

Amphenol
Connecting
People and Technology

Military and Aerospace Operations
2006 Business Outlook

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2006 Business Outlook

- Market Conditions
- Technology Demands
- Geographic Trends
- Fulfillment Trends

General Market Conditions

- Large and growing market
 - Fragmented industry
- Customer/supplier consolidation
- Increasing globalization
- Challenging technology demands
 - Cost control pressure
 - Pricing increases
- Integrated solutions
 - Application Specific

Market Conditions

- Military
 - Defense Spending Summary
- Commercial
 - Commercial Air Trends

Defense Spending Summary

- The War in Iraq continues to place a burden on Defense Spending
 - Total Budget is expected to exceed \$411B
 - Weapons Procurement will be \$78B
 - **–7.7% Electronics**
 - **Procurement Growth**
 - R&D will be flat, but funding will be more focused on programs such as FCS (Future Combat Systems)

Defense Spending Summary

- Targeted Amphenol programs are expected to continue steady growth
 - Army modernization
 - Future Combat Systems (\$3.4B, up 10%)
 - Military aircraft
 - JSF (\$5B, up 10%)
 - F22 (\$4.3B, flat)
 - F18 (\$3B, flat)
 - Avionic upgrades to existing platforms up 5% to nearly \$1B

Key Military Actions

- Future Combat Systems Focus
 - Expanding Marketing Resources
 - Key new product introductions
 - Power, Harsh Environment
- Mil-Avionics
 - Continued focus on key programs
 - JSF, F22, F18
 - Key new product introductions
 - High Speed, High Density, Integrated Systems

Commercial Air Summary

- Projected Worldwide CAGR 2005-2024 is 3.7% for Commercial Jet Deliveries
 - 6.6% Asia
 - 2.1% Europe
 - 1.6% North America
 - 4.4% CAGR for Boeing and Airbus in units delivered
 - *However in dollar terms the CAGR is expected to be 7.7% for Boeing and Airbus*
- Worldwide spending is expected to be \$2.3Trillion from 2005 to 2024

Key Commercial Air Actions

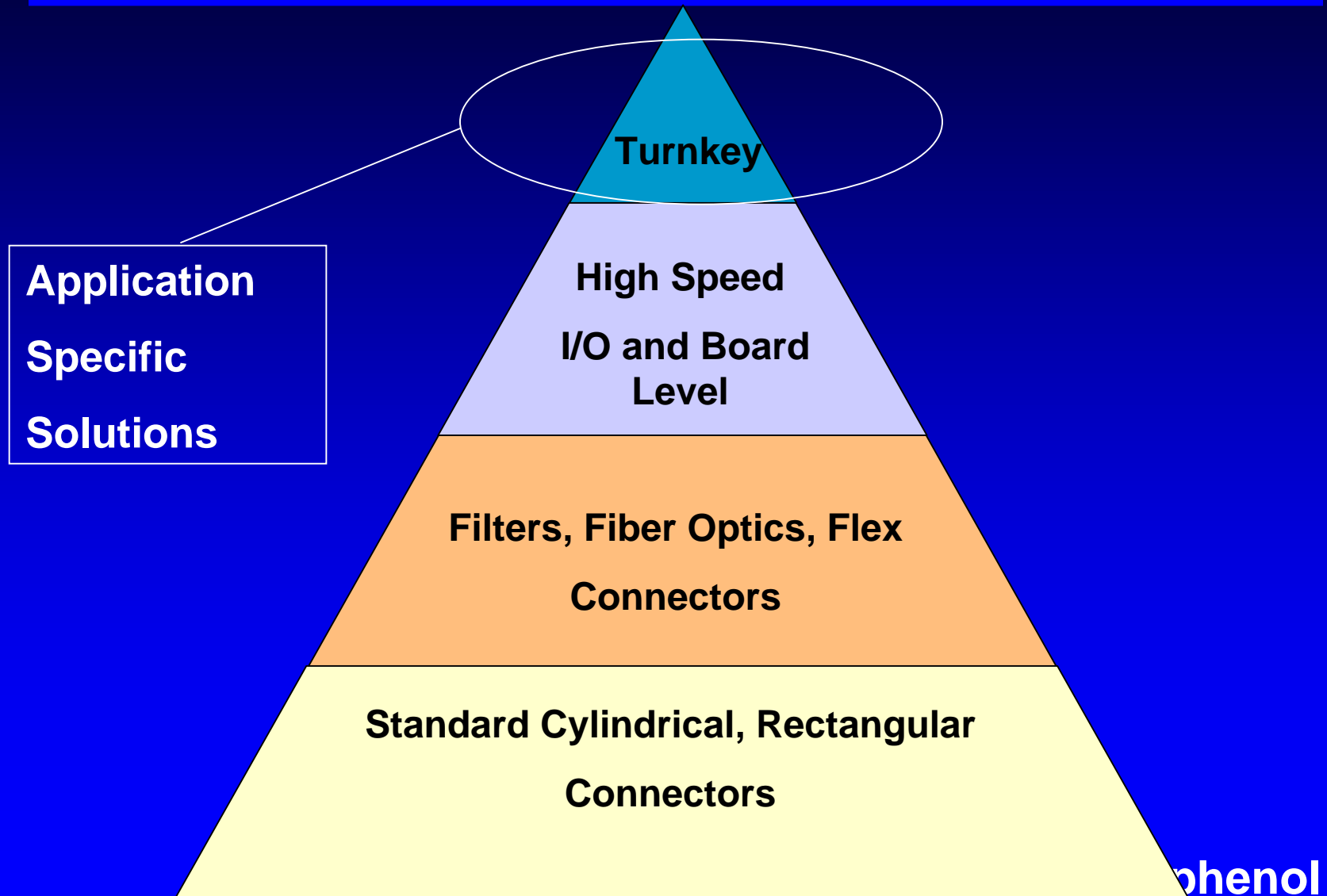
- Boeing 787 BOM Penetration
 - Airframe and Avionics
- Expansion at Airbus
 - A380, A350, A400M
- Focus on power plants
 - Rolls Royce, GE, harness suppliers
- Asian local support

Technology Demands

- Core Product Evolution
 - Differentiations
- High Speed Solutions
 - Copper and Fiber Optics
- High Density Solutions
 - Board Level Products
- Power and Harsh Environment Solutions

Application specific solutions

Amphenol Product Pyramid



Geographic Trends

- North America continues to be largest Military and Aerospace region
 - However growth rate may only be in single digits
- Europe continues to face aggressive pricing pressure on flat to negative market growth
- Large growth opportunity in Asia
 - China emerging as a large growth opportunity for Commercial Air
 - Opportunity exists for both local support and low cost manufacturing

Fulfillment Trends

- Amphenol direct sales focus on Demand Creation
 - New Products
 - Natural evolution towards distribution
 - Collaborative across multiple operations
 - Large, focus OEM accounts driving higher level integrated solutions

Application Specific Selling

Fulfillment Trends

- Distribution role is expanding
 - Growing inventory position serving day to day business
 - Supply Chain Management initiatives with many OEM's fulfilled by distribution
 - Demand creation role
 - Leveraging of product portfolio
 - Share absorption

2006 Business Outlook Summary

- Market Conditions
 - Continued strong DOD focus, accelerating Commercial Air, pricing actions
- Technology Roadmap
 - Application Specific System Sell Solutions
- Geographic Trends
 - Asia opportunity for Commercial Air
- Fulfillment Trends
 - Direct focus on higher level
 - TTI is Amphenol's “Sweetheart of Distribution”

Amphenol