduction for income from qualified domestic production activities, which will be phased in from 2005 through 2010 and a two-year phase-out of the existing extra-territorial income exclusion (ETI) for foreign sales.

The Company is subject to periodic audits of its various tax returns by government agencies; management does not believe that amounts, if any, which may be required to be paid by reason of such audits will have a material effect on the Company's financial position or results of operations. The Company has recorded accruals for certain tax contingencies related to various tax matters as of December 31, 2005.

Note 4 Shareholders Equity

In May 1997, the Company adopted the 1997 Option Plan, and in May 2000, adopted the 2000 Option Plan (Option Plans). The Option Plans authorize the granting of stock options by a committee of the Board of Directors. At December 31, 2005, the maximum number of shares of common stock available for the granting of stock options under the Option Plans was 730,110. Options granted under the Option Plans vest ratably over a period of five years and are exercisable over a period of ten years from the date of grant. In addition, shares issued in conjunction with the exercise of stock options are generally subject to Management Stockholder Agreements which, among other things, place restrictions on the sale or transfer of such shares. In 2004, the Company adopted the 2004 Stock Option Plan for Directors of Amphenol Corporation (the

Directors Plan). The Directors Plan is administered by the Board of Directors. At December 31, 2005, the maximum number of shares of common stock available for the granting of stock options under the Directors Plan was 210,000. Options granted under the Directors Plan vest ratably over a period of three years and are exercisable over a period of ten years from the date of grant. In addition, shares issued in conjunction with the exercise of stock options are generally subject to Stockholder Agreements which, among other things, place restrictions on the sale or transfer of such shares.

Stock option activity for 2003, 2004 and 2005 was as follows:

	Options	Average Price
Options outstanding at December 31, 2002	9,249,090	\$ 15.04
Options granted	1,231,800	20.09
Options exercised	(2,532,600)	8.11
Options cancelled	(84,540)	21.41
Options outstanding at December 31, 2003	7,863,750	17.99
Options granted	1,062,600	30.30
Options exercised	(1,652,042)	11.50
Options cancelled	(262,100)	22.53
Options outstanding at December 31, 2004	7,012,208	21.22
Options granted	1,054,400	36.93
Options exercised	(1,466,962)	16.86
Options cancelled	(206,140)	23.60
Options outstanding at December 31, 2005	6,393,506	\$ 24.68

The following table summarizes information about stock options outstanding at December 31, 2005:

Exercise Price	Options Outstanding			Options Exercisable	
	Shares	Average Price	Remaining Term	Shares	Average Price
\$6.50	25,878	\$ 6.50	1.38	25,878	\$ 6.50
7.50-10.00	400,601	9.46	3.27	400,601	9.46
12.50-15.00	182,000	14.50	2.30	182,000	14.50
15.50-20.10	944,712	20.08	7.28	323,712	20.08
20.11-25.00	2,868,793	22.86	5.29	2,240,053	23.22
27.50-35.00	926,122	30.25	8.26	183,935	29.29
36.00-44.00	1,045,400	41.68	9.28		
	6,393,506	\$ 24.68	6.44	3,356,179	\$ 19.46

At December 31, 2003, Kohlberg Kravis Roberts & Co. L.P. (KKR) owned 27.2% of the Company's Class A common stock. During the third quarter of 2004, partnerships affiliated with KKR sold all their Class A common stock and, as such owned none of the Company's Class A Common Stock as of December 31, 2004. In 2005, 2004 and 2003, the Company paid KKR fees of \$0.0, \$0.5 million and \$0.9 million, respectively, for management and consulting services.

A-15

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

On January 19, 2005, the Company announced that it would commence payment of quarterly dividend on its common stock of \$.03 per share. The Company paid its fourth quarterly dividend in the amount of \$2,729 or \$.03 per share on January 4, 2006 to shareholders of record as of December 14, 2005. Cumulative dividends declared during 2005 were \$10,763 of which \$8,034 were paid in 2005.

Balances of related after-tax components comprising accumulated other comprehensive loss included in shareholders' equity at December 31, 2003, 2004 and 2005, are as follows:

	Foreign Currency Translation Adjustment	Revaluation of Interest Rate Derivatives	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2002	\$ (22,965)	\$	\$ (58,254)	\$ (81,219)
Translation adjustments	17,047			17,047
Expiration of interest rate derivatives, net of tax of \$439		(669)		(669)
Minimum pension liability adjustment, net of tax of \$230			(103)	(103)
Balance at December 31, 2003	(5,918)	(669)	(58,357)	(64,944)
Translation adjustments	11,904			11,904
Revaluation of interest rate derivatives, net of tax of \$1,388		2,116		2,116
Minimum pension liability adjustment, net of tax of \$2,927			(4,154)	(4,154)
Balance at December 31, 2004	5,986	1,447	(62,511)	(55,078)
Translation adjustments	(11,956)			(11,956)
Revaluation of interest rate derivatives, net of tax of \$1,148		(297)		(297)
Minimum pension liability adjustment, net of tax of \$6,020			(10,411)	(10,411)
Balance at December 31, 2005	\$ (5,970)	\$ 1,150	\$ (72,922)	\$ (77,742)

Note 5 Benefit Plans and Other Postretirement Benefits

The Company and certain of its domestic subsidiaries have a defined benefit pension plan covering certain U.S. employees (the Plan). Plan benefits are generally based on years of service and compensation and are generally noncontributory. Certain foreign subsidiaries have defined benefit plans covering their employees. Certain U.S. employees not covered by the defined benefit plan are covered by defined contribution plans. The following is a summary of the Company's defined benefit plans funded status as of the most recent actuarial valuations; for each year presented below accumulated benefits exceed assets:

	December 31,	
	2005	2004
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 335,045	\$ 299,060
Service cost	8,219	7,069
Interest cost	18,237	17,649
Plan participants' contributions	473	453
Plan amendments	92	5,247
Actuarial loss	26,079	18,915
Foreign exchange translation	(12,995)	3,686
Benefits paid	(17,306)	(17,034)
Benefit obligation at end of year	357,844	335,045
Change in plan assets:		
Fair value of plan assets at beginning of year	217,878	188,209
Actual return on plan assets	19,967	20,215
Employer contribution	12,486	22,328
Plan participants' contributions	473	453
Foreign exchange translation	(2,239)	2,239
Benefits paid	(15,869)	(15,566)
Fair value of plan assets at end of year	232,696	217,878
Excess of liabilities over assets	(125,148)	(117,167)
Unrecognized net actuarial loss	138,668	124,713
Unrecognized prior service cost	10,020	11,290
Unrecognized transition obligation net	(1,045)	(1,079)
Additional minimum pension liability	(128,449)	(117,252)
Accrued benefit cost	\$ (105,954)	\$ (99,495)

	Year Ended December 31,		
	2005	2004	2003
Components of net pension expense:			
Service cost	\$ 8,219	\$ 7,069	\$ 5,910
Interest cost	18,237	17,649	16,894
Expected return on plan assets	(21,251)	(20,152)	(19,702)
Net amortization of actuarial losses	8,328	5,537	3,418
Net pension expense	\$ 13,533	\$ 10,103	\$ 6,520

Weighted-average assumptions used to determine benefit obligations at December 31,

	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
Discount rate	5.50	5.75	5.50	5.75
Rate of compensation increase	3.00	3.00	n/a	n/a

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31,

	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
Discount rate	5.75	6.15	5.75	6.15
Expected long-term return on assets	9.50	9.50	n/a	n/a
Rate of compensation increase	3.00	3.00	n/a	n/a

The pension expense for pension plans is calculated based upon a number of actuarial assumptions established on January 1 of the applicable year, detailed in the table above, including a weighted-average discount rate, rate of increase in future compensation levels and an expected long-term rate of return on Plan assets. The discount rate used by the Company for valuing pension liabilities is based on a review of high quality corporate bond yields with maturities approximating the remaining life of the projected benefit obligations. The discount rate on this basis has decreased from 5.75% at December 31, 2004 to 5.50% at December 31, 2005. This will have the effect of increasing pension expense in 2006 by approximately \$.7 million. Although future changes to the discount rate are unknown, had the discount rate increased or decreased 50 basis points, the pension liability would have decreased \$15.0 million or increased \$15.5 million, respectively. In developing the expected long-term rate of return assumption on plan assets which consist mainly of U.S. equity and debt securities, the Company evaluated input from its actuaries and investment consultants as well as long-term inflation assumptions. Projected returns by such consultants are based on broad equity and bond indices. The Company also considered its historical sixteen-year compound return of 11.3%, which has been in excess of these broad equity and bond benchmark indices. The expected long-term rate of return on Plan assets is based on an asset allocation assumption of 60% with equity managers, with an expected long-term rate of 11%, 25% with fixed income managers, with an expected long-term rate of return of 6.75% and 15% with high yield bond managers, with an expected rate of return of 8.5%. At December 31, 2005, the asset allocation was 66% with equity managers and 34% with fixed income managers, including high yield managers. The Company believes that its long-term asset allocation on average will approximate 60% with equity managers and 40% with fixed income managers. The Company regularly reviews its actual asset allocation and periodically rebalance the Company's investments to its targeted allocation when considered appropriate. Based on this methodology the Company's expected long-term rate of return assumption is 9.5% in 2005 and 2004. The Company has also adopted an unfunded Supplemental Employee Retirement Plan, which provides for the payment of the portion of annual pension which cannot be paid from the retirement plan as a result of regulatory limitations on average compensation for purposes of the benefit computation. The largest non-U.S. pension plan, in accordance with local custom, is unfunded and had an accumulated benefit obligation of approximately \$42,779 and \$41,903 at December 31, 2005 and 2004, respectively. Such obligation is included in the Consolidated Balance Sheets and the tables above.

In accordance with the provisions of FAS No. 87, the Company has recognized a minimum pension liability at December 31, 2005 of \$128,449 (\$117,252 at December 31, 2004) for circumstances in which a pension plan's accumulated benefit obligation exceeded the fair value of the plan's assets and accrued pension liability. Such liability was partially offset by an intangible asset equal to the unrecognized prior service cost, with the net change of \$10,411 (\$4,154 at December 31, 2004), recorded as a reduction in shareholders' equity, net of related deferred tax benefits.

The Company made a \$10,000 voluntary cash contribution to the U.S. Pension Plan in 2005 and paid benefit payments of \$14,200. The Company estimates that based on current actuarial calculations it will make a voluntary cash contribution to the U.S. Pension Plan in 2006 between \$10,000 and \$15,000. Cash contributions in subsequent years will depend on a number of factors including performance of plan assets.

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

The Company maintains self-insurance programs for that portion of its health care and workers compensation costs not covered by insurance. The Company also provides certain health care and life insurance benefits to certain eligible retirees through postretirement benefit programs. The Company's share of the cost of such plans for most participants is fixed, and any increase in the cost of such plans will be the responsibility of the retirees. The Company funds the benefit costs for such plans on a pay-as-you-go basis. Since the Company's obligation for postretirement medical plans is fixed and since the accumulated postretirement benefit obligation (APBO) and the net postretirement benefit expense are not material in relation to the Company's financial condition or results of operations, we believe any change in medical costs from that estimated will not have a significant impact on the Company. The discount rate used in determining the APBO at December 31, 2005 and 2004 was 5.50% and 5.75%, respectively. Summary information on the Company's postretirement medical plans is as follows:

	December 31,	
	2005	2004
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 13,104	\$ 12,752
Service cost	114	84
Interest cost	786	776
Paid benefits and expenses	(1,734)	(2,060)
Actuarial loss	1,752	1,552
Benefit obligation at end of year	\$ 14,022	\$ 13,104
Funded status		
Unrecognized net actuarial loss	10,725	10,052
Unrecognized transition obligation	435	497
Accrued benefit cost	\$ (2,862)	\$ (2,555)

	Year ended December 31,		
	2005	2004	2003
Components of net postretirement benefit cost:			
Service cost	\$ 114	\$ 84	\$ 73
Interest cost	786	776	799
Amortization of transition obligation	62	62	62
Net amortization of actuarial losses	1,079	900	857
Net postretirement benefit cost	\$ 2,041	\$ 1,822	\$ 1,791

Note 6 Leases

At December 31, 2005, the Company was committed under operating leases which expire at various dates. Total rent expense under operating leases for the years 2005, 2004, and 2003 were \$19,257, \$17,664 and \$18,650, respectively.

Minimum lease payments under non-cancelable operating leases are as follows:

2006	\$ 17,712
2007	13,479
2008	9,883
2009	5,715
2010	5,180
Beyond 2010	6,719
Total minimum obligation	\$ 58,688

Note 7 TCS Acquisition

On December 1, 2005, pursuant to an Asset and Stock Purchase Agreement dated October 10, 2005 (the "Asset Purchase Agreement") by and among the Company and Teradyne Corporation, Inc., a Massachusetts Corporation ("Teradyne"). The Company purchased substantially all of the assets and assumed certain of the liabilities of Teradyne's backplane and connection systems business segment ("TCS"), including the stock of certain of its operating subsidiaries for a total purchase price of approximately \$384,700 in cash including purchase price adjustments of approximately \$5,300. In addition, the Company incurred approximately \$8,800 of transaction related expenses. The accompanying Consolidated Statement of Income for the year ended December 31, 2005, includes the results of TCS for the period subsequent to the acquisition date; sales of approximately \$34,000 and minimal net income resulting in no impact to 2005 consolidated net earnings per share.

TCS is headquartered in Nashua, New Hampshire and is a leading supplier of high-speed, high-density, printed circuit board interconnect products. TCS sells its products primarily to the data communications, storage and server markets, wireless infrastructure markets and industrial markets. TCS had total sales of approximately \$373,000 for the year ended December 31, 2005.

The acquisition was accounted for using the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations". Accordingly, the purchase price was allocated first to the tangible and identifiable intangible assets and then to the liabilities of TCS based upon their fair market values. The excess purchase price over the fair market value of the underlying net assets acquired was allocated to goodwill. The Company is in the process of completing its analysis of fair value attributes of the assets acquired through the use of independent appraisals and management's estimates. It is anticipated that the final assessment of values will not differ materially from the preliminary assessment. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Current assets	\$ 98,312
Land and depreciable assets, net	33,431
Goodwill	239,273
Intangible assets	45,500
Other assets	72
Assets Acquired	416,588
Liabilities Assumed	23,061
Net Assets Acquired	\$ 393,527

Of the \$45,500 of acquired intangible assets, \$30,400, \$9,000 and \$6,100 was assigned to proprietary technology, customer relationships and license agreements, respectively, all of which are subject to amortization. The acquired intangible assets have a total weighted-average useful life of approximately 12 years. The license agreements, proprietary technology and customer relationships have a weighted average useful life of 8 years, 15 years and 5 years, respectively. The entire amount of goodwill was assigned to the interconnect segment all of which is expected to be deductible for tax purposes.

The following table summarizes the unaudited pro forma combined condensed financial information assuming that the TCS acquisition actually occurred as of the beginning of the period presented. On a pro forma basis for the year ended December 31, 2005, TCS had sales and operating income of approximately \$373,000 and \$6,700, respectively. Such amounts along with approximately \$22,200 of additional pro forma interest expense and related bank fees on borrowings to fund the acquisition are reflected in the pro forma amounts shown below. The pro forma adjustments are based upon available information and reflect a reasonable estimate of the effects of the TCS acquisition for the periods presented on the basis set forth herein. The unaudited pro forma financial information is presented for informational purposes only and does not purport to represent what the Company's financial position or results of operations would have been had the TCS acquisition in fact occurred on the dates assumed, nor is it necessarily indicative of the results that may be expected in future periods.

	For The Year Ended December 31,	
	2005	2004
Net sales	\$ 2,146,286	\$ 1,940,834
Operating income	347,301	304,451
Net income	195,675	166,746
Net income per common share - Basic	\$ 2.21	\$ 1.89
Net income per common share - Diluted	2.16	1.86

A-20

Note 8 Goodwill and Other Intangible Assets

As of December 31, 2005, the Company has goodwill totaling \$886,720 of which \$813,171 related to the Interconnect Products and Assemblies segment with the remainder related to the Cable Products segment. In 2005, goodwill increased by \$341,309 primarily as a result of nine acquisitions with an aggregate acquisition price of \$530,022, less the fair value of assets acquired of \$188,625, less purchase accounting adjustments related to prior year acquisitions on \$270, plus foreign exchange impact of \$182. The increase in goodwill was related to the interconnect products and assemblies segment. The Company is in the process of completing its analysis of fair value attributes of the assets acquired related to 2005 acquisitions and it is anticipated that the final assessment of values will not differ materially from the preliminary assessment.

The Company does not have any intangible assets not subject to amortization other than goodwill. As of December 31, 2005, the Company has acquired amortizable intangible assets with a total gross carrying amount of \$51,391 of which \$30,400, \$9,000 and \$6,100 relate to proprietary technology, customer relationships and license agreements, respectively, with the remainder relating to other amortizable intangible assets. The accumulated amortization related to these intangibles as of December 31, 2005 totaled \$4,044 of which \$122, \$110 and \$51 relate to proprietary technology, customer relationships and license agreements, respectively, with the remainder relating to other amortizable intangible assets. Intangible assets are included in other assets in the accompanying balance sheets. The acquired intangible assets have a total weighted-average useful life of approximately 12 years. The license agreements, proprietary technology and customer relationships have a weighted-average useful life of 8 years, 15 years and 5 years, respectively. The aggregate amortization expense for the year ended December 31, 2005 was approximately \$750 and amortization expense estimated for each of the next five fiscal years is approximately \$5,000.

Note 9 Reportable Business Segments and International Operations

The Company has two reportable business segments: interconnect products and assemblies and cable products. The interconnect products and assemblies segment produces connectors and connector assemblies primarily for the communications, aerospace, industrial and automotive markets. The cable products segment produces coaxial and flat ribbon cable and related products primarily for communication markets, including cable television. The accounting policies of the segments are the same as those for the Company as a whole and are described in Note 1 herein. The Company evaluates the performance of business units on, among other things, profit or loss from operations before interest expense, headquarters expense allocations, income taxes and nonrecurring gains and losses. The Company's operating segments are an aggregation of business units that have similar production processes and products.

	Interconnect products and assemblies			Cable products			Total		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Net sales									
external	\$ 1,592,439	\$ 1,333,838	\$ 1,071,968	\$ 215,708	\$ 196,608	\$ 167,536	\$ 1,808,147	\$ 1,530,446	\$ 1,239,504
intersegment	2,755	2,311	1,891	15,635	14,369	11,569	18,390	16,680	13,460
Depreciation and amortization	43,945	32,427	30,470	6,216	5,969	6,103	50,161	38,396	36,573
Segment operating income	339,458	271,327	196,377	25,809	24,631	20,420	365,267	295,958	216,797
Segment assets (excluding Goodwill)	880,555	605,645	512,923	77,004	74,634	78,076	957,559	680,279	590,999
Additions to property, plant and equipment	55,002	43,152	28,992	1,671	1,700	1,065	56,673	44,852	30,057

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

Reconciliation of segment operating income to consolidated income before taxes:

	2005	2004	2003
Segment operating income	\$ 365,267	\$ 295,958	\$ 216,797
Interest expense	(24,090)	(22,540)	(29,505)
Headquarters expense and other net expenses	(30,811)	(25,977)	(19,364)
Expense for early extinguishment of debt	(2,398)		(10,367)
Consolidated income before taxes	\$ 307,968	\$ 247,441	\$ 157,561

Reconciliation of segment assets to consolidated total assets:

	2005	2004	2003
Segment assets	\$ 957,510	\$ 680,279	\$ 590,999
Goodwill	886,720	545,411	516,335
Other assets	88,310	81,021	74,050
Consolidated total assets	\$ 1,932,540	\$ 1,306,711	\$ 1,181,384

Geographic information:

	Net sales			Land and depreciable assets		
	2005	2004	2003	2005	2004	2003
United States	\$ 802,351	\$ 674,302	\$ 555,918	\$ 102,434	\$ 69,949	\$ 72,169
International	1,005,796	856,144	683,586	151,455	127,804	106,097
Total	\$ 1,808,147	\$ 1,530,446	\$ 1,239,504	\$ 253,889	\$ 197,753	\$ 178,266

Revenues by geographic area are based on customer location to which product is shipped.

Note 10 Other Expenses, net

Other income (expense) is comprised as follows:

	Year Ended December 31,		
	2005	2004	2003
Foreign currency transaction income (losses)	\$ 354	\$ (643)	\$ (1,330)
Program fees on sale of accounts receivable	(3,751)	(2,254)	(1,468)
Minority interests	(4,084)	(3,029)	(2,363)
Agency and commitment fees	(1,505)	(980)	(837)
Fees and expenses associated with secondary stock offering		(185)	(950)
Other	115	428	(39)
	\$ (8,871)	\$ (6,663)	\$ (6,987)

Note 11 Commitments and Contingencies

In the course of pursuing its normal business activities, the Company is involved in various legal proceedings and claims. Management does not expect that amounts, if any, which may be required to be paid by reason of such proceedings or claims will have a material effect on the Company's consolidated financial position or results of operations.

Certain operations of the Company are subject to federal, state and local environmental laws and regulations that govern the discharge of pollutants into the air and water, as well as the handling and disposal of solid and hazardous wastes. The Company believes that its operations are currently in substantial compliance with all applicable environmental laws and regulations and that the costs of continuing compliance will not have a material effect on the Company's financial position or results of operations.

The Company is currently involved in the environmental cleanup of several sites for conditions that existed at the time Amphenol was acquired from Allied Signal Corporation in 1987 (Allied Signal merged with Honeywell International Inc. (Honeywell) in December 1999). Amphenol and Honeywell were named jointly and severally liable as potentially responsible parties in relation to such sites. Amphenol and Honeywell have jointly consented to perform certain investigations and remedial and monitoring activities at two sites and they have been jointly ordered to perform work at another site. The costs incurred relating to these three sites are reimbursed by Honeywell based on an agreement (the Honeywell Agreement) entered into in connection with the acquisition in 1987. For sites covered by the Honeywell Agreement, to the extent that conditions or circumstances occurred or existed at the time of or prior to the acquisition, Honeywell is obligated to reimburse Amphenol 100% of such costs. Honeywell representatives continue to work closely with the Company in addressing the most significant environmental liabilities covered by the Honeywell Agreement. Management does not believe that the costs associated with resolution of these or any other environmental matters will have a material adverse effect on the Company's financial position or results of operations. The environmental cleanup matters identified by the Company, including those referred to above, are covered under the Honeywell Agreement.

A-23

Note 12 Selected Quarterly Financial Data (Unaudited)

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2005				
Net sales	\$ 409,395	\$ 443,642	\$ 446,995	\$ 508,115
Gross profit, including depreciation	135,309	148,717	148,668	156,850
Operating income	77,333	86,046	86,089	93,859
Net income	46,376	52,056	52,089	55,818
Net income per share Basic	.53	.59	.59	.63
Net income per share Diluted	.52	.58	.57	.61
Stock price High	41.94	43.20	46.20	45.12
Low	33.24	35.79	36.57	38.38
2004				
Net sales	\$ 355,261	\$ 387,119	\$ 384,103	\$ 403,963
Gross profit, including depreciation	112,727	123,573	124,079	131,878
Operating income	61,283	69,054	70,303	76,004
Net income	35,658	40,367	41,646	45,640
Net income per share Basic	.41	.46	.47	.52
Net income per share Diluted	.40	.45	.47	.51
Stock price High	34.70	34.49	34.37	37.52
Low	28.13	29.75	27.90	32.23
2003				
Net sales	\$ 277,774	\$ 304,893	\$ 314,798	\$ 342,039
Gross profit, including depreciation	86,442	92,256	97,117	106,474
Operating income	45,171	49,259	52,372	57,618
Net income	23,313	19,479	(1) 28,212	32,986
Net income per share Basic	.28	.23	(1) .33	.38
Net income per share Diluted	.27	.22	(1) .32	.37
Stock price High	21.98	24.70	28.84	32.07
Low	18.50	19.38	23.05	26.03

(1) Includes a one-time charge for expenses incurred in the early extinguishment of debt of \$10,367, less tax benefit of \$3,525, or \$0.08 per share after taxes.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Consolidated Financial Statements

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	27
<u>Consolidated Statements of Income Years Ended December 31, 2005, December 31, 2004 and December 31, 2003</u>	28
<u>Consolidated Balance Sheets December 31, 2005 and December 31, 2004</u>	29
<u>Consolidated Statements of Changes in Shareholders Equity and Other Comprehensive Income Years Ended December 31, 2005, December 31, 2004 and December 31, 2003</u>	30
<u>Consolidated Statements of Cash Flow Years Ended December 31, 2005, December 31, 2004 and December 31, 2003</u>	31
<u>Notes to Consolidated Financial Statements</u>	32
Management Report on Internal Control	43

(a)(2) Financial Statement Schedules for the Three Years Ended December 31, 2005

<u>Report of Independent Registered Public Accounting Firm on Schedules</u>	51
<u>II Valuation and Qualifying Accounts</u>	52

(a)(3) Exhibits

<u>Reference is made to the Exhibit Index</u>	54
---	----

Schedules other than the above have been omitted because they are either not applicable or the required information has been disclosed in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Amphenol Corporation
Wallingford, Connecticut

We have audited the consolidated financial statements of Amphenol Corporation and subsidiaries (the Company) as of December 31, 2005 and 2004, and for each of the three years in the period ended December 31, 2005, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, and have issued our report thereon dated March 14, 2006; such consolidated financial statements and report are included elsewhere in the Form 10-K. Our audits also included the consolidated financial statement schedules of the Company listed in Item 15. These consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
March 14, 2006

A-26

SCHEDULE II
AMPHENOL CORPORATION AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
For the years ended December 31, 2005, 2004 and 2003
(Dollars in thousands)

	Balance at beginning of period		Charged to cost and expenses		Acquisitions		Deductions		Balance at end of period		
2005 Allowance for doubtful accounts	\$	8,666	\$	2,327	\$	1,855	\$	(1,686))	\$	11,162
2004 Allowance for doubtful accounts	\$	9,244	\$	1,618	\$	14	\$	(2,210))	\$	8,666
2003 Allowance for doubtful accounts	\$	8,812	\$	1,837	\$	521	\$	(1,926))	\$	9,244

A-27

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Wallingford, State of Connecticut on the 7th day of June, 2006

AMPHENOL CORPORATION

/s/ Martin H. Loeffler
Martin H. Loeffler
Chairman, Chief Executive
Officer and President

A-28

Listing of Exhibits

- 3.1 By-Laws of the Company as of May 19, 1997 NXS Acquisition Corp. By-Laws (filed as Exhibit 3.2 to the June 30, 1997 10-Q).*
- 3.2 Amended and Restated Certificate of Incorporation, dated April 24, 2000 (filed as Exhibit 3.1 to the April 28, 2000 Form 8-K).*
- 3.3 Certificate of Amendment of Amended and Restated Certificate of Incorporation, dated May 26, 2004 (filed as Exhibit 3.1 to the June 30, 2004 10-Q).*
- 10.1 Amended and Restated Receivables Purchase Agreement dated as of May 19, 1997 among Amphenol Funding Corp., the Company, Pooled Accounts Receivable Capital Corporation and Nesbitt Burns Securities, Inc., as Agent (filed as Exhibit 10.1 to the June 30, 1997 10-Q).*
- 10.2 First Amendment to Amended and Restated Receivables Purchase Agreement dated as of September 26, 1997 (filed as Exhibit 10.20 to the September 30, 1997 10-Q).*
- 10.3 Canadian Purchase and Sale Agreement dated as of September 26, 1997 among Amphenol Canada Corp., Amphenol Funding Corp. and Amphenol Corporation, individually and as the initial servicer (filed as Exhibit 10.21 to the September 30, 1997 10-Q).*
- 10.4 Second Amendment to Amended and Restated Receivables Purchase Agreement dated as of June 30, 2000 (filed as Exhibit 10.27 to the June 30, 2000 10-Q).*
- 10.5 Third Amendment to Amended and Restated Receivables Purchase Agreement dated as of June 28, 2001 (filed as Exhibit 10.27 to the September 30, 2001 10-Q).*
- 10.6 Fourth Amendment to Amended and Restated Receivables Purchase Agreement dated as of September 30, 2001 (filed as Exhibit 10.28 to the September 30, 2001 10-Q).*
- 10.7 Fifth Amendment to Amended and Restated Receivables Purchase Agreement dated as of May 19, 2004 (filed as Exhibit 10.6 to the June 30, 2004 10-Q).*
- 10.8 Sixth Amendment to Amended and Restated Receivables Purchase Agreement dated as of June 18, 2004 (filed as Exhibit 10.7 to the June 30, 2004 10-Q).*
- 10.9 Seventh Amendment to Amended and Restated Receivables Purchase Agreement dated as of June 18, 2004 (filed as Exhibit 10.8 to the June 30, 2004 10-Q).*
- 10.10 Amended and Restated Purchase and Sale Agreement dated as of May 19, 1997 among the Originators named therein, Amphenol Funding Corp. and the Company (filed as Exhibit 10.2 to the June 30, 1997 10-Q).*
- 10.11 First Amendment to Amended and Restated Purchase and Sale Agreement dated as of June 18, 2004 (filed as Exhibit 10.10 to the June 30, 2004 10-Q).*
- 10.12 1997 Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.16 to the June 30, 1997 10-Q).*
- 10.13 Amended 1997 Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.19 to the June 30, 1998 10-Q).*
- 10.14 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.30 to the June 30, 2001 10-Q).*
- 10.15 Amended 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.2 to the March 31, 2004 10-Q).*
- 10.16 Second Amended 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.35 to the June 30, 2004 10-Q).*
- 10.17 Form of 1997 Management Stockholders Agreement (filed as Exhibit 10.50 to the December 31, 2004 10-K)*
- 10.18 Form of 1997 Non-Qualified Stock Option Agreement (filed as Exhibit 10.51 to the December 31, 2004 10-K)*
- 10.19 Form of 1997 Sale Participation Agreement (filed as Exhibit 10.52 to the December 31, 2004 10-K)*
- 10.20 Form of 2000 Management Stockholders Agreement (filed as Exhibit 10.53 to the December 31, 2004 10-K)*
- 10.21 Form of 2000 Non-Qualified Stock Option Agreement (filed as Exhibit 10.54 to the December 31, 2004 10-K)*
- 10.22 Form of 2000 Sale Participation Agreement (filed as Exhibit 10.55 to the December 31, 2004 10-K)*
- 10.23 Management Agreement between the Company and Martin H. Loeffler, dated July 28, 1987 (filed as Exhibit 10.7 to the 1987 Registration Statement).*
- 10.24 Management Stockholders Agreement entered into as of May 19, 1997 between the Company and Martin H. Loeffler (filed as Exhibit 10.13 to the June 30, 1997 10-Q).*
- 10.25 Non-Qualified Stock Option Agreement between the Company and Martin H. Loeffler May 19, 1997 (filed as Exhibit 10.17 to the June 30, 1997 10-Q).*
- 10.26 Management Stockholders Agreement entered into as of June 6, 2000 between the Company and Martin H. Loeffler (filed as Exhibit 10.31 to the December 31, 2001 10-K).*
- 10.27 Non-Qualified Stock Option Agreement between the Company and Martin H. Loeffler dated as of June 6, 2000

Edgar Filing: AMPHENOL CORP /DE/ - Form 10-K/A

- (filed as Exhibit 10.34 to the December 31, 2001 10-K).*
- 10.28 Management Stockholders Agreement entered into as of May 19, 1997 between the Company and Edward G. Jepsen (filed as Exhibit 10.14 to the June 30, 1997 10-Q).*
- 10.29 Non-Qualified Stock Option Agreement between the Company and Edward G. Jepsen dated as of May 19, 1997 (filed as Exhibit 10.18 to the June 30, 1997 10-Q).*
- 10.30 Management Stockholders Agreement entered into as of June 6, 2000 between the Company and Edward G. Jepsen (filed as Exhibit 10.32 to the December 31, 2001 10-K).*
- 10.31 Non-Qualified Stock Option Agreement between the Company and Edward G. Jepsen dated as of June 6, 2000 (filed as Exhibit 10.35 to the December 31, 2001 10-K).*
- 10.32 Management Stockholders Agreement entered into as of May 19, 1997 between the Company and Timothy F. Cohane (filed as Exhibit 10.15 to the June 30, 1997 10-Q).*
- 10.33 Non-Qualified Stock Option Agreement between the Company and Timothy F. Cohane dated as of May 19, 1997 (filed as Exhibit 10.19 to the June 30, 1997 10-Q).*
- 10.34 Management Stockholders Agreement entered into as of June 6, 2000 between the Company and Timothy F. Cohane (filed as Exhibit 10.33 to the December 31, 2002 10-K).*
- 10.35 Non-Qualified Stock Option Agreement between the Company and Timothy F. Cohane dated as of June 6, 2000 (filed as Exhibit 10.36 to the December 31, 2001 10-K).*
- 10.36 Pension Plan for Employees of Amphenol Corporation as amended and restated effective January 1, 2002 (filed as Exhibit 10.7 to the December 31, 2001 10-K).*
- 10.37 Amphenol Corporation Supplemental Employee Retirement Plan formally adopted effective January 25, 1996 (filed as Exhibit 10.18 to the 1996 10-K).*
- 10.38 First Amendment (2000-1) to the Amphenol Corporation Supplemental Employee Retirement plan (filed as Exhibit 10.18 to the September 30, 2004 10-Q).*
- 10.39 Second Amendment (2004-1) to the Amphenol Corporation Supplemental Employee Retirement Plan (filed as Exhibit 10.19 to the September 30, 2004 10-Q).*
- 10.40 1997 Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.16 to the June 30, 1997 10-Q).*
- 10.41 Amended 1997 Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.19 to the June 30, 1998 10-Q).*
- 10.42 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.30 to the June 30, 2001 10-Q).*
- 10.43 Amended 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.2 to the March 31, 2004 10-Q).*
- 10.44 Second Amended 2000 Stock Purchase and Option Plan for Key Employees of Amphenol and Subsidiaries (filed as Exhibit 10.35 to the June 30, 2004 10-Q).*
- 10.45 Amphenol Corporation Directors Deferred Compensation Plan (filed as Exhibit 10.11 to the December 31, 1997 10-K).*
- 10.46 The 2004 Stock Option Plan for Directors of Amphenol Corporation (filed as Exhibit 10.44 to the June 30, 2004 10-Q).*
- 10.47 The 2004 Amphenol Executive Incentive Plan (filed as Exhibit 10.45 to the June 30, 2004 10-Q).*
- 10.48 2006 Amphenol Corporation Management Incentive Plan (filed as Exhibit 10.48 to the December 31, 2005 10-K).*
- 10.49 Credit Agreement dated as of May 6, 2003 among Amphenol Corporation, the Lenders listed therein, Fleet National Bank and Royal Bank of Canada, as Co-Documentation Agents, UBS Warburg LLC, as Syndication Agent and Deutsche Bank Trust Company Americas as Administrative Agent and Collateral Agent (filed as an Exhibit to the Form 8-K filed on June 13, 2003).*
- 10.50 Amendment No. 1 to the Credit Agreement dated as of November 6, 2003, among Amphenol Corporation, the Lenders listed therein and Deutsche Bank Trust Company Americas as administrative agent (filed as Exhibit 10.1 to the September 30, 2003 10-Q).*
- 10.51 Amendment No. 2 to the Credit Agreement dated as of November 10, 2004, among Amphenol Corporation, the Lenders listed therein and Deutsche Bank Trust Company Americas as administrative agent (filed as an Exhibit to the Form 8-K filed on November 10, 2004).
- 10.52 Credit Agreement, dated as of July 15, 2005, among the Company, certain subsidiaries of the Company, a syndicate of financial institutions and Bank of America, N.A. acting as the administrative agent (filed as an Exhibit to the Form 8-K filed on July 20, 2005).*
- 10.53 Agreement and Plan of Merger among Amphenol Acquisition Corporation, Allied Corporation and the Company, dated April 1, 1987, and the Amendment thereto dated as of May 15, 1987 (filed as Exhibit 2 to the 1987 Registration Statement).*
- 10.54 Settlement Agreement among Allied Signal Inc., the Company and LPL Investment Group, Inc. dated November

- 28, 1988 (filed as Exhibit 10.20 to the 1991 Registration Statement).*
- 10.55 Asset and Stock Purchase Agreement between Teradyne, Inc. and Amphenol Corporation, dated October 10, 2005 (filed as an Exhibit to the Form 8-K filed on October 11, 2005).*
- 21.1 Subsidiaries of the Company (filed as Exhibit 21.1 to the December 31, 2005 Form 10-K).*
- 23.1 Consent of Deloitte & Touche LLP.**
- 31.1 Certification pursuant to Exchange Act Rules 13a-14 and 15d-14; as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
- 31.2 Certification pursuant to Exchange Act Rules 13a-14 and 15d-14; as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.**

* Incorporated herein by reference as stated.

** Filed herewith

A-31
