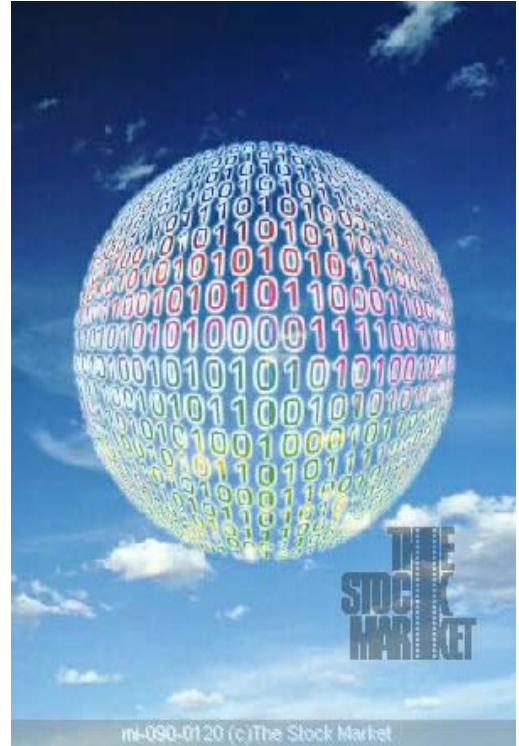


## TABLE OF CONTENTS

---

Letter to Shareholders .....	3
Financial Highlights .....	9
Business Strategy .....	10
Key Operating Indices .....	12
Annual Report on Form 10-K .....	13
Additional Financial Data .....	51
Directors and Officers .....	52

# A Global Leader in Interconnect Systems for Communications



*It's a digital world and Amphenol is a leading manufacturer of interconnect products and assemblies for wireless and wired voice, data and video communication systems and networks.*



Dear Fellow Shareholders:

I am extremely proud of the way Amphenol responded in 2001 to the most severe slowdown in the history of the electronic components industry. Sales (\$1.1 billion) and Earnings (\$1.95/per share) were the second highest on record, exceeded only by the market exuberance of 2000. Earnings per share were down from 2000, but up 61% over 1999, continuing the strong upward trend we have achieved over the past decade.

I attribute the excellent results in a challenging environment to a very strong management team. We strive to keep things basic at Amphenol; general managers have clear P&L and balance sheet responsibility in a flat organizational structure. We foster an entrepreneurial spirit to achieve established goals and simultaneously nurture collaborative relationships whereby profit center managers support each other in a system for mutual benefit. I believe it is this dual mindset of entrepreneurship and collaboration that motivated significant programs of cost control as the slowdown accelerated last year, while preserving and enhancing our position with key OEM customers. It also contributed to retaining our comparatively strong profit margins and cash flow in spite of the reduced activity.

The comparatively strong results achieved in 2001 are also the result of our diversity in the markets we serve. In recent years we have benefited greatly from pursuing the converging voice, video and data communications markets. With hindsight, it is easier to understand that in 1999/2000 such markets were growing at unsustainable levels; they were heady times with growth rates in excess of 50% and our customers demanding that we further increase capacity. Fortunately, our financial discipline allowed us to fully participate in the growth through significant expansion in low cost labor areas without major increases in our fixed cost overhead structure. Furthermore, we continued to support our leading positions in military aerospace, industrial and niche areas of the automotive market. Such markets either grew in 2001 or declined much less significantly than communications markets. Retaining our position in aerospace and industrial/automotive markets was not an obvious choice during the growth years but it has served us well over the long term.

With respect to the major markets we serve with interconnect and cable products and assemblies, the following is an overview of activity in 2001:

- The aerospace market comprised 23% of sales last year and was up 19% over year

A Global Leader in Interconnect Systems for Communications

*Amphenol is a leading world provider of interconnect products for wireless infrastructure communication networks.*



2000 levels. The Company is the acknowledged leader in high performance interconnect components for aerospace/harsh environment applications. The U.S. and certain other countries appear to be in the initial stages of a longer term trend to upgrade military defense systems. Several programs in which the Company has significant participation are in the early phases of production, and other major programs in which the Company has achieved design wins are still in the prototype stage but such programs should provide very significant future long term revenues. The Company is proud of the outstanding engineering capabilities represented by its leadership position in this important market.

- The wireless/telecom/datacom markets comprised 38% of sales last year and were down 25% from year 2000 levels. The severe decline in these markets after several years of strong growth has been well chronicled. The decline resulted from softening economies in the U.S., Europe and, to a lesser degree, Asia, exasperated by inventory buildup in the supply chain. The lower level of activity may continue in the short term; however, we are very confident of the excellent long term growth potential of communications markets. The number of wireless subscribers and internet users continues to grow and technological change continues to drive new, faster and better services. Our product offering to the communications markets is broad and deep, and our global resources have further strengthened our excellent relations with the major OEM equipment providers.
- The industrial markets comprised 23% of our sales last year and were down 5% from year 2000 levels. A component of our industrial market is providing interconnect systems for automotive safety devices and other automotive electronic componentry. That part of our industrial market was up last year reflecting the increased utilization of sophisticated airbag and related safety devices as well as the increased use of electronic devices and applications in automobiles. Other parts of the industrial market such as factory automation, mass transportation and instrumentation were down last year reflecting the general slowdown in the economy. However, increased sophistication in factory automation is a key element to raising productivity, and we are confident this will be an excellent market in an improving economy.
- The broadband market comprised 16% of our sales last year and was down 44% from year 2000 levels. We serve the broadband market primarily with coaxial cable, and after a period of excellent growth in 1999/2000 that market slowed significantly last year. The growth had been fueled by significant expansion of broadband cable television systems in international markets and by the upgrade by

# A Global Leader in Interconnect Systems for Industrial Applications



*Amphenol is a leader in developing interconnect products and systems for industrial and mass transportation applications.*



*Amphenol is a leading supplier of interconnect systems for automotive safety systems and other electronic applications.*



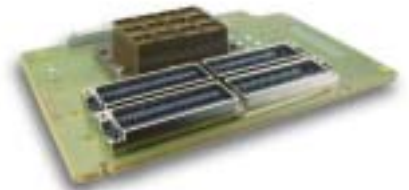
cable operators in the U.S. to full service digital systems offering a variety of video, voice and data services. The slowdown last year reflected a generally slowing worldwide economy, the availability of credit to finance system upgrades and expansion, and economic dynamics specific to certain operators. We believe this market will grow in the future as deployment of wired broadband systems in international markets is still in the early stages, and U.S. systems will continue to be upgraded to offer the full potential of digital technology.

2001 was a challenging year for us and the electronics industry. We believe we fared better than the industry last year, just as we have outperformed the industry in good times. And, I am grateful for the outstanding efforts and contribution of our employees worldwide for making Amphenol successful in good and difficult times. We also acquired two companies last year, and while each is relatively small in their own right, collectively they will play a strategic role in expanding our products and services to the aerospace and infocom markets. We are well positioned with global resources and an excellent product portfolio to serve the worldwide needs of our customers. Predicting the future in today's business environment has proven difficult. However, we are very confident that we are in excellent markets with a great organization, and we are very excited about the future. The excitement and confidence in the future also stems from the loyalty and trust of our excellent base of customers and suppliers; we thank them for their invaluable support. Finally, I believe we have a passion for the business. I know such intangible can be transitory. But I believe we have it; we think about it; and, we work hard to retain it.

Martin H. Loeffler  
 Chairman, Chief Executive Officer  
 and President

# A Global Leader in Interconnect Systems for Aerospace Applications

*Amphenol is the world leader in sophisticated, highly-engineered interconnect products for commercial and defense related aerospace applications.*





**Financial Highlights**

*(dollars in thousands, except per share data)*

	2001	2000	1999
Sales	\$1,103,771	\$1,359,702	\$1,010,603
Operating income	197,027	244,423	160,729
Income before extraordinary item	83,710	107,904	44,295
Income per share before extraordinary item - diluted	1.95	2.52	1.21
Earnings before interest, taxes and depreciation and amortization ("EBITDA")	\$253,120	\$298,872	\$205,609
Average common shares outstanding	42,997,121	42,878,922	36,664,016



***Amphenol's Chairman, CEO and President, Martin H. Loeffler celebrates the Company's tenth anniversary on the NYSE***

## Business Strategy

The Company's strategic objective is to further enhance its position as a leading global designer, manufacturer and marketer of connectors, interconnect systems and cable products. The Company seeks to achieve this objective by pursuing the following strategies:

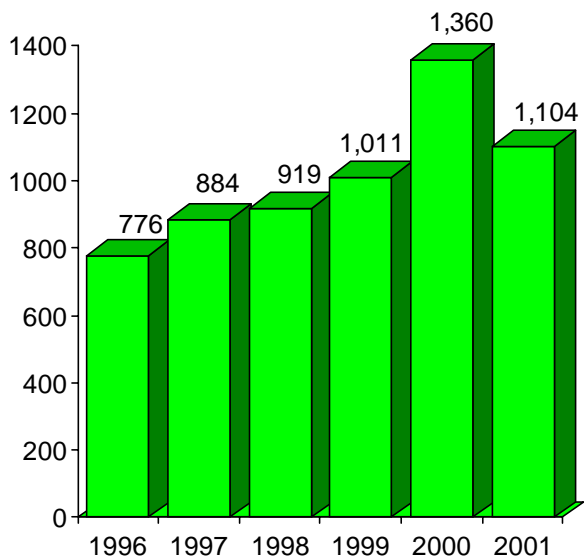
- *Focus on Communications Markets.* We intend to capitalize on the convergence in the communications sector of voice, video and data technologies. The growth in recent years of mobile communications and internet utilization has been substantial. We believe, however, that both technologies are in their infancy in terms of market potential. Analysts estimate that in 2001 there were over 400 million mobile handset subscribers and over 450 million internet subscribers, and that both applications will increase to 1 billion subscribers in the near future. We will continue to aggressively pursue infocom opportunities through the development of new application specific interconnect products to serve this expanding market.
- *Develop Application Specific Products for OEMs.* We seek to expand the scope and number of preferred supplier designations and application specific product opportunities we have with OEM customers. We work closely with our network of OEM customers at the design stage to create and manufacture innovative solutions to meet our customers' specific interconnection needs. Our application specific products designed and manufactured for OEMs generally have higher value-added content than our other interconnection products and have been developed across all of our product lines. In addition to solidifying our relationship with OEMs and providing a source of high value-added sales, this product development strategy has a number of important ancillary benefits. For example, once an application specific product has been developed for a specific OEM customer, such new product often becomes widely accepted in the industry for similar applications and products manufactured by other potential customers, thereby providing additional sources of future revenue.
- *Expand Product Lines.* Our product lines encompass market segments comprising approximately 50% of the \$32 billion connector industry. We have broad product lines for the markets we serve; as an example, in 2001 our sales included in excess of 100,000 stock keeping units ("SKU's"). We continuously strive to expand our product lines in order to become a primary source supplier of interconnect solutions for our customers. By expanding our product lines, we intend to leverage our extensive customer relationships to cross-sell additional connector products. Moreover, in an environment in which many OEMs and other customers are reducing the size of their supplier base, we believe that the expansion of our product lines will further solidify our importance to existing customers and enable us to

effectively market products to new customers.

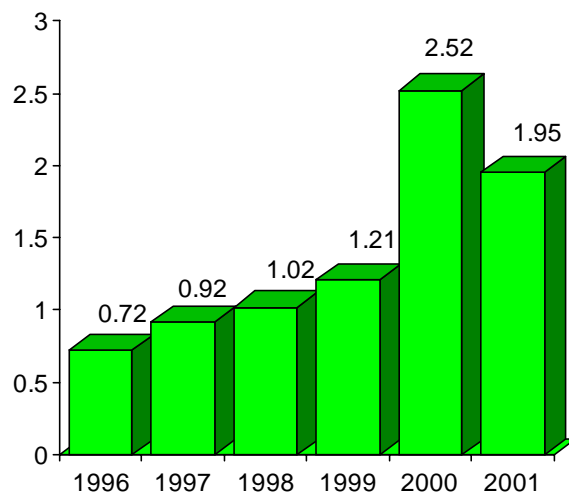
- i Expand Sales of Broadband Products.* We believe that the increasing demand for enhanced services from existing cable television systems and the relatively low penetration rate for cable television in countries outside of the United States provides significant opportunity for future growth of coaxial cable and other broadband interconnect products. The demands of the digital age for high-speed internet access, video on demand, specialized programming and the ability to carry voice, all place significant emphasis on expanded bandwidth for network delivery systems. Cable operators are upgrading and rebuilding their systems to offer such services. In addition, cable system developments are planned for large portions of Europe, Asia and Latin America. We believe that we are well positioned to take advantage of these opportunities because we are one of the world's leading producers of coaxial cable and broadband interconnect products and because we have extensive relationships with many of the multinational cable operators that are upgrading and expanding in domestic and international markets.
- *Expand Global Presence.* We intend to further expand our global manufacturing, sales and service operations to better serve our existing client base, penetrate developing markets and establish new customer relationships. As our multinational OEM customers expand their international operations to take advantage of developing markets and the lower manufacturing and labor costs of such markets, we intend to similarly expand our international capabilities in order to provide just-in-time facilities near these customers. We believe that this type of international expansion will enable us to take advantage of the lower manufacturing costs in some countries. We have established low-cost manufacturing and assembly facilities in the three major geographical markets of the Americas, Europe and Asia.
- *Pursue Strategic Acquisitions and Investments.* We will pursue strategic acquisitions that complement our existing business and further expand our product lines, technological capabilities and geographic presence. We believe that the fragmented nature of the connector industry provides significant opportunities for strategic acquisitions. Furthermore, we believe that we can improve the profitability of the acquired companies through our channels of access to world markets and through lower manufacturing costs as a result of economies of scale.

## KEY OPERATING INDICES 1996-2001

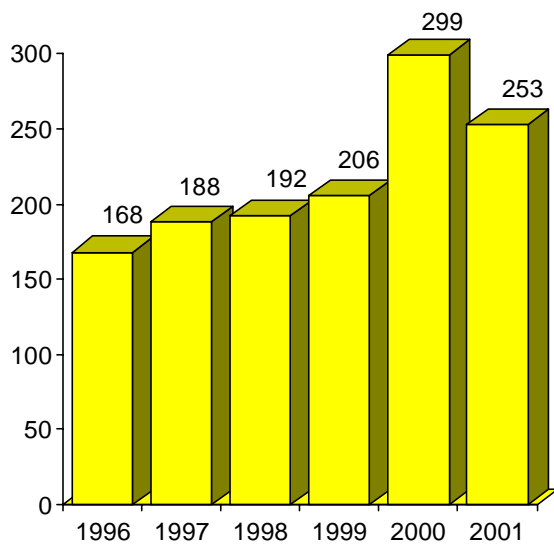
*Net Sales*  
\$ Millions



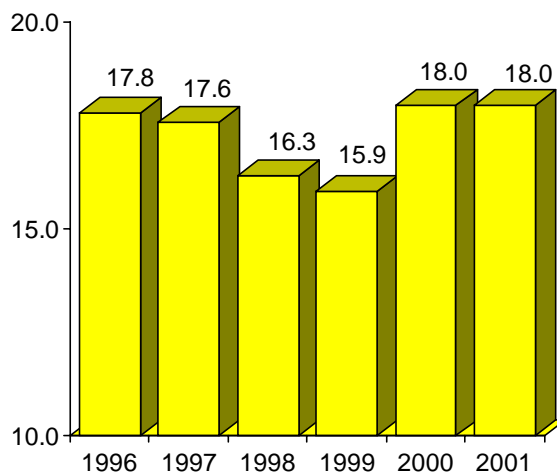
*Earnings Per Share - Diluted*  
Dollars



*EBITDA*  
\$ Millions



*Operating Margin*  
Percent (%)



**A M P H E N O L   C O R P O R A T I O N   2 0 0 1   A N N U A L   R E P O R T**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]  
For the Fiscal Year Ended December 31, 2001

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]  
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:

**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 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.

The aggregate market value of Amphenol Corporation common stock, \$.001 par value, held by non-affiliates was approximately \$896 million based on the reported last sale price of such stock on the New York Stock Exchange on February 28, 2002.

As of February 28, 2002 the total number of shares outstanding of registrant's common stock was 42,300,068.

**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.

INDEX	Page
<b>PART I</b>	15
<b>Item 1. Business</b>	15
General	15
Business Segments	17
International Operations	19
Customers	19
Manufacturing	19
Research and Development	20
Trademarks and Patents	20
Competition	20
Backlog	20
Employees	21
Cautionary Statements for Purposes of Forward Looking Information	22
<b>Item 2. Properties</b>	23
<b>Item 3. Legal Proceedings</b>	23
<b>Item 4. Submission of Matters to a Vote of Security-Holders</b>	25
<b>Item 4.1 Executive Officers</b>	25
<b>PART II</b>	26
<b>Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters</b>	26
<b>Item 6. Selected Financial Data</b>	27
<b>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	28
<b>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</b>	31
<b>Item 8. Financial Statements and Supplementary Data</b>	32
Report of Management	32
Independent Auditors' Report	32
Consolidated Statement of Income	33
Consolidated Balance Sheet	34
Consolidated Statement of Changes in Shareholders' Equity	35
Consolidated Statement of Cash Flow	36
Notes to Consolidated Financial Statements	37
<b>Item 9. Changes in and Disagreements with Independent Accountants on Accounting and Financial Disclosure</b>	48
<b>PART III</b>	48
<b>Item 10. Directors and Executive Officers of the Registrant</b>	48
<b>Item 11. Executive Compensation</b>	48
<b>Item 12. Security Ownership of Certain Beneficial Owners and Management</b>	48
<b>Item 13. Certain Relationships and Related Transactions</b>	48
<b>PART IV</b>	49
<b>Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K</b>	49
Signature of the Registrant	50
Signatures of the Directors	50

**PART I**

**Item 1. Business**

**General**

Amphenol Corporation ("Amphenol" or the "Company") is one of the world's largest designers, manufacturers and marketers of electrical, electronic and fiber optic connectors, interconnect systems and coaxial and flat-ribbon cable. The primary end markets for the Company's products are:

- ï communication systems for the converging technologies of voice, video and data communications;
- ï industrial factory automation equipment and automotive and mass transportation applications; and
- ï commercial and military aerospace applications.

The Company focuses on optimizing its mix of higher margin, higher growth application specific products in its product offerings and maintaining continuing programs of productivity improvement. For 2001, the Company reported net sales, operating profit and net income of \$1,103.8 million, \$197.0 million and \$83.7 million, respectively. The table below summarizes information regarding the Company's primary markets and end applications for the Company's products:

	<u>Communications</u>	<u>Industrial</u>	<u>Commercial and Military Aerospace</u>
Percentage of Sales	54%	23%	23%
Primary End Applications	Voice <ul style="list-style-type: none"> <li>ï wireless handsets and personal communication devices</li> <li>ï base stations and other wireless infrastructure</li> </ul> Video <ul style="list-style-type: none"> <li>ï cable television networks and set top converters</li> </ul> Data <ul style="list-style-type: none"> <li>ï cable modems</li> <li>ï servers and storage systems</li> <li>ï computers, personal computers and related peripherals</li> <li>ï data networking equipment</li> </ul>	Factory automation <ul style="list-style-type: none"> <li>Instrumentation systems</li> <li>Automobile safety systems and other on board electronics</li> </ul> Mass transportation <ul style="list-style-type: none"> <li>Oil exploration</li> <li>Off-road construction</li> </ul>	Military and Commercial Aircraft <ul style="list-style-type: none"> <li>ï avionics</li> <li>ï engine controls</li> <li>ï flight controls</li> <li>ï passenger related systems</li> </ul> Missile systems <ul style="list-style-type: none"> <li>Battlefield communications</li> <li>Satellite and Space Station programs</li> </ul>

---

The Company designs and manufactures connectors and interconnect systems which are used primarily to conduct electrical and optical signals for a wide range of sophisticated electronic applications. The Company believes, based primarily on published market research, that it is one of the largest connector manufacturers in the world. The Company has developed a broad range of connector and interconnect products to serve the rapidly growing and converging voice, video and data communications markets. The Company is also one of the leaders in developing interconnect products for factory automation, machine tools, instrumentation systems, mass transportation applications and automotive applications, including airbags, pretensioner seatbelts and other on board electronics. In addition, the Company is the leading supplier of high performance, military-specification, circular environmental connectors that require superior performance and reliability under conditions of stress and in hostile environments. These conditions are frequently encountered in commercial and military aerospace applications and other demanding industrial applications such as oil exploration, medical instrumentation and off-road construction.

The Company believes that the worldwide industry for interconnect products and systems is highly fragmented with over 2,000 producers of connectors worldwide, of which the 10 largest, including Amphenol, accounted for a combined market share of approximately 46% in 2001. Industry analysts estimate that the total sales for the industry were approximately \$32 billion in 2001.

The Company's Times Fiber subsidiary is the world's second largest producer of coaxial cable for the cable television market. The Company believes that its Times Fiber unit is one of the lowest cost producers of coaxial cable for the cable television market, and that it is one of the technological leaders in increasing the bandwidth of coaxial cable products. The Company's coaxial cable and connector products are used in cable television systems including full service cable television/telecommunication systems being installed by cable operators and telecommunication companies offering video, voice and data services. The Company is also a major supplier of coaxial cable to developing international cable television markets.

The Company is a global manufacturer employing advanced manufacturing processes. The Company manufactures and assembles its products at facilities in North America, South America, Europe, Asia and Australia. The Company sells its connector products through its own global sales force and independent manufacturers' representatives to thousands of OEMs in approximately 60 countries throughout the world as well as through a global network of electronics distributors. The Company sells its coaxial cable products primarily to cable television operators and to telecommunication companies who have entered the broadband communications market. For the year 2001, approximately 54% of the Company's net sales were in North America, 27% were in Europe and 19% were in Asia and other countries.

The Company implements its product development strategy through product design teams and collaboration arrangements with customers which result in the Company obtaining approved vendor status for its customers' new products and programs. The Company seeks to have its products become widely accepted within the industry for similar applications and products manufactured by other potential customers, which the Company believes will provide additional sources of future revenue. By developing application specific products, the Company has decreased its exposure to standard products which generally experience greater pricing pressure. In addition to product design teams and customer collaboration arrangements, the Company uses key account managers to manage customer relationships on a global basis such that it can bring to bear its total resources to meet the worldwide needs of its multinational customers. The Company is also focused on making strategic acquisitions in certain markets to further broaden and enhance its product offerings and expand its global capabilities.



**Business Segments**

The following table sets forth the dollar amounts of the Company's net trade sales for its business segments. For a discussion of factors affecting changes in sales by business segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	2001	2000	1999
	(dollars in thousands)		
Net trade sales by business segment:			
Interconnect products and assemblies	\$ 906,799	\$1,009,162	\$ 769,967
Cable products	<u>196,972</u>	<u>350,540</u>	<u>240,636</u>
	<u>\$1,103,771</u>	<u>\$1,359,702</u>	<u>\$1,010,603</u>
Net trade sales by geographic area:			
United States operations	\$ 538,325	\$ 690,743	\$ 519,459
International operations (1)	<u>565,446</u>	<u>668,959</u>	<u>491,144</u>
	<u>\$1,103,771</u>	<u>\$1,359,702</u>	<u>\$1,010,603</u>

(1) Includes international coaxial cable sales, which are primarily export sales.

---

*Interconnect Products and Assemblies.* The Company produces a broad range of interconnect products and assemblies primarily for voice, video and data communication systems, commercial and military aerospace systems, automotive and mass transportation applications, and industrial and factory automation equipment. Interconnect products include connectors, which when attached to an electronic or fiber optic cable, a printed circuit board or other device, facilitate electronic or fiber optic transmission. Interconnect assemblies generally consist of a system of cable and connectors for linking electronic and fiber optic equipment. The Company designs and produces a broad range of connector and cable assembly products used in communication applications, such as: cable assemblies used in base stations for wireless communication systems; smart card acceptor devices used in mobile GSM telephones, cable modems and other applications to facilitate reading data from smart cards; fiber optic couplers and connectors used in fiber optic signal transmission; input/output connectors and assemblies used for servers and data storage devices and linking personal computers and peripheral equipment; and sculptured flexible circuits used for integrating printed circuit boards in communication applications. The Company also designs and produces a broad range of radio frequency connector products used in telecommunications, computer and office equipment, instrumentation equipment and local area networks. The Company's radio frequency connectors are also used in base stations, handheld sets and other components of cellular and personal communications networks.

The Company believes that it is the largest supplier of high performance, military-specification, circular environmental connectors. Such connectors require superior performance and reliability under conditions of stress and in hostile environments. High performance environmental connectors are generally used to interconnect electronic and fiber optic systems in sophisticated aerospace, military, commercial and industrial equipment. These applications present demanding technological requirements in that the connectors can be subject to rapid and severe temperature changes, vibration, humidity and nuclear radiation. Frequent applications of these connectors include aircraft, guided missiles, radar, military vehicles, equipment for spacecraft, energy, medical instrumentation and geophysical applications and off-road construction equipment. The Company also designs

and produces industrial interconnect products used in a variety of applications such as factory automation equipment, mass transportation applications including railroads and marine transportation; and automotive safety products including interconnect devices and systems used in automotive airbags, pretensioner seatbelts and anti-lock braking systems. The Company also designs and produces highly-engineered cable and backplane assemblies. Such assemblies are specially designed by the Company in conjunction with OEM customers for specific applications, primarily for computer, wired and wireless communication systems, office equipment and aerospace applications. The cable assemblies utilize the Company's connector and cable products as well as components purchased from others.

*Cable Products.* The Company designs, manufactures and markets coaxial cable primarily for use in the cable television industry. The Company manufactures two primary types of coaxial cable: semi-flexible, which has an aluminum tubular shield, and flexible, which has one or more braided metallic shields. Semi-flexible coaxial cable is used in the trunk and feeder distribution portion of cable television systems, and flexible cable (also known as drop cable) is used primarily for hookups from the feeder cable to the cable television subscriber's residence. Flexible cable is also used in other communication applications. The Company has also developed a broad line of radio frequency connectors for coaxial cable and fiber optic interconnect components for full service cable television/telecommunication networks.

The rapid development in fiber optic technologies, digital compression (which allows several channels to be transmitted within the same bandwidth that a single analog channel currently requires) and other communication technologies, including the Company's development of higher capacity coaxial cable, have resulted in technologies which enable cable television systems to provide channel capacity in excess of 500 channels. Such expanded channel capacity, along with other component additions, permit cable operators to offer full service networks with a variety of capabilities including near video-on-demand, pay-per-view special events, home shopping networks, interactive entertainment and education services, telephone services and high-speed access to data resources such as the Internet. With respect to expanded channel capacity systems, cable operators have generally adopted, and the Company believes that for the foreseeable future will continue to adopt, a cable system using both fiber optic cable and coaxial cable. Such systems combine the advantages of fiber optic cable in transmitting clear signals over a long distance without amplification, with the advantages of coaxial cable in ease of installation, low cost and compatibility with the receiving components of the customer's communication devices. The Company believes that while system operators are likely to increase their use of fiber optic cable for the trunk and feeder portions of the cable systems, there will be an ongoing need for high capacity coaxial cable for the local distribution and street-to-the-home portions of the cable system.

U.S. cable system designs are increasingly being employed in international markets where cable television penetration is low. For example, it is estimated that in 2001 only 31% of the television households in Europe subscribed to some form of multichannel television service as compared to an estimated subscription rate of 69% in the U.S. The estimated subscription rates in the Asian and Latin American markets are even lower at approximately 30% and 23%, respectively. In terms of television households, it is estimated that there are 232 million television households in Europe, 470 million in Asia and 83 million in Latin America. This compares to an estimated 105 million television households in the U.S. In 2001, the Company had sales of coaxial cable in approximately 50 countries, and the Company believes the development of cable television systems in international markets presents a significant opportunity to increase sales of its coaxial cable products.

The Company is also a leading producer of flat-ribbon cable, a cable made of wires assembled side by side such that the finished cable is flat. Flat-ribbon cable is used to connect internal components in systems with space and component configuration limitations. The product is used in computer and office equipment components as well as in a variety of telecommunication applications.

## **International Operations**

The Company believes that its global presence is an important competitive advantage as it allows the Company to provide quality products on a timely and worldwide basis to its multinational customers. Approximately 51% of the Company's sales for the year ended December 31, 2001 were outside the United States. Approximately 54% of such international sales were in Europe. The Company has manufacturing and assembly facilities in the United Kingdom, Germany, France, the Czech Republic, Estonia and sales offices in most European markets. The Company's European operations generally have strong positions in their respective local markets. The balance of the Company's international activities are located in Asia, Canada, Mexico, Brazil and Australia. Asian operations include manufacturing facilities in Japan, Taiwan, People's Republic of China, Korea, India and Malaysia. The Company's international manufacturing and assembly facilities generally serve the respective local markets, and local operations coordinate product design and manufacturing responsibility with the Company's other operations around the world. The Company has low cost manufacturing and assembly facilities in Mexico, the People's Republic of China, the Czech Republic and Estonia to serve regional and world markets.

## **Customers**

The Company's products are used in a wide variety of applications by numerous customers, the largest of which accounted for approximately 5% of net sales for the year ended December 31, 2001. The Company sells its products to over 10,000 customer locations worldwide. The Company's products are sold both directly to OEMs, cable system operators, telecommunication companies and through manufacturers' representatives and distributors. There has been a trend on the part of OEM customers to consolidate their lists of qualified suppliers to companies that have a global presence, can meet quality and delivery standards, have a broad product portfolio and design capability, and have competitive prices. The Company has focused its global resources to position itself to compete effectively in this environment. The Company has concentrated its efforts on service and productivity improvements including advanced computer aided design and manufacturing systems, statistical process controls and just-in-time inventory programs to increase product quality and shorten product delivery schedules. The Company's strategy is to provide a broad selection of products in the areas in which it competes. The Company has achieved a preferred supplier designation from many of its OEM customers.

The Company's sales to distributors represented approximately 21% of the Company's 2001 sales. The Company's recognized brand names, including "Amphenol," "Times Fiber," "Tuchel," "Socapex," "Sine," "Spectra-Strip," "Pyle-National," "Matrix," "Kai Jack" and others, together with the Company's strong connector design-in position (products that are specified in customer drawings), enhance its ability to reach the secondary market through its network of distributors. The Company believes that its distributor network represents a competitive advantage.

## **Manufacturing**

The Company employs advanced manufacturing processes including molding, stamping, plating, turning, extruding, die casting and assembly operations as well as proprietary process technology for flat-ribbon and coaxial cable production. The Company's manufacturing facilities are generally vertically integrated operations from the initial design stage through final design and manufacturing. Outsourcing of certain fabrication processes is used when cost-effective. Substantially all of the Company's manufacturing facilities are certified to the ISO9000 series of quality standards.

The Company employs a global manufacturing strategy to lower its production costs and to improve service to customers. The Company sources its products on a worldwide basis with manufacturing and assembly

operations in North and South America, Europe, Asia and Australia. To better serve high volume OEM customers, the Company has established just-in-time facilities near major customers.

The Company's policy is to maintain strong cost controls in its manufacturing and assembly operations. The Company has undertaken programs to rationalize its production facilities, reduce expenses and maximize the return on capital expenditures. The programs to improve productivity are ongoing.

The Company purchases a wide variety of raw materials for the manufacture of its products, including precious metals such as gold and silver used in plating; aluminum, brass, steel, copper and bimetallic products used for cable, contacts and connector shells; and plastic materials used for cable and connector bodies and inserts. Such raw materials are generally available throughout the world and are purchased locally from a variety of suppliers. The Company is not dependent upon any one source for raw materials, or if one source is used the Company attempts to protect itself through long-term supply agreements.

### **Research and Development**

The Company's research, development and engineering expenditures for the creation and application of new and improved products and processes were \$22.6 million, \$23.5 million and \$18.5 million for 2001, 2000 and 1999, respectively. The Company's research and development activities focus on selected product areas and are performed by individual operating divisions. Generally, the operating divisions work closely with OEM customers to develop highly-engineered products that meet customer needs. The Company continues to focus its research and development efforts primarily on those product areas that it believes have the potential for broad market applications and significant sales within a one-to-three year period.

### **Trademarks and Patents**

The Company owns a number of active patents worldwide. While the Company considers its patents to be valuable assets, the Company does not believe that its competitive position is dependent on patent protection or that its operations are dependent on any individual patent. The Company regards its trademarks "Amphenol," "Times Fiber," "Tuchel," "Socapex," "Sine," "Spectra-Strip," "Pyle-National," "Matrix," "Kai Jack" and others to be of value in its businesses. The Company has exclusive rights in all its major markets to use these registered trademarks.

### **Competition**

The Company encounters competition in substantially all areas of its business. The Company competes primarily on the basis of engineering, product quality, price, customer service and delivery time. Competitors include large, diversified companies, some of which have substantially greater assets and financial resources than the Company, as well as medium to small companies. In the area of coaxial cable for cable television, the Company believes that it and CommScope are the primary world providers of such cable; however, CommScope is larger than the Company in this market. In addition, the Company faces competition from other companies that have concentrated their efforts in one or more areas of the coaxial cable market.

### **Backlog**

The Company estimates that its backlog of unfilled orders was \$229.0 million and \$365.0 million at December 31, 2001 and December 31, 2000, respectively. Orders typically fluctuate from quarter to quarter based on customer demands and general business conditions. Unfilled orders may be cancelled prior to shipment of goods. It is expected that all or a substantial portion of the backlog will be filled within the next 12 months.

Significant elements of the Company's business, such as sales to the cable television industry, distributors, the computer industry, and other commercial customers, generally have short lead times. Therefore, backlog may not be indicative of future demand.

### **Employees**

As of December 31, 2001, the Company had approximately 10,300 full-time employees worldwide. Of these employees, approximately 7,500 were hourly employees and the remainder were salaried. The Company had a one week strike in October 1995 at its Sidney, New York facility relating to the renewal of the labor contract at that facility with the International Association of Machinists and Aerospace Workers. The Company has not had any other significant work stoppages in the past ten years. In 1997, the United States Steelworkers International Union, AFL-CIO established a union, affecting approximately 500 employees, at the Company's plant in Chatham, Virginia, the Company's primary plant for the production of coaxial cable. The Company believes that it has a good relationship with its unionized and non-unionized employees.

### **Cautionary Statements for Purposes of Forward Looking Information**

Statements made by the Company in written or oral form to various persons, including statements made in filings with the SEC, that are not strictly historical facts are "forward looking" statements. Such statements should be considered as subject to uncertainties that exist in the Company's operations and business environment. The following includes some, but not all, of the factors or uncertainties that could cause the Company to fail to conform with expectations and predictions:

- A global economic slowdown in any one, or all, of the Company's market segments.
- The effects of extreme changes in monetary and fiscal policies in the U.S. and abroad including extreme currency fluctuations and unforeseen inflationary pressures.
- Severe and unforeseen price pressure on the Company's products or significant cost increases that cannot be recovered through price increases or productivity improvements.
- Increased difficulties in obtaining a consistent supply of basic materials like steel, aluminum, copper, bimetallic products, gold or plastic resins at stable pricing levels.
- Unpredictable difficulties or delays in the development of new product programs.
- Significant changes in interest rates or in the availability of financing for the Company or certain of its customers.
- Rapid escalation of the cost of regulatory compliance and litigation.
- Unexpected government policies and regulations affecting the Company or its significant customers.
- Unforeseen intergovernmental conflicts or actions, including but not limited to armed conflict and trade wars.
- Difficulties and unanticipated expense of assimilating newly-acquired businesses.
- Any difficulties in obtaining or retaining the management and other human resource competencies that the Company needs to achieve its business objectives.
- The risks associated with any technological shifts away from the Company's technologies and core competencies. For example, a technological shift away from the use of coaxial cable in cable television/telecommunication systems could have a substantial impact on the Company's coaxial cable business.
- Unforeseen interruptions to the Company's business with its largest customers, distributors and suppliers resulting from, but not limited to, strikes, financial instabilities, computer malfunctions or inventory excesses.

**Item 2. Properties**

The Company's fixed assets include certain plants and warehouses and a substantial quantity of machinery and equipment, most of which is general purpose machinery and equipment using tools and fixtures and in many instances having automatic control features and special adaptations. The Company's plants, warehouses, machinery and equipment are in good operating condition, are well maintained, and substantially all of its facilities are in regular use. The Company considers the present level of fixed assets along with planned capital expenditures as suitable and adequate for operations in the current business environment. At December 31, 2001, the Company operated a total of 76 plants and warehouses of which (a) the locations in the U.S. had approximately 1.9 million square feet, of which .8 million square feet were leased; and (b) the locations outside the U.S. had approximately 2.2 million square feet, of which 1.3 million square feet were leased.

The Company believes that its facilities are suitable and adequate for the business conducted therein and are being appropriately utilized for their intended purposes. Utilization of the facilities varies based on demand for the products. The Company continuously reviews its anticipated requirements for facilities and, based on that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

**Item 3. Legal Proceedings**

The Company and its subsidiaries have been named as defendants in several legal actions in which various amounts are claimed arising from normal business activities. Although the amount of any ultimate liability with respect to such matters cannot be precisely determined, in the opinion of management, such matters are not expected to have a material effect on the Company's financial condition or results of operations.

Certain operations of the Company are subject to federal, state and local environmental laws and regulations which 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 condition or results of operations.

Subsequent to the acquisition of Amphenol from Allied Signal Corporation in 1987 (Allied Signal merged with Honeywell International Inc. in December 1999 ("Honeywell")), Amphenol and Honeywell have been named jointly and severally liable as potentially responsible parties in relation to several environmental cleanup 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 responsibility for costs incurred relating to these three sites is apportioned between Amphenol and Honeywell based on an agreement entered into in connection with the acquisition in 1987. For sites covered by this agreement, to the extent that conditions or circumstances occurred or existed at the time of or prior to the acquisition, Honeywell is currently obligated to pay 80% of the costs up to \$30 million and 100% of the costs in excess of \$30 million. At December 31, 2001, approximately \$26 million of costs have been incurred applicable to this agreement. Honeywell representatives work closely with the Company in addressing the most significant environmental liabilities.

Owners and occupiers of sites containing hazardous substances, as well as generators of hazardous substances, are subject to broad liability under various federal and state environmental laws and regulations, including expenditures for cleanup and monitoring costs and potential damages arising out of past disposal activities. Such liability in many cases may be imposed regardless of fault or the legality of the original disposal

activity. The Company is currently performing monitoring activities at its manufacturing site in Sidney, New York. The Company is also performing monitoring, investigation, design and cleanup activities at three off-site disposal sites previously utilized by the Company's Sidney facility and others, the "Richardson Hill" landfill, the "Route 8" landfill and the "Sidney Center" landfill. The Company and Honeywell have entered into an administrative consent order with the United States Environmental Protection Agency (the "EPA") and are presently determining necessary and appropriate remedial measures for "Richardson Hill", which has been designated a "Superfund" site on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980. With respect to the second site, the "Route 8" landfill, the Company initiated a remediation program pursuant to a Consent Order with the New York Department of Environmental Protection and is continuing to monitor the results of those remediation efforts. In December 1995, the Company and Honeywell received a letter from the EPA demanding that the Company and Honeywell accept responsibility for the investigation and cleanup of the third site, Sidney Center landfill, another Superfund Site. The Sidney Center landfill was a municipal landfill site utilized by the Company's Sidney facility and other local towns and businesses. In 1996, the Company and Honeywell received a unilateral order from the EPA directing the Company and Honeywell to perform certain investigation, design and cleanup activities at the Sidney Center landfill site. The Company and Honeywell responded to the unilateral order by agreeing to undertake certain remedial design activities. In 1997, the EPA filed a lawsuit against the Company and Honeywell seeking reimbursement of past costs expended by the EPA in connection with activities at the Sidney Center landfill site and seeking to affix liability upon the Company and Honeywell for all additional costs to be incurred in connection with all further investigations, design and cleanup activities at the Sidney Center landfill site. The Company joined four local municipalities as co-defendants in the lawsuit. In 2001 the Company and Honeywell were ordered by the Court to pay the EPA approximately \$3.5 million, net of contributions by the municipalities who had been joined as co-defendants in the lawsuit. Pursuant to that decision the Company and Honeywell will be responsible for completing the remedial design work and for implementing any agreed remediation plan at the Sidney Center landfill site. The municipalities who were joined in the lawsuit have agreed to monitor and maintain any caps installed at the Sidney Center landfill site as part of any remediation plan. The Company and Honeywell will be responsible for continuing groundwater monitoring at the site. The Company is also engaged in remediating or monitoring environmental conditions at several of its other manufacturing facilities and has been named as a potentially responsible party for cleanup costs at several other off-site disposal sites. During 2001, the Company incurred costs of approximately \$.9 million, net of indemnification payments received from Honeywell, in connection with investigating, remediating and monitoring environmental conditions at all of these facilities and sites. In 2002 Amphenol expects such expenditures, net of expected indemnification payments from Honeywell, to be less than \$1.0 million.

Since 1987, the Company has not been identified nor has it been named as a potentially responsible party with respect to any other significant on-site or off-site hazardous waste matters. In addition, the Company believes that all of its manufacturing activities and disposal practices since 1987 have been in material compliance with all applicable environmental laws and regulations. Nonetheless, it is possible that the Company will be named as a potentially responsible party in the future with respect to additional Superfund or other sites. Although the Company is unable to predict with any reasonable certainty the extent of its ultimate liability with respect to any pending or future environmental matters, the Company believes, based upon all information currently known by management about the Company's manufacturing activities, disposal practices and estimates of liability with respect to all known environmental matters, that any such liability will not be material to its financial condition or results of operations.



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

The Annual Meeting of Stockholders was held on May 23, 2001. The following matters were submitted to and approved by the stockholders: (i) the election of three directors, Andrew E. Lietz, Martin H. Loeffler and Michael W. Michelson, each for a three year term expiring in the year 2004; (ii) ratification of Deloitte & Touche LLP as independent accountants of the Company and (iii) the approval of the 2000 Stock Purchase and Option Plan for Key Employees of the Company and its Subsidiaries.

**Item 4.1 Executive Officers**

The following table sets forth the name, age and position with the Company of each person who was an executive officer of Amphenol as of December 31, 2001. Officers are elected to serve at the discretion of the Board of Directors in accordance with the By-Laws of the Company. The By-Laws of the Company provide that the Board of Directors shall elect the officers of the Company at its first meeting held after the Annual Meeting of Stockholders of the Company. All officers of the Company are elected to hold office until their successors are chosen and qualified, or until their earlier resignation or removal.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Martin H. Loeffler	57	Chairman of the Board, Chief Executive Officer and President
Edward G. Jepsen	58	Executive Vice President and Chief Financial Officer
Timothy F. Cohane	49	Senior Vice President
Edward C. Wetmore	45	Secretary and General Counsel
Diana G. Reardon	42	Controller and Treasurer

Martin H. Loeffler has been a Director of Amphenol since December 1987 and Chairman of the Board since May 1997. He has been Chief Executive Officer since May 1996 and President since July 1987.

Edward G. Jepsen has been Executive Vice President and Chief Financial Officer of Amphenol since May 1989 and Senior Vice President and Director of Finance since November 1988.

Timothy F. Cohane has been Senior Vice President of Amphenol since December 1994 and a Vice President since 1991.

Edward C. Wetmore has been Secretary and General Counsel of Amphenol since 1987.

Diana G. Reardon has been Treasurer of Amphenol since March 1992 and Controller since July 1994 and Assistant Controller since June 1988.

**PART II**

**Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters**

The Company effected the initial public offering of its Class A Common Stock in November 1991. The Company's common stock has been listed on the New York Stock Exchange since that time under the symbol "APH." The following table sets forth on a per share basis the high and low prices for the common stock for both 2001 and 2000 as reported on the New York Stock Exchange.

	2001		2000	
	High	Low	High	Low
First Quarter	50.75	28.30	52.13	30.31
Second Quarter	57.99	29.11	66.50	43.19
Third Quarter	45.95	32.00	70.38	48.38
Fourth Quarter	52.95	32.50	68.25	32.00

As of February 28, 2002 there were 98 holders of record of the Company's common stock. A significant number of outstanding shares of common stock are registered in the name of only one holder, which is a nominee of The Depository Trust Company, a securities depository for banks and brokerage firms. The Company believes that there are a significant number of beneficial owners of its common stock.

Since its initial public offering in 1991, the Company has not paid any cash dividends on its common stock and it does not have any present intention to commence payment of any cash dividends. The Company intends to retain earnings to provide funds for the operation and expansion of the Company's business and to repay outstanding indebtedness.

Currently the Company is restricted from declaring and paying any cash dividends on, or repurchasing the Company's common stock under certain covenants contained in the Company's debt agreements.

Partnerships affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") owned 49.4% of the Company's Class A Common Stock as of December 31, 2001.

**Item 6. Selected Financial Data**

*(dollars in thousands, except per share data)*

	<i>Year Ended December 31,</i>				
	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
<b><i>Operations</i></b>					
Net sales	\$1,103,771	\$1,359,702	\$1,010,603	\$918,877	\$884,348
Income before extraordinary item	83,710	107,904	44,295	36,510	51,264
Extraordinary loss			(8,674)		(24,547)
Net income	83,710	107,904	35,621	36,510	26,717
Net income per common share-Diluted:					
Income before extraordinary item	1.95	2.52	1.21	1.02	.92
Extraordinary loss			(.24)		(.44)
Net income	1.95	2.52	.97	1.02	.48
<b><i>Financial Position</i></b>					
Working capital	\$ 166,857	\$ 170,131	\$ 189,252	\$ 163,508	\$137,526
Total assets	1,026,743	1,004,322	836,376	807,401	737,154
Current portion of long-term debt	59,705	28,130	16,829	1,655	212
Long-term debt	660,614	700,216	745,658	952,469	937,277
Shareholders' equity (deficit)	103,933	29,234	(81,166)	(292,257)	(343,125)
Weighted average shares outstanding - diluted	42,997,121	42,878,922	36,664,016	35,884,794	56,005,954

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of the results of operations for the three fiscal years ended December 31, 2001 has been derived from and should be read in conjunction with the consolidated financial statements contained herein.

**Results of Operations**

The following table sets forth the components of net income before extraordinary item as a percentage of net sales for the periods indicated.

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Net sales	100.0%	100.0%	100.0%
Cost of sales, excluding depreciation and amortization	63.8	65.2	65.7
Depreciation and amortization expense	2.9	2.1	2.8
Selling, general and administrative expense	14.1	13.7	14.4
Amortization of goodwill	<u>1.3</u>	<u>1.0</u>	<u>1.2</u>
Operating income	17.9	18.0	15.9
Interest expense	(5.1)	(4.6)	(7.9)
Other expenses, net	<u>(.5)</u>	<u>(.7)</u>	<u>(.5)</u>
Income before income taxes and extraordinary item	12.3	12.7	7.5
Provision for income taxes	<u>(4.7)</u>	<u>(4.8)</u>	<u>(3.1)</u>
Net income before extraordinary item	<u><u>7.6%</u></u>	<u><u>7.9%</u></u>	<u><u>4.4%</u></u>

***2001 Compared to 2000***

Net sales were \$1,103.8 million for the year ended December 31, 2001 compared to \$1,359.7 million for 2000. Sales of interconnect products and assemblies decreased 10% compared to 2000 (\$906.8 million in 2001 versus \$1,009.2 million in 2000). Such decrease is primarily attributable to decreased sales of products and interconnect systems for telecom infrastructure, datacom and industrial markets. Such declines were partially offset by increased sales of products and interconnect systems for military aerospace and automotive markets. Sales of cable products decreased 44% compared to 2000 (\$197.0 million in 2001 versus \$350.5 million in 2000). Such decrease is primarily attributable to a slowdown in capital spending by certain U.S. and international cable television operators.

Geographically, sales in the U.S. in 2001 decreased approximately 22% compared to 2000 (\$538.3 million in 2001 versus \$690.7 million in 2000);

international sales for 2001, including export sales, decreased approximately 15% in U.S. dollars (\$565.5 million in 2001 versus \$669.0 million in 2000) and decreased approximately 12% in local currency compared to 2000. The comparatively strong U.S. dollar in 2001 had the currency effect of decreasing net sales by approximately \$22.8 million when compared to foreign currency translation rates in 2000.

The gross profit margin as a percentage of net sales (including depreciation in cost of sales) remained relatively constant at approximately 33% for both 2001 and 2000. Cost reduction activities in 2001 contributed to offsetting the adverse effect of lower sales volume.

Selling, general and administrative expenses as a percentage of sales remained relatively constant at approximately 14% for both 2001 and 2000.

Interest expense was \$56.1 mil-

lion for 2001 compared to \$61.7 million for 2000. The decrease is primarily attributable to lower average debt levels and lower interest rates.

Other expenses, net for 2001 and 2000 was \$5.6 million and \$9.5 million, respectively. See Note 8 to the Company's Consolidated Financial Statements for details of the components of other expenses, net.

The provision for income taxes was at an effective rate of 38% for both 2001 and 2000.

***2000 Compared to 1999***

Net sales were \$1,359.7 million for the year ended December 31, 2000 compared to \$1,010.6 million for 1999. Sales of interconnect products and assemblies increased 31% compared to 1999 (\$1,009.2 million in 2000 versus \$770.0 million in 1999). Such increase is primarily attributable to increased sales of products and interconnect systems for internet equipment and up-

grades, wireless network infrastructures and mobile handsets. In addition, sales of interconnect products for industrial and aerospace applications experienced growth in 2000. Sales of cable products increased 46% compared to 1999 (\$350.5 million in 2000 versus \$240.6 million in 1999). Sales of coaxial cable for cable television increased as cable operators continued to upgrade and expand their systems to offer enhanced services.

Geographically, sales in the U.S. in 2000 increased approximately 33% compared to 1999 (\$690.7 million in 2000 versus \$519.5 million in 1999); international sales for 2000, including export sales, increased approximately 36% in U.S. dollars (\$669.0 million in 2000 versus \$491.1 million in 1999) and increased approximately 44% in local currency compared to 1999. The comparatively strong U.S. dollar in 2000 had the currency effect of decreasing net sales by approximately \$36.1 million when compared to foreign currency translation rates in 1999.

The gross profit margin as a percentage of net sales (including depreciation in cost of sales) increased approximately 1% for 2000 compared to 1999. The increase in gross profit margin is primarily attributable to changes in product mix and the absorption of fixed costs over higher sales volume.

Selling, general and administrative expenses as a percentage of sales remained relatively constant at approximately 14% in 2000 compared to 1999.

Interest expense was \$61.7 million for 2000 compared to \$79.3 million 1999. The decrease is primarily attributable to lower average debt levels.

Other expenses, net for 2000 and 1999 was \$9.5 million and \$5.3 million, respectively. See Note 8 to the Company's Consolidated Financial Statements for details of the components of other expenses, net.

The provision for income taxes for 2000 was at an effective rate of

38% compared to an effective rate of 42% in 1999. The decrease is generally attributable to non-deductible expenses (goodwill amortization) being a lower percentage of pretax income.

### *Liquidity and Capital Resources*

Cash provided by operating activities totaled \$118.9 million, \$154.2 million, and \$64.1 million for 2001, 2000 and 1999, respectively. The decrease in cash from operating activities in 2001 compared to 2000 is primarily attributable to a decrease in net income adjusted for depreciation and amortization charges and to a net increase in non-cash components of working capital. In 2000, the increase in cash from operating activities is primarily attributable to an increase in net income adjusted for depreciation and amortization charges.

Cash from operating activities was used for capital expenditures (\$38.6 million, \$53.1 million and \$23.5 million in 2001, 2000 and 1999, respectively), and acquisitions (\$60.5 million, \$67.7 million, and \$12.3 million in 2001, 2000 and 1999, respectively).

The Company has a bank loan agreement (Bank Agreement) which includes a Term Loan, encompassing a Tranche A and B, and a \$150 million revolving credit facility. At December 31, 2001, the Tranche A had a balance of \$242.7 million and matures over the period 2002 to 2004, and the Tranche B had a balance of \$284.5 million and matures over the period 2005 and 2006. The revolving credit facility expires in 2004; and, availability under the facility at December 31, 2001 was \$127.6 million, after reduction of \$7.3 million for outstanding letters of credit. The Bank Agreement is secured by a first priority pledge of 100% of the capital stock of the Company's direct domestic subsidiaries and 65% of the capital stock of direct material foreign subsidiaries, as defined in the Bank Agreement. The Bank Agreement also requires that the Company satisfy certain financial covenants including interest

coverage and leverage ratio tests, and includes limitations with respect to, among other things, indebtedness and restricted payments, including dividends on the Company's common stock.

The Company has entered into interest rate swap agreements that effectively fixed the Company's interest cost on \$450 million of borrowings under the Bank Agreement. These agreements expire in 2002.

A subsidiary of the Company has an agreement with a financial institution whereby the subsidiary can sell an undivided interest of up to \$85.0 million in a designated pool of qualified accounts receivable. The agreement expires in May 2004 with respect to \$60.0 million of accounts receivable and expires in July 2002 with respect to an additional \$25.0 million of accounts receivable. At December 31, 2001 approximately \$74.2 million of receivables were sold under the agreement and are therefore not reflected in the accounts receivable balance in the accompanying Consolidated Balance Sheet.

The Company's EBITDA, as defined in the Bank Agreement, was \$253.1 million and \$298.9 million for 2001 and 2000, respectively. EBITDA is not a defined term under Generally Accepted Accounting Principles (GAAP) and is not an alternative to operating income or cash flow from operations as determined under GAAP. The Company believes that EBITDA provides additional information for determining its ability to meet future debt service requirements; however, EBITDA does not reflect cash available to fund cash requirements.

The Company's primary ongoing cash requirements will be for operating and capital expenditures, product development activities and debt service requirements. The Company's debt service requirements consist primarily of principal and interest on bank borrowings and interest on its 9 7/8% Senior Subordinated Notes due 2007 ("Notes"). The Company's primary sources of liquidity are internally generated cash

flow, the Company's revolving credit facility and the sale of receivables under the Company's current sale of accounts receivable agreement. The Company expects that operating and capital expenditures, product development activities and debt service requirements will be funded from these sources; however, the Company's sources of liquidity could be adversely affected by a decrease in demand for the Company's products, a deterioration in certain of the Company's financial ratios or a deterioration in the quality of the Company's accounts receivable.

The Company has not paid, and does not have any present intention to commence payment of, cash dividends on its common stock. The Company expects that capital expenditures in 2002 will be approximately \$40 million. The Company's required debt amortization in 2002 is \$60 million; the Company's required cash interest payments for 2002, at current interest rates, are estimated at approximately \$50 million. The Company may also use cash to fund part or all of the cost of future acquisitions.

In December 1999, the Company sold 2.75 million shares of common stock in a public offering resulting in net proceeds of \$181.8 million. \$105.5 million of such proceeds was used to redeem \$96 million principal amount of Notes at a price of 109.875% and the balance of the proceeds was used to pay down term debt under the Bank Agreement. The redemption of Notes resulted in an extraordinary loss for the early extinguishment of debt (consisting of a prepayment premium and the write off of related deferred debt issuance costs) of \$13.6 million, less tax benefits of \$4.9 million.

### ***Environmental Matters***

Subsequent to the acquisition of Amphenol from Allied Signal Corporation in 1987 (Allied Signal merged with Honeywell International Inc. in December 1999 ("Honeywell")), Amphenol and Honeywell have been named

jointly and severally liable as potentially responsible parties in relation to several environmental cleanup 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 responsibility for costs incurred relating to these three sites is apportioned between Amphenol and Honeywell based on an agreement entered into in connection with the acquisition in 1987. For sites covered by this agreement, to the extent that conditions or circumstances occurred or existed at the time of or prior to the acquisition, Honeywell is currently obligated to pay 80% of the costs up to \$30 million and 100% of the costs in excess of \$30 million. At December 31, 2001, approximately \$26 million of costs have been incurred applicable to this agreement. Honeywell representatives work closely with the Company in addressing the most significant environmental liabilities. 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 condition or results of operations.

### ***Inflation and Costs***

The cost of the Company's products is influenced by the cost of a wide variety of raw materials, including precious metals such as gold and silver used in plating; aluminum, copper, brass and steel used for contacts, shells and cable; and plastic materials used in molding connector bodies, inserts and cable. In general, increases in the cost of raw materials, labor and services have been offset by price increases, productivity improvements and cost saving programs.

### ***Risk Management***

The Company has to a significant degree mitigated its exposure to currency risk in its business operations by

manufacturing and procuring its products in the same country or region in which the products are sold so that costs reflect local economic conditions. In other cases involving U.S. export sales, raw materials are a significant component of product costs for the majority of such sales and raw material costs are generally dollar based on a worldwide scale, such as basic metals and petroleum derived materials.

### ***Recent Accounting Changes***

In June 2001, the Financial Accounting Standards Board, ("FASB") issued FAS No. 141 "Business Combinations" and No. 142 "Goodwill and Other Intangible Assets." Among other provisions, all future business combinations will be accounted for using the purchase method of accounting and the use of the pooling-of-interest method is prohibited. In addition, goodwill will no longer be amortized but will be subject to impairment tests at least annually. The Company adopted FAS No. 141 effective July 1, 2001 and will adopt FAS No. 142 effective January 1, 2002, although certain provisions were applied to an acquisition that closed subsequent to June 30, 2001. Such application had the effect of reducing amortization of goodwill expense in 2001 by approximately \$.4 million. While the Company is in the process of evaluating the effect of this new standard, it anticipates that discontinuing of the amortization of goodwill beginning in 2002 will have the effect of reducing expenses by approximately \$14.5 million; and, the Company does not anticipate that it will recognize an impairment loss of goodwill on adoption of such standard.

In August 2001, the Financial Accounting Standards Board issued FAS No. 143, "Accounting for Asset Retirement Obligations." This pronouncement addresses the recognition and remeasurement of obligations associated with the retirement of tangible long-lived assets. In October 2001, the FASB issued FAS No. 144, "Account-

ing for the Impairment or Disposal of Long-Lived Assets," which addresses accounting and reporting for the impairment or disposal of long-lived assets, including discontinued operations. The Company will adopt FAS No. 143 and FAS No. 144 effective January 1, 2002. The Company is in the process of evaluating the effect these new standards will have on the Company's financial statements.

### ***Euro Currency Conversion***

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (the "euro"). The transition period for the introduction of the euro began on January 1, 1999. Beginning January 1, 2002, the participating countries issued new euro-denominated bills and coins for use in cash transactions. No later than July 1, 2002, the participating countries will withdraw all bills and coins denominated in the legacy currencies, so that the legacy currencies will no longer be legal tender for any transactions, making the conversion to the euro complete.

Based on progress to date, the Company believes that the use of the euro will not have a significant impact on the manner in which it conducts its business. Accordingly, conversion to the euro is not expected to have a material effect on the Company's consolidated financial position, consolidated results of operations, or liquidity.

### ***Critical Accounting Policies and 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. The Company's significant accounting policies are set forth below.

**Revenue Recognition** - Sales and related cost of sales are recognized upon shipment of products. Allowances for estimated uncollectible accounts, discounts, returns and allowances are provided based upon historical experience, current trends and specific information which indicates that an allowance is appropriate.

**Inventories** - Inventories are stated at the lower of standard cost, which approximates average cost, or market. Provisions for slow moving and obsolete inventory are provided based on historical experience and product demand.

**Depreciable Assets** - Property, plant and equipment are carried at cost less accumulated depreciation. The appropriateness and the recoverability of the carrying value of such assets is periodically reviewed taking into consideration current and expected business conditions.

The significant accounting policies are more fully described in Note 1 to the Company's Consolidated Financial Statements.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The Company, in the normal course of doing business, is exposed to the risks associated with foreign currency exchange rates and changes in interest rates.

#### ***Foreign Currency Exchange Rate Risk***

The Company conducts business in several major international currencies through its worldwide operations, and as a result is subject to foreign exchange exposures due to changes in exchange rates of the various curren-

cies. Changes in exchange rates can positively or negatively effect the Company's sales, gross margins and retained earnings. The Company attempts to minimize currency exposure risk by producing its products in the same country or region in which the products are sold and thereby generating revenues and incurring expenses in the same currency and by managing its working capital; although there can be no assurance that this approach will be successful, especially in the event of a significant and sudden decline in the value of any of the international currencies of the Company's worldwide operations. The Company does not engage in purchasing forward exchange contracts for speculative purposes.

#### ***Interest Rate Risk***

The Company is subject to market risk from exposure to changes in interest rates based on its financing activities. The Company utilizes interest rate swap agreements to manage and mitigate its exposure to changes in interest rates. At December 31, 2001, the Company had interest rate volatility protection in the form of such swaps that effectively fixed the Company's LIBOR interest rate on \$450 million of floating rate bank debt at 5.76%. At December 31, 2001, the three month LIBOR rate was 1.9%. These swap agreements expire in 2002. A 10% change in the LIBOR interest rate at December 31, 2001 would have the effect of increasing or decreasing interest expense by approximately \$.5 million. The Company does not expect changes in interest rates to have a material effect on income or cash flows in 2002, although there can be no assurances that interest rates will not significantly change.

**Item 8. Financial Statements and Supplementary Data****Report of Management**

Management is responsible for the integrity and objectivity of the financial statements and other information appearing in this annual report on Form 10-K. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. The Company maintains a system of internal accounting controls and procedures intended to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and accounted for in accordance with management's authorization.

Deloitte & Touche LLP has been engaged to audit the financial statements in accordance with auditing standards generally accepted in the United States of America. They obtain an understanding of the Company's accounting policies and controls, and conduct such tests and related procedures as they consider necessary to arrive at their opinion. The Board of Directors has appointed an Audit Committee composed of outside directors. The Audit Committee meets periodically with representatives of management and Deloitte & Touche LLP to discuss and review their activities with respect to internal accounting controls and financial reporting and auditing.

**Independent Auditors' Report**

To the Board of Directors and  
Shareholders of Amphenol Corporation

We have audited the accompanying consolidated balance sheets of Amphenol Corporation and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Amphenol Corporation and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Hartford, Connecticut  
January 15, 2002



**Consolidated Statement of Income**

*(dollars in thousands, except per share data)*

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Net sales	\$1,103,771	\$1,359,702	\$1,010,603
Costs and expenses:			
Cost of sales, excluding depreciation and amortization	704,278	886,385	663,978
Depreciation and amortization expense	32,316	29,448	27,673
Selling, general and administrative expense	155,810	186,052	145,852
Amortization of goodwill	14,340	13,394	12,371
Operating income	197,027	244,423	160,729
Interest expense	(56,099)	(61,710)	(79,297)
Other expenses, net	(5,573)	(9,495)	(5,262)
Income before income taxes and extraordinary item	135,355	173,218	76,170
Provision for income taxes	(51,645)	(65,314)	(31,875)
Income before extraordinary item	83,710	107,904	44,295
Extraordinary item:			
Loss on early extinguishment of debt, net of taxes			(8,674)
Net income	<u>\$ 83,710</u>	<u>\$ 107,904</u>	<u>\$ 35,621</u>
Net income per common share - Basic:			
Income before extraordinary item	\$2.00	\$2.59	\$1.23
Extraordinary loss			(.24)
Net income	<u>\$2.00</u>	<u>\$2.59</u>	<u>\$.99</u>
Average common shares outstanding	41,920,616	41,584,069	36,059,556
Net income per common share - Diluted:			
Income before extraordinary item	\$1.95	\$2.52	\$1.21
Extraordinary loss			(.24)
Net income	<u>\$1.95</u>	<u>\$2.52</u>	<u>\$.97</u>
Average common shares outstanding	42,997,121	42,878,922	36,664,016

*See accompanying notes to consolidated financial statements.*

**Consolidated Balance Sheet**

*(dollars in thousands, except per share data)*

**December 31,**

**2001                      2000**

**Assets**

Current Assets:

Cash and short-term cash investments	\$ 27,975	\$ 24,585
Accounts receivable, less allowance for doubtful accounts of \$5,191 and \$3,044	113,370	170,222
Inventories:		
Raw materials and supplies	35,808	37,191
Work in process	119,627	118,961
Finished goods	52,881	41,474
	<u>208,316</u>	<u>197,626</u>
Prepaid expenses and other assets	20,596	20,237
Total current assets	<u>370,257</u>	<u>412,670</u>

Land and depreciable assets:

Land	11,430	11,053
Buildings	89,104	79,601
Machinery and equipment	315,554	299,330
	<u>416,088</u>	<u>389,984</u>
Less accumulated depreciation	<u>(251,201)</u>	<u>(228,999)</u>
	164,887	160,985

Deferred debt issuance costs

5,795                      8,030

Excess of cost over fair value of net assets acquired - net

460,442                      411,182

Other assets

25,362                      11,455

\$1,026,743                      \$1,004,322

**Liabilities & Shareholders' Equity**

Current Liabilities:

Accounts payable	\$ 80,501	\$ 122,010
Accrued interest	8,499	10,731
Accrued salaries, wages and employee benefits	24,700	32,585
Other accrued expenses	29,995	49,083
Current portion of long-term debt	59,705	28,130
Total current liabilities	<u>203,400</u>	<u>242,539</u>

Long-term debt

660,614                      700,216

Deferred taxes and other liabilities

58,796                      32,333

Commitments and contingent liabilities (Notes 2, 6 and 9)

Shareholders' Equity:

Class A Common Stock, \$.001 par value; 100,000,000 shares authorized; 42,300,068 and 41,686,887 shares outstanding at December 31, 2001 and 2000, respectively	42	42
Additional paid-in deficit	(280,224)	(305,464)
Accumulated earnings	442,096	358,386
Accumulated other comprehensive loss	(57,981)	(23,730)
Total shareholders' equity	<u>103,933</u>	<u>29,234</u>
	<u>\$1,026,743</u>	<u>\$1,004,322</u>

*See accompanying notes to consolidated financial statements.*

**Consolidated Statement of Changes in Shareholders' Equity**

(dollars in thousands, except per share data)

	<i>Common Stock</i>	<i>Additional Paid-In Capital (Deficit)</i>	<i>Comprehensive Income</i>	<i>Accumulated Earnings</i>	<i>Accumulated Other Comprehensive Loss</i>	<i>Total Shareholders' Equity (Deficit)</i>
<b>Balance December 31, 1998</b>	\$36	\$(499,946)		\$214,861	\$ (7,208)	\$(292,257)
Comprehensive income:						
Net income			[ <u>\$ 35,621</u> ]	35,621		35,621
Other comprehensive loss, net of tax:						
Translation adjustments			(5,820)		(5,820)	(5,820)
Comprehensive income			<u>[<u>\$ 29,801</u>]</u>			
Deferred compensation		180				180
Sale of 5,500,000 shares of common stock	<u>5</u>	<u>181,105</u>				<u>181,110</u>
<b>Balance December 31, 1999</b>	41	(318,661)		250,482	(13,028)	(81,166)
Comprehensive income:						
Net income			[ <u>\$107,904</u> ]	107,904		107,904
Other comprehensive loss, net of tax:						
Translation adjustments			(10,702)		(10,702)	(10,702)
Comprehensive income			<u>[<u>\$ 97,202</u>]</u>			
Stock options exercised, including tax benefit		2,501				2,501
Deferred compensation		180				180
279,414 shares issued in connection with acquisitions	<u>1</u>	<u>10,516</u>				<u>10,517</u>
<b>Balance December 31, 2000</b>	42	(305,464)		358,386	(23,730)	29,234
Comprehensive income:						
Net income			[ <u>\$ 83,710</u> ]	83,710		83,710
Other comprehensive loss, net of tax:						
Translation adjustments			(9,612)		(9,612)	(9,612)
Revaluation of interest rate derivatives			(8,837)		(8,837)	(8,837)
Minimum pension liability adjustment			(15,802)		(15,802)	(15,802)
Other comprehensive loss			<u>(34,251)</u>		(15,802)	(15,802)
Comprehensive income			<u>[<u>\$ 49,459</u>]</u>			
Deferred compensation		240				240
606,796 shares issued in connection with acquisition		<u>25,000</u>				<u>25,000</u>
<b>Balance December 31, 2001</b>	<u>\$42</u>	<u>\$(280,224)</u>		<u>\$442,096</u>	<u>\$(57,981)</u>	<u>\$ 103,933</u>

**Consolidated Statement of Cash Flow**

*(dollars in thousands, except per share data)*

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Net income	\$ 83,710	\$107,904	\$ 35,621
Adjustments for cash from operations:			
Depreciation and amortization	32,316	29,448	27,673
Amortization of goodwill	14,340	13,394	12,371
Amortization of deferred debt issuance costs	2,235	2,237	2,733
Net extraordinary loss on early extinguishment of debt			8,674
Net change in:			
Accounts receivable	74,924	(70,879)	(27,793)
Inventory	(2,793)	(4,402)	(9,795)
Prepaid expenses and other assets	(1,331)	1,213	(2,856)
Accounts payable	(44,206)	41,440	2,646
Accrued liabilities	(34,470)	26,257	12,792
Accrued interest	(2,099)	1,332	(2,262)
Accrued pension and post employment benefits	(1,827)	2,052	1,113
Deferred taxes and other liabilities	(1,492)	6,886	2,887
Other	(457)	(2,729)	291
Cash flow provided by operations	<u>118,850</u>	<u>154,153</u>	<u>64,095</u>
Cash flow from investing activities:			
Additions to property, plant and equipment	(38,555)	(53,105)	(23,464)
Investments in acquisitions	<u>(60,518)</u>	<u>(67,716)</u>	<u>(12,274)</u>
Cash flow used by investing activities	<u>(99,073)</u>	<u>(120,821)</u>	<u>(35,738)</u>
Cash flow from financing activities:			
Net change in borrowings under revolving credit facilities	24,413	(6,308)	(14,328)
Decrease in borrowings under Bank Agreement	(30,000)	(42,252)	(80,500)
Repurchase of Senior Subordinated Notes			(105,480)
Net change in receivables sold	(10,800)	25,000	
Proceeds from exercise of stock options		1,915	
Sale of common stock			<u>181,754</u>
Cash flow used by financing activities	<u>(16,387)</u>	<u>(21,645)</u>	<u>(18,554)</u>
Net change in cash and short-term cash investments	3,390	11,687	9,803
Cash and short-term cash investments balance, beginning of period	<u>24,585</u>	<u>12,898</u>	<u>3,095</u>
Cash and short-term cash investments balance, end of period	<u>\$ 27,975</u>	<u>\$ 24,585</u>	<u>\$ 12,898</u>
Cash paid during the year for:			
Interest	\$ 55,425	\$ 58,521	\$ 78,091
Income taxes paid, net of refunds	60,662	54,429	20,285

*See accompanying notes to consolidated financial statements.*

**Notes to Consolidated Financial Statements**

*(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.

***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. All 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.

***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.

***Excess of Cost Over Fair Value of Net Assets Acquired***

Through December 31, 2001, for acquisitions completed prior to July 1, 2001, the excess of cost over the fair value of net assets acquired (goodwill) was being amortized on the straight-line basis over a period of 40 years. Accumulated amortization is \$148,779 and \$134,439 at December 31, 2001 and 2000, respectively. Effective July 1, 2001, the Company adopted the provisions of Financial Accounting Standards ("FAS") No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets," applicable to business combinations completed after June 30, 2001. In accordance with these standards, goodwill resulting from acquisitions after June 30, 2001 is not amortized and beginning January 1, 2002, goodwill for acquisitions completed prior to July 1, 2001 will not be amortized. The Company will adopt the additional provisions of FAS No. 142 effective January 1, 2002, which include provisions for annual evaluations for impairment of goodwill. The Company is in the process of evaluating the effect of this new standard; however, it anticipates that discontinuing the amortization of goodwill beginning in 2002 will have the effect of reducing expenses by approximately \$14.5 million; and, the Company does not anticipate that it will recognize an impairment loss of goodwill on adoption of such standard.

***Revenue Recognition***

Sales and related cost of sales are recognized upon shipment of products.

***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.

***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.

***Research and Development***

Research, development and engineering expenditures for the creation and application of new and improved products and processes were \$22,604, \$23,505 and \$18,467, for the years 2001, 2000 and 1999, 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. In April 2000, the Company effected a two-for-one split of its common stock; all share and per-share amounts in the financial statements have been restated to reflect the 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.

In June 1998 the Financial Accounting Standards Board issued FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The statement requires that an entity recognize all derivatives as either assets or liabilities in the Consolidated Balance Sheet and measure those instruments at fair value. The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and its resulting designation. The Company adopted FAS 133, as amended by FAS 138, beginning January 1, 2001. Adoption of this new accounting standard resulted in a cumulative after-tax gain of \$291 in accumulated other comprehensive income as of that date. 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.

***Note 2 - Long-Term Debt***

Long-term debt consists of the following:

	<b><i>Interest Rate at December 31, 2001</i></b>	<b><i>Maturity</i></b>	<b><i>December 31,</i></b>	
			<b><i>2001</i></b>	<b><i>2000</i></b>
Bank Agreement:				
Term Loan	6.35%	2002-2006	\$527,248	\$557,248
Revolving Credit Facility	3.29%	2004	15,100	
Senior Subordinated Notes	9.875%	2007	144,000	144,000
Notes payable to foreign banks and other debt	1.0%-9.5%	2002-2004	<u>33,971</u>	<u>27,098</u>
			720,319	728,346
Less current portion			<u>59,705</u>	<u>28,130</u>
Total long-term debt			<u>\$660,614</u>	<u>\$700,216</u>

# AMPHENOL CORPORATION 2001 ANNUAL REPORT

The Company has a bank loan agreement (Bank Agreement) which includes a Term Loan, encompassing a Tranche A and B, and a \$150,000 revolving credit facility. At December 31, 2001 the Tranche A had a balance of \$242,748 and matures over the period 2002 to 2004, and the Tranche B had a balance of \$284,500 and matures over the period 2005 and 2006. The revolving credit facility expires in 2004; availability under the facility at December 31, 2001 was \$127,624, after reduction of \$7,276 for outstanding letters of credit.

At December 31, 2001, interest under the Bank Agreement generally accrues at .75% to 1.50% over LIBOR. The Company also pays certain annual agency and commitment fees. At December 31, 2001, the Company had interest rate protection in the form of swap agreements that effectively fixed the Company's LIBOR interest rate on \$450,000 of floating rate bank debt at 5.76%. These agreements expire in 2002. While it is not the Company's intention to terminate the interest rate swap agreements, the fair values were estimated by obtaining quotes from brokers which represented the amounts that the Company would receive or pay if the agreements were terminated. These fair values indicated that termination of the agreements at December 31, 2001 and 2000 would have resulted in a pre-tax loss of \$14,631 and a pre-tax gain of \$448, respectively. At December 31, 2001 the derivatives loss, net of tax, of \$8,837 was recorded in other comprehensive income. Due to the volatility of interest rates, these estimated results may or may not be realized.

The Bank Agreement is secured by a first priority pledge of 100% of the capital stock of the Company's direct domestic subsidiaries and 65% of the capital stock of direct material foreign subsidiaries, as defined in the Bank Agreement. The Bank Agreement also requires that the Company satisfy certain financial covenants including interest coverage and leverage ratio tests, and includes limitations with respect to, among other things, (i) incurring debt, (ii) creating or incurring liens, (iii) making other investments, (iv) acquiring or disposing of assets, (v) capital expenditures, and (vi) restricted payments, including dividends on the Company's common stock.

The 9 7/8% Senior Subordinated Notes due 2007 ("Notes") are general unsecured obligations of the Company. The Notes are subject to redemption at the option of the Company, in whole or in part, beginning in 2002 at 104.938% and declining to 100% by 2005. In December 1999, the Company funded the redemption of \$96,000 principal amount of Notes at a price of 109.875% plus accrued interest. Such funding was from a portion of the proceeds received on issuance of 5.5 million shares of common stock. The redemption resulted in an extraordinary loss for the early extinguishment of debt (consisting of a prepayment premium and the write off of related deferred debt issuance costs) of \$13,553, less tax benefits of \$4,879.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. At December 31, 2001 and 2000, based on market quotes for the same or similar securities it is estimated that the Company's Notes were trading at a premium of approximately 6% over book value. The book value of the Company's other long-term debt approximates fair value.

The maturity of the Company's long-term debt over each of the next five years ending December 31, is as follows: 2002 - \$59,705; 2003 - \$83,468; 2004 - \$131,550; 2005 - \$105,077; and 2006 - \$187,084.

### **Note 3 - Income Taxes**

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

	<b>Year Ended December 31,</b>		
	<b>2001</b>	<b>2000</b>	<b>1999</b>
Income before taxes and extraordinary item:			
United States	\$ 58,129	\$ 79,024	\$18,508
Foreign	77,226	94,194	57,662
	<u>\$135,355</u>	<u>\$173,218</u>	<u>\$76,170</u>
Current provision:			
United States	\$ 26,826	\$ 45,799	\$13,671
Foreign	16,811	25,125	18,353
	<u>43,637</u>	<u>70,924</u>	<u>32,024</u>
Deferred provision (benefit):			
United States	\$ 5,841	\$ (4,095)	\$ (260)
Foreign	2,167	(1,515)	111
	<u>8,008</u>	<u>(5,610)</u>	<u>(149)</u>
Total provision for income taxes	<u>\$ 51,645</u>	<u>\$ 65,314</u>	<u>\$31,875</u>

# AMPHENOL CORPORATION 2001 ANNUAL REPORT

At December 31, 2001, the Company had \$8,736 of foreign tax loss carryforwards, of which \$1,575 expire at various dates through 2006 and the balance can be carried forward indefinitely. A valuation allowance of \$1,024 and \$559 at December 31, 2001 and 2000, respectively, has been recorded which relates primarily to foreign net operating loss carryforwards. The net change in the valuation allowance for deferred tax assets was an increase of \$465 in 2001 and a decrease of \$3,164 in 2000. In both 2001 and 2000 the net change in the valuation allowance was related to foreign net operating loss carryforwards. Accrued income tax liabilities of \$4,560 and \$6,260 at December 31, 2001 and 2000, respectively, are included in other accrued expenses in the Consolidated Balance Sheet.

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

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
U.S. statutory federal tax rate	35.0%	35.0%	35.0%
State and local taxes	1.9	1.6	1.7
Non-deductible purchase accounting differences	3.6	2.7	5.7
Foreign earnings and dividends taxed at different rates	(2.3)	.9	2.1
Valuation allowance	.4	(1.8)	(2.9)
Other	(.4)	(.7)	.3
Effective tax rate	<u>38.2%</u>	<u>37.7%</u>	<u>41.9%</u>

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

	<i>December 31,</i>	
	<i>2001</i>	<i>2000</i>
Deferred tax assets:		
Accrued liabilities and reserves	\$ 9,848	\$ 6,619
Inventory reserves	5,916	7,722
Operating loss carryforwards	2,586	3,325
Employee benefits	3,885	2,059
	<u>\$22,235</u>	<u>\$19,725</u>
Deferred tax liabilities:		
Depreciation	\$ 5,526	\$ 5,768
Prepaid pension costs		8,202
	<u>\$ 5,526</u>	<u>\$13,970</u>

The Company has not provided for U.S. deferred income taxes or foreign withholding taxes on undistributed earnings of its non-U.S. subsidiaries, since the Company intends to reinvest these earnings indefinitely. 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.

## ***Note 4 - Shareholders' Equity***

In May 1997, the Company adopted the 1997 Option Plan, and in May 2000, adopted the 2000 Option Plan ("Plans"). The Plans authorize the granting of stock options by a committee of the Board of Directors. At December 31, 2001, the maximum number of shares of common stock available for the granting of stock options under the Plans was 887,317. Options granted under the 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, places restrictions on the sale or transfer of such shares.

Stock option activity for 1999, 2000, and 2001 was as follows:



**AMPHENOL CORPORATION 2001 ANNUAL REPORT**

	<i>Options</i>	<i>Average Price</i>
<b><i>Options outstanding at December 31, 1998</i></b>	2,540,872	\$13.92
Options granted	482,800	19.24
Options cancelled	<u>(106,612)</u>	14.99
<b><i>Options outstanding at December 31, 1999</i></b>	2,917,060	14.77
Options granted	1,129,500	49.40
Options exercised	(192,986)	13.94
Options cancelled	<u>(98,152)</u>	23.51
<b><i>Options outstanding at December 31, 2000</i></b>	3,755,422	25.00
Options granted	522,450	40.97
Options cancelled	<u>(58,175)</u>	36.22
<b><i>Options outstanding at December 31, 2001</i></b>	<u>4,219,697</u>	\$26.82

The following table summarizes information about stock options outstanding at December 31, 2001:

<i>Exercise Price</i>	<i>Options Outstanding</i>			<i>Options Exercisable</i>	
	<i>Shares</i>	<i>Average Price</i>	<i>Remaining Term</i>	<i>Shares</i>	<i>Average Price</i>
\$13.00	2,009,781	\$13.00	5.38	1,588,795	\$13.00
15.00-20.00	493,716	18.53	7.17	215,885	18.30
25.00-30.00	123,400	28.90	6.42	72,040	28.93
31.00-40.00	47,000	35.67	9.16	3,000	33.13
41.00-50.00	1,537,300	46.94	8.71	210,770	49.56
55.00-60.00	8,500	56.75	8.76	1,700	56.75

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 Plans. Had compensation cost for stock options been determined based on the fair value of the option at date of grant consistent with the requirements of FAS No. 123, "Accounting for Stock-Based Compensation," the Company's income before extraordinary item and net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Pro forma before extraordinary item:			
Income	\$75,074	\$101,898	\$42,261
Income per share - Basic	\$1.79	\$2.45	\$1.17
Income per share - Diluted	\$1.75	\$2.38	\$1.15
Pro forma:			
Net income	\$75,074	\$101,898	\$33,587
Net income per share - Basic	\$1.79	\$2.45	\$.93
Net income per share - Diluted	\$1.75	\$2.38	\$.92

**A M P H E N O L   C O R P O R A T I O N   2 0 0 1   A N N U A L   R E P O R T**

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

	<i><b>2001</b></i>	<i><b>2000</b></i>	<i><b>1999</b></i>
Risk free interest rate	4.3%	5.1%	5.6%
Expected life	5 years	4 years	4 years
Expected volatility	54.0%	67.0%	40.0%
Expected dividend yield	0.0%	0.0%	0.0%

The weighted-average fair values of options granted during 2001, 2000 and 1999 were \$20.98, \$27.04 and \$7.51, respectively.

At December 31, 2001, KKR and its affiliates owned 49.4% of the Company's outstanding common stock.

Balances of related after-tax components comprising accumulated other comprehensive loss, included in shareholders' equity at December 31, 1999, 2000 and 2001 are as follows:

	<i><b>Foreign Currency Translation Adjustment</b></i>	<i><b>Revaluation of Interest Rate Derivatives</b></i>	<i><b>Minimum Pension Liability Adjustment</b></i>	<i><b>Accumulated Other Comprehensive Loss</b></i>
Balance at December 31, 1998	\$ (7,208)			\$ (7,208)
Translation adjustments	(5,820)			(5,820)
Balance at December 31, 1999	(13,028)	_____	_____	(13,028)
Translation adjustments	(10,702)			(10,702)
Balance at December 31, 2000	(23,730)	_____	_____	(23,730)
Translation adjustments	(9,612)			(9,612)
Revaluation of interest rate derivatives, net of tax of \$5,794		\$(8,837)		(8,837)
Minimum pension liability adjustment, net of tax of \$10,360			\$(15,802)	(15,802)
Balance at December 31, 2001	\$(33,342)	\$(8,837)	\$(15,802)	\$(57,981)

**AMPHENOL CORPORATION 2001 ANNUAL REPORT**

**Note 5 - Benefit Plans and Other Postretirement Benefits**

The Company and its domestic subsidiaries have a defined benefit plan covering substantially all U.S. employees. 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 (December 31, 2001 and 2000).

	<i>December 31, 2001</i>		<i>December 31, 2000</i>	
	<i>Accumulated Benefits Exceed Assets</i>	<i>Assets Exceed Accumulated Benefits</i>	<i>Accumulated Benefits Exceed Assets</i>	<i>Assets Exceed Accumulated Benefits</i>
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 193,810	\$ 21,268	\$ 25,347	\$ 187,585
Service cost	3,814	1,177	834	3,952
Interest cost	14,344	1,446	1,609	13,345
Plan participants' contributions		139		197
Amendments	3,938			
Actuarial (gain) loss	11,810	(1,993)	266	1,139
Foreign exchange	(1,273)	(486)	(1,504)	(2,125)
Benefits paid	(14,814)	(654)	(939)	(14,628)
Benefit obligation at end of year	<u>211,629</u>	<u>20,897</u>	<u>25,613</u>	<u>189,465</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	193,214	26,355	1,326	237,221
Actual return on plan assets	(9,314)	(2,232)	44	(1,747)
Employer contribution	207		104	
Plan participants' contributions		139		197
Foreign exchange	(80)	(563)	(47)	(2,854)
Benefits paid	(13,882)	(654)	(47)	(14,628)
Fair value of plan assets at end of year	<u>170,145</u>	<u>23,045</u>	<u>1,380</u>	<u>218,189</u>
Funded status	(41,484)	2,148	(24,233)	28,724
Unrecognized net actuarial (gain) loss	36,607	3,806	2,300	(5,585)
Unrecognized prior service cost	10,796	(445)	663	7,702
Unrecognized transition obligation net	61	(1,459)	82	(1,817)
Additional minimum pension liability	(36,862)			
(Accrued) prepaid benefit cost	<u>\$ (30,882)</u>	<u>\$ 4,050</u>	<u>\$ (21,188)</u>	<u>\$ 29,024</u>

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Components of net pension cost:			
Service cost	\$ 4,991	\$ 4,786	\$ 5,266
Interest cost	15,790	14,954	14,342
Expected return on plan assets	(22,014)	(21,167)	(19,110)
Net amortization of actuarial losses	926	1,101	1,376
Net pension cost (income)	<u>\$ (307)</u>	<u>\$ (326)</u>	<u>\$ 1,874</u>

**A M P H E N O L   C O R P O R A T I O N   2 0 0 1   A N N U A L   R E P O R T**

The weighted-average discount rate and rate of increase in future compensation levels used in determining actuarial present value of the projected benefit obligation was 7.25% (7.5% in 2000 and 1999) and 3.25% (3.5% in 2000 and 1999), respectively. The expected long-term rate of return on assets was 10.5%. Plan assets consist primarily of U.S. equity and debt securities. The Company has also adopted an unfunded Supplemental Employee Retirement Plan ("SERP") 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 \$19,356 and \$19,253 at December 31, 2001 and 2000, respectively. Such obligation is included in the Consolidated Balance Sheet and the tables above.

In accordance with the Provisions of FAS No. 87, the Company recorded a minimum pension liability at December 31, 2001 of \$36,862 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 balance recorded as a reduction in shareholders' equity, net of related deferred tax benefits.

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, management believes 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, 2001 and 2000 was 7.25% and 7.5%, respectively.

Summary information on the Company's postretirement medical plans as of December 31, 2001 and 2000 is as follows:

	<i><b>December 31,</b></i>	
	<u><i><b>2001</b></i></u>	<u><i><b>2000</b></i></u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 10,835	\$ 12,480
Service cost	75	61
Interest cost	972	819
Paid benefits and expenses	(1,620)	(2,332)
Actuarial (gain) loss	3,501	(193)
Benefit obligation at end of year	<u>\$ 13,763</u>	<u>\$ 10,835</u>
Funded status	\$(13,763)	\$(10,835)
Unrecognized net actuarial loss	10,499	7,973
Unrecognized transition obligation	683	745
Accrued benefit cost	<u>\$ (2,581)</u>	<u>\$ (2,117)</u>

**AMPHENOL CORPORATION 2001 ANNUAL REPORT**

	<i>Year ended December 31,</i>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Components of net postretirement benefit cost:			
Service cost	\$ 75	\$ 61	\$ 68
Interest cost	972	819	901
Amortization of transition obligation	62	62	62
Net amortization of actuarial losses	975	731	1,107
Net postretirement benefit cost	<u>\$ 2,084</u>	<u>\$ 1,673</u>	<u>\$ 2,138</u>

***Note 6 - Leases***

At December 31, 2001, the Company was committed under operating leases which expire at various dates through 2008. Total rent expense under operating leases for the years 2001, 2000, and 1999 was \$16,762, \$17,429 and \$15,895, respectively.

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

2002	\$12,301
2003	9,342
2004	5,414
2005	3,375
2006	2,481
Beyond 2006	4,239
Total minimum obligation	<u>\$37,152</u>

***Note 7 - 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, goodwill and other intangible amortization expense, headquarters' expense allocations, income taxes and nonrecurring gains and losses. The Company's reportable segments are an aggregation of business units that have similar production processes and products.

	<i>Interconnect products and assemblies</i>			<i>Cable products</i>			<i>Total</i>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Net Sales									
- external	\$906,799	\$1,009,162	\$769,967	\$196,972	\$350,540	\$240,636	\$1,103,771	\$1,359,702	\$1,010,603
- intersegment	1,454	71	569	7,200	16,385	9,417	8,654	16,456	9,986
Depreciation and amortization	27,330	24,773	21,953	4,551	3,706	3,446	31,881	28,479	25,399
Segment operating income	180,729	194,688	135,721	38,239	75,943	47,585	218,968	270,631	183,306
Segment assets	418,066	435,279	347,844	83,581	73,081	53,554	501,647	508,360	401,398
Additions to property, plant and equipment	27,444	38,109	21,321	11,083	14,771	2,032	38,527	52,880	23,353

# AMPHENOL CORPORATION 2001 ANNUAL REPORT

Reconciliation of segment operating income to consolidated income before taxes and extraordinary item:

	<i>2001</i>	<i>2000</i>	<i>1999</i>
Segment operating income	\$218,968	\$270,631	\$183,306
Amortization of goodwill	(14,340)	(13,394)	(12,371)
Interest expense	(56,099)	(61,710)	(79,297)
Headquarters' expense and other net expenses	(13,174)	(22,309)	(15,468)
Consolidated income before taxes and extraordinary item	\$135,355	\$173,218	\$ 76,170

Reconciliation of segment assets to consolidated total assets:

	<i>2001</i>	<i>2000</i>	<i>1999</i>
Segment assets	\$ 501,647	\$ 508,360	\$401,398
Goodwill	460,442	411,182	360,999
Other unallocated assets	64,654	84,780	73,979
Consolidated total assets	\$1,026,743	\$1,004,322	\$836,376

Geographic information:

	<i>Net Sales</i>			<i>Land and depreciable assets</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
United States	\$ 538,325	\$ 690,743	\$ 519,459	\$ 80,343	\$ 77,245	\$ 65,536
International	565,446	668,959	491,144	84,544	83,740	54,414
Total	\$1,103,771	\$1,359,702	\$ 1,010,603	\$164,887	\$160,985	\$119,950

Revenues by geographic area are based on origin of shipment except that international sales include international coaxial cable sales, which are primarily export sales.

### ***Note 8 - Other Expenses, net***

Other income (expense) is comprised as follows:

	<i>Year Ended December 31,</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Foreign currency transaction gains	\$ 1,398	\$ 3,298	\$ 499
Program fees on sale of accounts receivable	(3,888)	(5,527)	(3,851)
Minority interests	(1,792)	(5,415)	(2,220)
Agency and commitment fees	(471)	(670)	(701)
Other	(820)	(1,181)	1,011
	\$(5,573)	\$(9,495)	\$(5,262)

### ***Note 9 - 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 financial position or results of operations.

Subsequent to the acquisition of Amphenol from Allied Signal Corporation in 1987 (Allied Signal merged with Honeywell International Inc. in December 1999 ("Honeywell")), Amphenol and Honeywell have been named jointly and severally liable as potentially responsible parties in relation to several environmental cleanup 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 responsibility for costs incurred relating to these three sites is apportioned between Amphenol and Honeywell based on an agreement entered into in connection with the acquisition in 1987. For sites covered by this agreement, to the extent that conditions or circumstances occurred or existed at the time of or prior to the acquisition, Honeywell is currently obligated to pay 80% of the costs up to \$30,000 and 100% of the costs in excess of \$30,000. At December 31, 2001, approximately \$26,000 of costs have been incurred applicable to this agreement. Honeywell representatives work closely with the Company in addressing the most significant environmental liabilities. 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

# AMPHENOL CORPORATION 2001 ANNUAL REPORT

Company's financial condition or results of operations.

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 2004 with respect to \$60,000 of accounts receivable and expires in July 2002 with respect to an additional \$25,000 of accounts receivable. 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 year 2001, 2000 and 1999 were \$598,659, \$833,653, and \$646,675, respectively. At December 31, 2001, and 2000, respectively, \$20,548 and \$53,581 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 Sheet. 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 Statement of Income. The agreement contains certain covenants and provides for various events of termination. In certain circumstances the Company is contingently liable for the collection of the receivables sold; management believes that its allowance for doubtful accounts is adequate to absorb the expense of any such liability. At December 31, 2001 and 2000, approximately \$74,200 and \$85,000, respectively, of receivables were sold under the agreement and are therefore not reflected in the accounts receivable balance in the accompanying Consolidated Balance Sheet.

## ***Note 10 - Selected Quarterly Financial Data (Unaudited)***

	<b><i>Three Months Ended</i></b>			
	<b><i>March 31</i></b>	<b><i>June 30</i></b>	<b><i>September 30</i></b>	<b><i>December 31</i></b>
<b><i>2001</i></b>				
Net sales	\$316,672	\$274,146	\$252,581	\$260,372
Gross profit, including depreciation	109,149	94,090	82,749	81,705
Net income	28,505	22,536	16,633	16,036
Net income per share - Basic	.68	.54	.40	.38
Net income per share - Diluted	.67	.53	.39	.37
Stock price - High	50.75	57.99	45.95	52.95
- Low	28.30	29.11	32.00	32.50
<b><i>2000</i></b>				
Net sales	\$300,049	\$335,510	\$354,694	\$369,449
Gross profit, including depreciation	96,034	108,745	116,158	123,430
Net income	20,264	26,210	28,834	32,596
Net income per share - Basic	.49	.63	.69	.78
Net income per share - Diluted	.48	.61	.67	.76
Stock price - High	52.13	66.50	70.38	68.25
- Low	30.31	43.19	48.38	32.00
<b><i>1999</i></b>				
Net sales	\$237,164	\$247,438	\$256,857	\$269,144
Gross profit, including depreciation	73,323	78,509	81,804	86,448
Income before extraordinary items	8,239	10,463	11,586	14,007
Income per share before extraordinary item - Basic	.23	.29	.32	.38
Income per share before extraordinary item - Diluted	.23	.29	.32	.37
Net income	8,239	10,463	11,586	5,333
Net income per share - Basic	.23	.29	.32	.14
Net income per share - Diluted	.23	.29	.32	.14
Stock price - High	19.25	20.19	28.31	35.75
- Low	14.72	17.25	19.66	22.88

**Item 9. Changes in and Disagreements with Independent Accountants on Accounting and Financial Disclosure**

None.

**PART III**

**Item 10. Directors and Executive Officers of the Registrant**

Pursuant to Instruction G(3) to Form 10-K, the information required by Item 10 with respect to the Directors of the Registrant is incorporated by reference from the Company's definitive proxy statement which is expected to be filed pursuant to Regulation 14A within 120 days following the end of the fiscal year covered by this report.

The information required by Item 10 with respect to the Executive Officers of the Registrant has been included in Part I of this Form 10-K in reliance on Instruction G(3) of Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K.

**Item 11. Executive Compensation**

Pursuant to Instruction G(3) to Form 10-K, the information required in Item 11 is incorporated by reference from the Company's definitive proxy statement which is expected to be filed pursuant to Regulation 14A within 120 days following the end of the fiscal year covered by this report.

**Item 12. Security Ownership of Certain Beneficial Owners and Management**

Pursuant to Instruction G(3) to Form 10-K, the information required in Item 12 is incorporated by reference from the Company's definitive proxy statement which is expected to be filed pursuant to Regulation 14A within 120 days following the end of the fiscal year covered by this report.

**Item 13. Certain Relationships and Related Transactions**

Pursuant to Instruction G(3) to Form 10-K, the information required in Item 13 is incorporated by reference from the Company's definitive proxy statement which is expected to be filed pursuant to Regulation 14A within 120 days following the end of the fiscal year covered by this report.



**PART IV**

**Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K**

<b>(a)(1) Consolidated Financial Statements</b>	<b>Page</b>
Report of Management	32
Independent Auditors' Report	32
Consolidated Statement of Income - Years Ended December 31, 2001, December 31, 2000 and December 31, 1999	33
Consolidated Balance Sheet - December 31, 2001 and December 31, 2000	34
Consolidated Statement of Changes in Shareholders' Equity - Years Ended December 31, 2001, December 31, 2000 and December 31, 1999	35
Consolidated Statement of Cash Flow - Years Ended December 31, 2001, December 31, 2000 and December 31, 1999	36
Notes to Consolidated Financial Statements	37

**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 28th day of March 2002.

AMPHENOL CORPORATION

---

Martin H. Loeffler  
Chairman, Chief Executive  
Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and as of the date indicated below.

Signature	Title	Date
/s/ Martin H. Loeffler Martin H. Loeffler	Chairman, Chief Executive Officer and President (Principal Executive Officer)	March 28, 2002
/s/ Edward G. Jepsen Edward G. Jepsen	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 28, 2002
/s/ Andrew M. Clarkson	Director	March 28, 2002
/s/ Henry R. Kravis	Director	March 28, 2002
/s/ Andrew E. Lietz	Director	March 28, 2002
/s/ Marc S. Lipschultz	Director	March 28, 2002
/s/ Michael W. Michelson	Director	March 28, 2002
/s/ Scott Nuttall	Director	March 28, 2002
/s/ George R. Roberts	Director	March 28, 2002

**Additional Financial Data**

*(dollars in thousands, except per share data)*

	<i>Year Ended December 31,</i>				
	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
Net sales by business segment:					
Interconnect products and assemblies	\$ 906,799	\$1,009,162	\$ 769,967	\$718,109	\$679,887
Cable products	196,972	350,540	240,636	200,768	204,461
	<u>\$1,103,771</u>	<u>\$1,359,702</u>	<u>\$1,010,603</u>	<u>\$918,877</u>	<u>\$884,348</u>
Net sales by geographic area:					
United States	\$ 538,325	\$ 690,743	\$ 519,459	\$499,891	\$462,349
International	565,446	668,959	491,144	418,986	421,999
	<u>\$1,103,771</u>	<u>\$1,359,702</u>	<u>\$1,010,603</u>	<u>\$918,877</u>	<u>\$884,348</u>
Earnings before interest, taxes and depreciation and amortization (EBITDA)					
	\$253,120	\$298,872	\$205,609	\$192,090	\$188,471
Net income before extraordinary item	83,710	107,904	44,295	36,510	51,264
Net income	83,710	107,904	35,621	36,510	26,717
Net income per common share before extraordinary item					
	2.00	2.59	1.23	1.03	.92
Net income per common share					
	2.00	2.59	.99	1.03	.48
Backlog	229,002	365,002	235,321	221,542	209,220
Working capital plus fixed asset turnover					
	3.4X	4.4X	3.2X	3.3X	3.6X
Days sales outstanding in accounts receivable					
	65	64	59	57	53
Inventory turnover					
	3.5X	4.6X	3.7X	3.5X	3.7X
Fixed asset turnover					
	6.8X	9.7X	8.2X	7.8X	8.3X
Average employees					
	10,509	10,320	7,826	7,520	6,558
Year end shares outstanding					
	42,300,068	41,686,887	41,232,440	35,724,656	35,065,608

***Directors***

***Martin H. Loeffler***  
 Chairman of the Board,  
 Chief Executive Officer  
 and President

***Andrew M. Clarkson***

***Henry R. Kravis***

***Andrew E. Lietz***

***Marc S. Lipschultz***

***Michael W. Michelson***

***Scott Nuttall***

***George R. Roberts***

***Officers***

*(Other than Directors)*

***Edward G. Jepsen***  
 Executive Vice President  
 and Chief Financial Officer

***Diana G. Reardon***  
 Controller and Treasurer

***Edward C. Wetmore***  
 Secretary and General Counsel

***Timothy F. Cohane***  
 Senior Vice President

**OPERATING UNITS**

***World Headquarters  
 Executive Offices***  
 358 Hall Avenue  
 Wallingford, CT 06492  
 Phone: (203) 265-8900

***Advanced Circuit Technology***  
 118 Northeastern Boulevard  
 Nashua, NH 03062  
 Phone: (603) 880-6000

***Amphenol Aerospace Operations***  
 40-60 Delaware Street  
 Sidney, NY 13838  
 Phone: (607) 563-5011

***Amphenol - Air LB  
 Corporate Office***  
 29, vois d'Yvois  
 08110 Blagny, France  
 Phone: 33-3-2422-7849

***Amphenol AssembleTech***  
 12620 West Airport Boulevard  
 Suite 100  
 Sugarland, TX 77478  
 Phone: (281) 340-6500

***Amphenol Australia Limited***  
 2 Fiveways Blvd., Keysborough  
 Victoria 3173,  
 Melbourne, Australia  
 Phone: 61-3-8796-8888

***Amphenol Backplane Systems***  
 18 Celina Avenue  
 Nashua, NH 03063  
 Phone: (603) 883-5100

***Amphenol Canada Corporation***  
 20 Melford Drive  
 Scarborough, Ontario  
 Canada, M1B 2X6  
 Phone: (416) 291-4401

***Amphenol ConneXus Sweden***  
 P. O. Box 21006  
 S-100 31  
 Stockholm, Sweden  
 Phone: 46-8-5454-7070

***Amphenol DaeShin Limited***  
 558 SongNea  
 Sosa, Bucheo, Kyunggi  
 Korea 422-040  
 Phone: 82-32-610-3800

***Amphenol do Brasil LTDA***  
 Rua Diogo Moreira 132  
 20 andar; Rooms 2001-2-3  
 CEP 05432-010, Sao Paulo, Brazil  
 Phone: 55-11-3815-1003

***Amphenol East Asia Limited***  
 2201-2, 22/F, Railway Plaza  
 39 Chatham Road South  
 TST, Kowloon, Hong Kong  
 Phone: 852-2699-2663

OPERATING UNITS

***Amphenol Espana***

Edificio "Burgosol"  
c/o Comunidad de Madrid, 35-bis  
Oficina No. 55  
28230 Las Rozas, Madrid, Spain  
Phone: 349-1-640-7302

***Amphenol European  
Sales Operations***

Hoofdveste 19  
3992 DH Houten  
The Netherlands  
Phone: 31-30-635-8000

***Amphenol Gesellschaft mbH***

Johnstrasse 42  
2 Stoch, Top 3A  
Vienna, Austria A-1150  
Phone: 43-1-985-1511

***Amphetrnix India Private Limited***

P.O. Box No. 1, Plot No. 105  
Bhosari Industrial Area  
Pune 411026, India  
Phone: 91-20-712-0363

***Amphenol Interconnect  
Products Corporation***

20 Valley Street  
Endicott, NY 13760  
Phone: (607) 754-4444

***Amphenol Italia, S.P.A.***

Via Barbaiana 5  
20020 Lainate  
Milano, Italy  
Phone: 39-02-932-541

***Amphenol Japan, K.K.***

2-3-27, Kudan Minami  
Chiyoda-ku, Tokyo 102  
Japan  
Phone: 81-3-3263-5611

***Amphenol Limited***

Thanet Way  
Whitstable, Kent  
England CT5 3JF  
Phone: 44-1227-773-200

***Amphenol Korea Air Electronic***

436-2 Changkok-Ri, Paltan-Myeon  
Hwasung-City  
Kyunggi-Do, Korea 425-100  
Phone: 82-31-354-7707

***Amphenol Mexico***

Prolongacion Reforma 61 - 6 B2  
Col. Paseo de las Lomas  
C.P. 01330 Mexico  
Phone: 52-5258-9984

***Amphenol RF***

One Kennedy Avenue  
Danbury, CT 06810  
Phone: (203) 743-9272

***Amphenol RF Asia Corp.***

No. 110, Sec. 1, Bao-An Road  
Ren-Der Shiang, Tainan Hsien  
Taiwan  
Republic of China  
Phone: 886-6-266 1011

***Amphenol Scandinavia***

P.O. Box 2047  
Johannelsundsvagen 2  
194 02 Upplands Vaesby  
Sweden  
Phone: 46-8-594-10440

***Amphenol Shanghai Airwave***

No. 88 Lai Ting S. Road  
Jiu Ting Economy Development Area  
Song Jiang County, Shanghai  
PR China 201615  
Phone: 86-21-3763-0007

***Amphenol Socapex S.A.S.  
Mil/Aero Business Unit***

948, Promenade de l'Arve, BP 29  
74311 Thyez Cedex, France  
Phone: 33-4-5089-2800

***Telecom Business Unit***

21 Chermin du Defois, BP 349  
39105 Dole Cedix, France  
Phone: 33-3-8482-9400

***Amphenol T&M Antennas, Inc.***

825 Corporate Woods Parkway  
Vernon Hills, IL 60061  
Phone: (847) 478-5600

***Amphenol-TFC (Changzhou)  
Communications Equipment Co., Ltd.***

100 Hehai Road, Changzhou New &  
High-  
Tech & Industrial Development Zone  
Changzhou, Jiangsu 213022 PRC  
Phone: 86-519-510-3918

***Amphenol Taiwan***

No. 116, Lane 956, Zhong Shan Road  
Taoyuan City  
Taiwan, Republic of China  
Phone: 886-3-379-5677

***Amphenol-Tuchel Electronics GmbH***

August-Haeusser-Strasse 10  
74080 Heilbronn  
Germany  
Phone: 49-7131-929-0

***Connex Connector Corporation***

11969 Challenger Court  
Moorpark, CA 93021  
Phone: (805)378-6464

***Fiber Optic Products***

1925A Ohio Street  
Lisle, IL 60532  
Phone: (630) 960-1010

***Guangzhou Amphenol Electronics  
Communications Co., Ltd.***

163 Ping Yun Road  
Huang Pu Road W  
Guangzhou 510656  
Peoples Republic of China  
Phone: 86-20-3869-8808

***Konfektion E Elektronik GmbH***

Im Klingefeld 21  
D-74594 Kressberg-Marktlustenau  
Germany  
Phone: 49-7957-9886-0

**Optimize Manufacturing Company**

180 North Freeport Drive, W-10  
Nogales, AZ 85621  
Phone: (520) 397-7007

**Sine Systems\*Pyle Connectors Corporation**

25325 Joy Boulevard  
Mt. Clemens, MI 48046  
Phone: (810) 465-3131

**Chicago Office**

650 W. Grand Avenue, Suite 304  
Elmhurst, IL 60126  
Phone: (630) 832-4600

**Spectra Strip**

720 Sherman Avenue  
Hamden, CT 06514  
Phone: (203) 281-3200

**Technical Products International**

2110 Notre Dame Avenue  
Winnipeg  
MB, R3H OK1 Canada  
Phone: (204) 697-2222

**Times Fiber Canada Limited**

P.O. Box 430  
580 O'Brien Road  
Renfrew, Ontario  
K7V 3Z2 Canada  
Phone: (613) 432-8566

**Times Fiber Communications, Inc.**

358 Hall Avenue  
Wallingford, CT 06492  
Phone: (203) 265-8500

**Times Fiber Communications, Inc.**

European Operations  
Unit 18, The Maltings  
Station Road  
Newport Essex  
United Kingdom CB11 3PL  
Phone: 44-1799-542-836

**TFC South America S.A.**

Tucuman 540- Suite 28 "C" (1049)  
Buenos Aires, Argentina  
Phone: 54-11-4325-3471

**U-JIN Cable South Korea**

167-4 Nae Pan-Ri, Dong-Meon  
Yeon Ki-Kun, Chung Nam-Do 339-860  
South Korea  
Phone: 82-41-864-0858

---

S H A R E H O L D E R   I N F O R M A T I O N

---

**World Headquarters**

358 Hall Avenue  
Post Office Box 5030  
Wallingford, CT 06492  
(203) 265-8900  
web site: <http://www.amphenol.com>

**Stock Listing**

New York Stock Exchange  
Symbol: APH

**Registrar and Transfer Agent for Common Stock**

**EquiServe Trust Company, N.A.**  
P.O. Box 43010, Providence, RI 02940  
Shareholder Inquiries 1-816-843-4299  
[www.equiserve.com](http://www.equiserve.com)

**Annual Meeting**

See Proxy material for time and location.