Sensata Technologies Holding N.V.
Form 10-Q
July 26, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

For the transition period from to

Commission File Number 001-34652

SENSATA TECHNOLOGIES HOLDING N.V.

(Exact Name of Registrant as Specified in Its Charter)

THE NETHERLANDS	**98-0641254**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Kolthofsingel 8, 7602 EM Almelo The Netherlands	**31-546-879-555**
(Address of Principal Executive Offices, including Zip Code)	**(Registrant s Telephone Number, Including Area Code)**

Former name, former address and former fiscal year, if changed since last report.

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

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

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

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

The number of shares outstanding of each of the issuer s classes of common stock, as of July 20, 2010 was 171,079,824.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

SENSATA TECHNOLOGIES HOLDING N.V.

Condensed Consolidated Balance Sheets

(Thousands of U.S. dollars, except share and per share amounts)

(unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 311,247	$ 148,468
Accounts receivable, net of allowances of $9,849 and $12,739 as of June 30, 2010 and December 31, 2009, respectively	213,836	180,839
Inventories	141,627	125,375
Deferred income tax assets	12,332	12,419
Prepaid expenses and other current assets	20,239	19,627
Assets held for sale	238	238
Total current assets	699,519	486,966
Property, plant and equipment at cost	415,739	400,461
Accumulated depreciation	(199,555)	(180,523)
Property, plant and equipment, net	216,184	219,938
Goodwill	1,528,954	1,530,570
Other intangible assets, net	794,805	865,531
Deferred income tax assets	5,502	5,543
Deferred financing costs	29,929	41,147
Other assets	19,929	17,175
Total assets	$ 3,294,822	$ 3,166,870
Liabilities and shareholders equity		
Current liabilities:		
Current portion of long-term debt, capital lease and other financing obligations	$ 17,621	$ 17,139
Accounts payable	134,522	122,834
Income taxes payable	9,051	8,384
Accrued expenses and other current liabilities	86,193	91,741
Accrued profit sharing	326	600
Deferred income tax liabilities	638	823
Total current liabilities	248,351	241,521
Deferred income tax liabilities	184,437	165,477
Pension and post-retirement benefit obligations	49,077	49,525
Capital lease and other financing obligations, less current portion	39,593	40,001
Long-term debt, less current portion	1,781,424	2,243,686
Other long-term liabilities	29,321	39,502

Commitments and contingencies		
Total liabilities	2,332,203	2,779,712
Shareholders equity:		
Ordinary shares, 0.01 nominal value per share, 400,000,000 shares authorized; 171,091,797 and 144,068,541 shares issued as of June 30, 2010 and December 31, 2009, respectively	2,192	1,825
Treasury shares, at cost, 11,973 shares as of June 30, 2010 and December 31, 2009	(136)	(136)
Due from parent	(17)	(17)
Additional paid-in capital	1,510,521	1,050,373
Accumulated deficit	(517,859)	(627,688)
Accumulated other comprehensive loss	(32,082)	(37,199)
Total shareholders equity	962,619	387,158
Total liabilities and shareholders equity	$ 3,294,822	$ 3,166,870

The accompanying notes are an integral part of these condensed consolidated financial statements

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SENSATA TECHNOLOGIES HOLDING N.V.

Condensed Consolidated Statements of Operations

(Thousands of U.S. dollars, except share and per share amounts)

(unaudited)

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net revenue	$ 391,806	$ 255,371	$ 768,943	$ 494,387
Operating costs and expenses:				
Cost of revenue	240,590	168,902	473,373	330,246
Research and development	6,211	3,960	11,141	9,123
Selling, general and administrative	38,740	30,482	116,631	62,111
Amortization of intangible assets and capitalized software	36,078	38,162	72,214	76,966
Impairment of goodwill and intangible assets				19,867
Restructuring	(490)	2,050	209	13,538
Total operating costs and expenses	321,129	243,556	673,568	511,851
Profit / (loss) from operations	70,677	11,815	95,375	(17,464)
Interest expense	(25,406)	(36,349)	(58,922)	(78,833)
Interest income	255	79	394	403
Currency translation gain and other, net	51,796	58,086	98,981	127,228
Income from continuing operations before taxes	97,322	33,631	135,828	31,334
Provision for income taxes	14,803	10,876	25,999	18,517
Income from continuing operations	82,519	22,755	109,829	12,817
Loss from discontinued operations, net of tax of $0		(134)		(395)
Net income	$ 82,519	$ 22,621	$ 109,829	$ 12,422
Basic net income per share:				
Continuing operations	$ 0.48	$ 0.16	$ 0.68	$ 0.09
Discontinued operations		0.00		0.00
Total basic net income per share	$ 0.48	$ 0.16	$ 0.68	$ 0.09
Diluted net income per share:				
Continuing operations	$ 0.46	$ 0.16	$ 0.66	$ 0.09
Discontinued operations		0.00		0.00
Total diluted net income per share	$ 0.46	$ 0.16	$ 0.66	$ 0.09

The accompanying notes are an integral part of these condensed consolidated financial statements

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SENSATA TECHNOLOGIES HOLDING N.V.

Condensed Consolidated Statements of Cash Flows

(Thousands of U.S. dollars)

(unaudited)

	For the six months ended June 30, 2010	June 30, 2009
Cash flows from operating activities:		
Net income	$ 109,829	$ 12,422
Net loss from discontinued operations		(395)
Net income from continuing operations	109,829	12,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	20,331	21,961
Amortization of deferred financing costs	4,377	4,592
Currency translation gain on debt	(133,826)	(6,502)
Loss / (gain) on repurchase of outstanding Senior and Senior Subordinated Notes	22,867	(120,123)
Share-based compensation	21,869	694
Amortization of intangible assets and capitalized software	72,214	76,966
(Gain) / loss on disposition of assets	(253)	358
Loss on assets held for sale		1,678
Deferred income taxes	18,903	13,667
Impairment of goodwill and intangible assets		19,867
Increase / (decrease) from changes in operating assets and liabilities:		
Accounts receivable, net	(32,997)	(8,180)
Inventories	(16,252)	37,226
Prepaid expenses and other current assets	1,963	10,799
Accounts payable and accrued expenses	(561)	21,337
Income taxes payable	667	(3,109)
Accrued profit sharing and retirement	(786)	(1,946)
Other	409	3,138
Net cash provided by operating activities from continuing operations	88,754	85,240
Net cash used in operating activities from discontinued operations		(403)
Net cash provided by operating activities	88,754	84,837
Cash flows from investing activities:		
Additions to property, plant and equipment and capitalized software	(17,902)	(8,862)
Proceeds from sale of assets	364	
Net cash used in investing activities from continuing operations	(17,538)	(8,862)
Net cash provided by investing activities from discontinued operations		372
Net cash used in investing activities	(17,538)	(8,490)
Cash flows from financing activities:		
Dividend to parent		(133)
Advances to shareholder		(25)
Proceeds from issuance of ordinary shares	433,621	
Proceeds from exercise of stock options	5,025	

Proceeds from revolving credit facility, net		75,000
Payments on U.S. term loan facility	(4,750)	(4,750)
Payments on Euro term loan facility	(2,556)	(2,712)
Payments on repurchase of outstanding Senior and Senior Subordinated Notes	(337,517)	(57,242)
Payments on capitalized lease and other financing obligations	(2,260)	(1,979)
Net cash provided by financing activities	91,563	8,159
Net change in cash and cash equivalents	162,779	84,506
Cash and cash equivalents, beginning of period	148,468	77,716
Cash and cash equivalents, end of period	$ 311,247	$ 162,222

The accompanying notes are an integral part of these condensed consolidated financial statements

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SENSATA TECHNOLOGIES HOLDING N.V.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands except share and per share amounts, or unless otherwise noted)

(unaudited)

1. The Company

The accompanying unaudited condensed consolidated financial statements presented herein reflect the financial position, results of operations and cash flows of Sensata Technologies Holding N.V. (Sensata Technologies Holding) and its wholly-owned subsidiaries, including Sensata Technologies Intermediate Holding B.V. (Sensata Intermediate Holding) and Sensata Technologies B.V. (STBV), collectively referred to as the Company . Sensata Technologies Holding is a majority-owned subsidiary of Sensata Investment Company SCA (the Parent). The share capital of the Parent is 100% owned by entities associated with Bain Capital Partners, LLC (Bain Capital), a leading global private investment firm, co-investors (Bain Capital and co-investors are collectively referred to as the Sponsors) and certain members of the Company s senior management.

On April 27, 2006 (inception), investment funds associated with the Sponsors completed the acquisition of the Sensors and Controls business (S&C) of Texas Instruments Incorporated (TI) for aggregate consideration of $3.0 billion in cash and transaction fees and expenses of $31.4 million (the 2006 Acquisition). The 2006 Acquisition was financed by a cash investment from the Sponsors of approximately $985.0 million and the issuance of approximately $2.1 billion of indebtedness.

Sensata Technologies Holding was acquired by the Parent in 2006 to facilitate the 2006 Acquisition. Sensata Technologies Holding conducts its business through subsidiary companies which operate business and product development centers in the United States (U.S.), the Netherlands and Japan; and manufacturing operations in Brazil, China, South Korea, Malaysia, Mexico, the Dominican Republic and the U.S. The Company organizes its operations into the sensors and controls businesses.

The sensors business is a manufacturer of pressure, force, and electromechanical sensor products used in subsystems of automobiles (e.g., engine, air-conditioning, ride stabilization) and in industrial products such as HVAC systems. These products improve operating performance, for example, by making an automobile s heating and air-conditioning systems work more efficiently. These products also improve safety and performance, for example, by reducing vehicle emissions and improving gas mileage.

The controls business is a manufacturer of a variety of control products used in industrial, aerospace, military, commercial and residential markets, including motor and compressor protectors, circuit breakers, semiconductor burn-in test sockets, electronic HVAC controls, power inverters, precision switches and thermostats. These products help prevent damage from overheating and fires in a wide variety of applications, including commercial heating and air-conditioning systems, refrigerators, aircraft, automobiles, lighting and other industrial applications. The controls business also manufactures DC to AC power inverters, which enable the operation of electronic equipment when grid power is not available.

On March 16, 2010, the Company completed the initial public offering (IPO) of its ordinary shares in which it sold 26,315,789 shares and its existing shareholders and certain employees sold 5,284,211 shares at a public offering price of $18.00 per share. The net proceeds of the IPO to the Company totaled $435.9 million after deducting the underwriters discounts and commissions and offering expenses, including $2.5 million of proceeds from the exercise of stock options. On April 12, 2010, the Company announced that the underwriters of its IPO exercised their option to purchase an additional 4,740,000 ordinary shares from selling shareholders at a price of $18.00 per share, which included 353,465 shares obtained by certain selling shareholders through the exercise of options to purchase ordinary shares. The sale of the additional shares closed on April 14, 2010. The Company did not receive any proceeds from the sale of the additional shares, other than the proceeds from the exercise of the aforementioned stock options which totaled $2.5 million.

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All amounts presented, except share and per share amounts, are stated in thousands of U.S. dollars, unless otherwise indicated.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and, therefore, do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements. The accompanying financial information reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the interim period results. The results of operations for the three and six months ended June 30, 2010 are not necessarily indicative of the results to be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the Securities Act) with the Securities and Exchange Commission (SEC) on March 11, 2010 (the Prospectus).

The unaudited condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries. All intercompany balances and transactions have been eliminated.

3. New Accounting Standards

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2009-13, *Multiple-Delivery Revenue Arrangements* (ASU 2009-13), which establishes the accounting and reporting guidance for arrangements including multiple deliverable revenue-generating activities, and provides amendments to the criteria for separating deliverables, and measuring and allocating arrangement consideration to one or more units of accounting. The amendments of ASU 2009-13 also establish a hierarchy for determining the selling price of a deliverable, and require significantly enhanced disclosures to provide information about a vendors multiple-deliverable revenue arrangements, including information about their nature and terms, significant deliverables, and the general timing of delivery. The amendments also require disclosure of information about the significant judgments made and changes to those judgments, and about how the application of the relative selling price method affects the timing or amount of revenue recognition. The amendments of ASU 2009-13 are effective prospectively for revenue arrangements entered into or materially modified in annual reporting periods beginning on or after June 15, 2010, or January 1, 2011 for the Company. Early application is permitted. The Company is currently evaluating the potential effect, if any, the adoption of ASU 2009-13 will have on its financial position and results of operations.

The Company adopted the following accounting standards during 2010:

In February 2010, the FASB issued ASU 2010-09, *Amendments to Certain Recognition and Disclosure Requirements,* (ASU 2010-09), which eliminates the requirement under Accounting Standards Codification (ASC) Topic 855, *Subsequent Events* (ASC 855) for SEC registrants to disclose the date through which they have evaluated subsequent events in the financial statements. ASU 2010-09 was effective upon issuance, and the Company adopted its provisions as of the issuance of the Quarterly report for the period ended March 31, 2010. The adoption of ASU 2010-09 was for disclosure purposes only and did not have any effect on the Company s financial position or results of operations.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06), which amends ASC Topic 820, *Fair Value Measurement and Disclosure* (ASC 820) to require a number of additional disclosures regarding fair value measurements. In addition to the new disclosure requirements, ASU 2010-06 amends ASC 820 to clarify that reporting entities are required to provide fair value measurement disclosures for each class of assets and liabilities. Prior to the issuance of ASU 2010-06, the

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guidance in ASC 820 required separate fair value disclosures for each major category of assets and liabilities. ASU 2010-06 also clarifies the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. Except for the requirement to disclose information about purchases, sales, issuance and settlements in the reconciliation of recurring Level 3 measurements on a gross basis, all of the provisions of ASU 2010-06 were effective for interim and annual reporting periods beginning after December 15, 2009. The Company adopted these provisions as of January 1, 2010. The requirement to separately disclose purchases, sales, issuances and settlements of recurring Level 3 measurements is effective for annual reporting periods beginning after December 15, 2010, or January 1, 2011 for the Company. The adoption of this portion of ASU 2010-06 will not have any effect on the Company s financial position or results of operations.

In June 2009, the FASB issued guidance now codified within ASC Topic 810, *Consolidation* (ASC 810), which requires entities to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as one with the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and obligation to absorb losses of the entity that could potentially be significant to the variable interest. The guidance was effective as of the beginning of the annual reporting period commencing after November 15, 2009, with early adoption prohibited. The Company adopted these provisions as of January 1, 2010. The adoption of the guidance codified within ASC 810 did not have any effect on the Company s financial position or results of operations.

4. Net Income per Share

Net income per share is calculated by dividing net income by the weighted-average number of ordinary shares outstanding during the period. All net income on the condensed consolidated statement of operations for all periods presented is available to ordinary shareholders. The calculation of diluted net income per share considers the dilutive effect of all potential future ordinary shares. Because the Company s potential future ordinary shares consist only of stock options and restricted stock, there is no adjustment to net income in the calculation of diluted net income per share. For the three and six months ended June 30, 2010 and 2009, the weighted-average shares outstanding for basic and diluted net income per share were as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Basic weighted-average ordinary shares outstanding	171,025,445	144,056,568	160,562,444	144,056,568
Dilutive effect of stock options	6,468,249	418,229	6,325,889	790,302
Dilutive effect of unvested restricted stock	310,191	51,297	305,788	51,487
Diluted weighted-average ordinary shares outstanding	177,803,885	144,526,094	167,194,121	144,898,357

Net income and net income per share are presented in the condensed consolidated statements of operations.

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Certain potential ordinary shares were excluded from the Company s calculation of diluted weighted-average shares outstanding, because they would have an anti-dilutive effect on net income per share. In addition, certain potential ordinary shares were excluded from the Company s calculation of diluted weighted-average shares outstanding in 2009, as they related to share-based awards associated with its Tranche 2 and 3 option plans. These shares were contingently issuable and the contingency had not been satisfied as of that date. Refer to Note 14 for further discussion of the Company s share-based payment plans.

	For the three months ended		For the six months ended	
	June 30, 2010	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Anti-dilutive shares excluded	1,478,200	195,001	1,426,600	95,001
Contingently issuable shares excluded		7,750,099		7,750,099

5. Comprehensive Net Income

The components of comprehensive net income for the three and six months ended June 30, 2010 and 2009, net of tax of $0, were as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Net income	$ 82,519	$ 22,621	$ 109,829	$ 12,422
Net unrealized gain / (loss) on derivatives	3,329	(1,821)	4,541	(4,249)
Net adjustments on defined benefit and retiree healthcare plans	402	2,223	576	2,104
Comprehensive net income	$ 86,250	$ 23,023	$ 114,946	$ 10,277

6. Inventories

The components of inventories as of June 30, 2010 and December 31, 2009 were as follows:

	June 30, 2010	**December 31, 2009**
Finished goods	$ 41,735	$ 41,931
Work-in-process	25,171	20,627
Raw materials	74,721	62,817
Total	$ 141,627	$ 125,375

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7. Discontinued Operations

In December 2008, the Company announced its intent to sell the automotive vision sensing business (the Vision business), which included the assets and operations of SMaL Camera Technologies, Inc. (SMaL), due to the economic climate and slower than expected demand for its products. The Company purchased SMaL for $12.0 million in March 2007. The Company completed the sale of the Vision business in the three months ended June 30, 2009.

Results of operations of the Vision business included within loss from discontinued operations were as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net revenue	$	$ 98	$	$ 726
Loss from operations before income tax	$	$ (134)	$	$ (395)

8. Restructuring Costs

The Company s restructuring programs consist of the First Technology Automotive Plan, the Airpax Plan and the 2008 Plan. Each of these restructuring programs is described in more detail below.

First Technology Automotive Plan

In December 2006, the Company acquired First Technology Automotive and Special Products from Honeywell International Inc. (First Technology Automotive Acquisition). In January 2007, the Company announced plans (First Technology Automotive Plan or the FTAS Plan) to close the manufacturing facilities in Standish, Maine and Grand Blanc, Michigan, and to downsize the facility in Farnborough, United Kingdom. Manufacturing at the Maine, Michigan and United Kingdom sites was moved to the Dominican Republic and other sites. Restructuring liabilities related to these actions consist primarily of exit and related severance costs. The actions described above affected 143 employees and were completed in 2008. The Company anticipates remaining payments to be paid through 2014, due primarily to contractual lease-related obligations.

In connection with the First Technology Automotive Plan, the Company has incurred cumulative costs, excluding the impact of changes in foreign currency exchange rates, of $8,932, consisting of $4,287 in severance costs and $4,645 in facility exit and other costs. These costs have been recognized in the Company s segments in accordance with the degree of impact experienced by the segment. The remaining costs, not allocable to the Company s reportable segments, have been shown within the corporate and other caption. Of the cumulative cost incurred, $3,313 and $2,413 have been allocated to the sensors and controls segments, respectively, and $3,206 has been allocated to corporate and other .

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The following tables outline the changes to the restructuring liabilities associated with the First Technology Automotive Plan, since December 31, 2009, by type of liability and segment:

	Severance	Facility Exit and Other Costs	Total
Balance as of December 31, 2009	$ 63	$ 2,532	$ 2,595
Purchase accounting adjustments	(63)	(1,553)	(1,616)
Other adjustments		(228)	(228)
Payments		(182)	(182)
Impact of changes in foreign currency exchange rates		33	33
Balance as of June 30, 2010	$	$ 602	$ 602

	Sensors	Controls	Corporate and other	Total
Balance as of December 31, 2009	$ 2,530	$ 63	$ 2	$ 2,595
Purchase accounting adjustments	(1,551)	(63)	(2)	(1,616)
Other adjustments	(228)			(228)
Payments	(182)			(182)
Impact of changes in foreign currency exchange rates	33			33
Balance as of June 30, 2010	$ 602	$	$	$ 602

During the six months ended June 30, 2010, the Company revised its accrual related to severance by $63 and its accrual related to facility exit and other costs by $1,781. The reduction to the accrual for facility exit and other costs was primarily related to the execution of a sublease for the Farnborough, United Kingdom facility at terms more favorable to the Company than previously anticipated. The reduction to the accruals resulted in a reduction of goodwill totaling $1,616 for the portion of the accruals that had been established through purchase accounting and a reduction to restructuring expense of $228. The Company does not expect to incur additional costs in the future.

Airpax Plan

In July 2007, the Company acquired Airpax Holdings, Inc. (Airpax Acquisition). In 2007, the Company announced plans (Airpax Plan) to close the facility in Frederick, Maryland and to relocate certain manufacturing lines to existing Sensata and Airpax facilities in Cambridge, Maryland; Shanghai, China; and Mexico, and to terminate certain employees at the Cambridge, Maryland facility. In 2008, the Company announced plans to close the Airpax facility in Shanghai, China. Restructuring liabilities related to these actions consist primarily of exit and related severance costs. The actions described above affected 331 employees and were completed in 2009. The Company anticipates remaining payments to be made through 2010, due primarily to facility exit costs, tuition assistance and outplacement services.

In connection with the Airpax Plan, the Company has incurred cumulative costs, excluding the impact of changes in foreign currency exchange rates, of $6,494, consisting of $5,073 in severance costs and $1,421 in facility exit and other costs. These costs have been recognized in the Company s segments in accordance with the degree of impact experienced by the segment. The remaining costs, not allocable to the Company s reportable segments, have been shown within the corporate and other caption. Of the total cost incurred, $5,026 has been allocated to the controls segment, and $1,468 has been allocated to corporate and other . The Company has not incurred additional costs related to this plan in the three or six months ended June 30, 2010, and does not expect to incur additional costs in the future.

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The following tables outline the changes to the restructuring liabilities associated with the Airpax Plan since December 31, 2009, by type of liability and segment:

	Severance	Facility Exit and Other Costs	Total
Balance as of December 31, 2009	$ 173	$ 526	$ 699
Payments	(3)		(3)
Balance as of June 30, 2010	$ 170	$ 526	$ 696

	Controls	Corporate and other	Total
Balance as of December 31, 2009	$ 696	$ 3	$ 699
Payments	(2)	(1)	(3)
Balance as of June 30, 2010	$ 694	$ 2	$ 696

2008 Plan

During fiscal years 2009 and 2008, in response to global economic conditions, the Company announced various actions (2008 Plan) to reduce the workforce in several business centers and manufacturing facilities throughout the world and to move certain manufacturing operations to low-cost countries. During 2009 and 2008, the Company recognized charges totaling $41,334 primarily related to severance, pension curtailment, pension settlement and other related charges, and facility exit and other costs. During the six months ended June 30, 2010, the Company revised its accrual related to severance and facility exit and other costs. As a result, the Company recognized a net reduction to restructuring expense of $640. The actions described above are expected to cost $40,780, excluding the impact of changes in foreign currency exchange rates. These actions affected 1,977 employees. The Company anticipates that these actions will be completed during 2010 and the remaining payments will be paid through 2014, due primarily to contractual obligations.

In connection with the 2008 Plan, the Company has incurred cumulative costs to date, excluding the impact of changes in foreign currency exchange rates, of $40,694, consisting of $28,477 in severance costs, $9,716 in pension-related costs and $2,501 in facility exit and other costs. These costs have been recognized in the Company s segments in accordance with the degree of impact experienced by the segment. The remaining costs, not allocable to the Company s reportable segments, have been shown within the corporate and other caption. Of the total cost incurred, $1,750 and $4,700 has been allocated to the sensors and controls segments, respectively, and $34,244 has been allocated to corporate and other .

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The following tables outline the changes to the restructuring liabilities, excluding the costs related to pension, associated with the 2008 Plan since December 31, 2009, by type of liability and segment:

	Severance	Facility Exit and Other Costs	Total
Balance as of December 31, 2009	$ 2,964	$ 109	$ 3,073
Adjustments	(664)	24	(640)
Payments	(1,333)	(20)	(1,353)
Impact of changes in foreign currency exchange rates	(56)	(2)	(58)
Balance as of June 30, 2010	$ 911	$ 111	$ 1,022
Employees terminated as of June 30, 2010	1,961		

	Sensors	Controls	Corporate and other	Total
Balance as of December 31, 2009	$ 131	$ 115	$ 2,827	$ 3,073
Adjustments	(51)	122	(711)	(640)
Payments	(32)	5	(1,326)	(1,353)
Impact of changes in foreign currency exchange rates	(2)	(7)	(49)	(58)
Balance as of June 30, 2010	$ 46	$ 235	$ 741	$ 1,022

Summary of Restructuring Programs

The following tables show charges incurred in association with all of the Company s restructuring programs, and other restructuring activities as applicable, consisting primarily of severance, for the three and six months ended June 30, 2010 and 2009, and where within the condensed consolidated statement of operations these amounts were recognized. There were no restructuring costs recognized for the Airpax Plan during any of the periods presented. The other restructuring expense of $82 and $1,077 during the three and six months ended June 30, 2010, respectively, represents the termination of a limited number of employees located in various business centers and facilities throughout the world, and not the initiation of a larger restructuring program.

	For the three months ended June 30, 2010				For the three months ended June 30, 2009			
	FTAS Plan	2008 Plan	Other	Total	FTAS Plan	2008 Plan	Other	Total
Restructuring	$ (228)	$ (344)	$ 82	$ (490)	$	$ 2,050	$	$ 2,050
Currency translation gain and other, net	33	(18)		15		321		321
Total	$ (195)	$ (362)	$ 82	$ (475)	$	$ 2,371	$	$ 2,371

	For the six months ended June 30, 2010				For the six months ended June 30, 2009			
	FTAS Plan	2008 Plan	Other	Total	FTAS Plan	2008 Plan	Other	Total
Restructuring	$ (228)	$ (640)	$ 1,077	$ 209	$	$ 13,538	$	$ 13,538
Currency translation gain and other, net	33	(58)	(13)	(38)		(400)		(400)

Total	$ (195)	$ (698)	$ 1,064	$ 171	$	$ 13,138	$	$ 13,138

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9. Goodwill and Other Intangible Assets

Goodwill

The following table outlines the changes in goodwill since December 31, 2009, by segment:

	Sensors			Controls			Total		
	Gross Goodwill	Accumulated Impairment	Net Goodwill	Gross Goodwill	Accumulated Impairment	Net Goodwill	Gross Goodwill	Accumulated Impairment	Net Goodwill
Balance as of December 31, 2009	$ 1,166,358	$	$ 1,166,358	$ 382,678	$ (18,466)	$ 364,212	$ 1,549,036	$ (18,466)	$ 1,530,570
Purchase accounting adjustments	(1,553)		(1,553)	(63)		(63)	(1,616)		(1,616)
Balance as of June 30, 2010	$ 1,164,805	$	$ 1,164,805	$ 382,615	$ (18,466)	$ 364,149	$ 1,547,420	$ (18,466)	$ 1,528,954

The change in goodwill during the six months ended June 30, 2010 primarily related to a reduction in the Company s restructuring liabilities related to its obligations on the Farnborough, United Kingdom lease acquired in the First Technology Automotive Acquisition. The reduction was due to the execution of a sublease with more favorable terms than originally anticipated. See Note 8, Restructuring Costs for further detail.

The Company evaluates the recoverability of goodwill and other intangible assets in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that goodwill or other intangible assets may be impaired. During the six months ended June 30, 2010, no events or changes in circumstances occurred that would have triggered the need for an earlier impairment review.

Other Intangible Assets

Definite-lived intangible assets have been amortized on an accelerated, or economic benefit, basis over their estimated lives. The following table outlines the components of acquisition-related definite-lived intangible assets that were subject to amortization as of June 30, 2010 and December 31, 2009:

		June 30, 2010				December 31, 2009			
	Weighted-Average Life (years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
Completed technologies	16	$ 268,170	$ 97,200	$ 2,430	$ 168,540	$ 268,170	$ 85,233	$ 2,430	$ 180,507
Customer relationships	10	1,026,840	478,264	12,144	536,432	1,026,840	420,811	12,144	593,885
Non-compete agreements	6	23,400	6,775		16,625	23,400	4,711		18,689
Tradenames	10	720	390		330	720	338		382
Total	11	$ 1,319,130	$ 582,629	$ 14,574	$ 721,927	$ 1,319,130	$ 511,093	$ 14,574	$ 793,463

In addition, other definite lived intangible assets recognized on the condensed consolidated balance sheets include capitalized software licenses with gross carrying amounts of $8,337 and $6,849 and net carrying amounts of $4,408 and $3,598 as of June 30, 2010 and December 31, 2009, respectively. The weighted-average life for the capitalized software in use was approximately 4 years.

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Amortization expense on definite-lived intangible assets and capitalized software for the three and six months ended June 30, 2010 and 2009 were as follows:

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Definite-lived intangible assets	$ 35,768	$ 37,706	$ 71,536	$ 76,077
Capitalized software licenses	310	456	678	889
Total amortization expense	$ 36,078	$ 38,162	$ 72,214	$ 76,966

Amortization of acquisition-related definite-lived intangible assets is estimated to be $71,547 for the remainder of 2010, $131,609 in 2011, $119,983 in 2012, $105,098 in 2013 and $93,323 in 2014.

In addition to the above, the Company owns the Klixon® and Airpax® tradenames, which are indefinite-lived intangible assets, as they have each been in continuous use for over 60 years and the Company has no plans to discontinue using them. The Company has recorded $59,100 and $9,370, respectively, related to these tradenames.

10. Debt

The Company s debt as of June 30, 2010 and December 31, 2009 consisted of the following:

	Weighted-average interest rate for the six months ended June 30, 2010	June 30, 2010	December 31, 2009
Senior secured term loan facility (denominated in U.S. dollars)	2.03%	$ 912,000	$ 916,750
Senior secured term loan facility (382.4 million)	2.67%	466,538	551,350
Senior Notes (denominated in U.S. dollars)	8.00%	201,181	340,006
Senior Subordinated Notes (177.1 million)	9.00%	216,060	254,303
Senior Subordinated Notes	11.25%		196,483
Less: current portion		(14,355)	(15,206)
Long-term debt, less current portion		$ 1,781,424	$ 2,243,686
Capital lease and other financing obligations	8.43%	$ 42,859	$ 41,934
Less: current portion		(3,266)	(1,933)
Capital lease and other financing obligations, less current portion		$ 39,593	$ 40,001

Extinguishment of Debt

On February 26, 2010, STBV announced the commencement of cash tender offers related to its 8% Senior Notes due 2014 (the Dollar Notes), its 9% Senior Subordinated Notes due 2016 and its 11.25% Senior Subordinated Notes due 2014 (together the Euro Notes). The cash tender offers settled during the three months ended March 31, 2010. The aggregate principal amount of the Dollar Notes validly tendered was $0.3 million, representing approximately 0.1% of the outstanding Dollar Notes. The aggregate principal amount of the Euro Notes tendered was 71.9 million, representing approximately 22.8% of the outstanding Euro Notes. The Company paid $102.1 million in principal ($0.3 million for the Dollar Notes and 75.9 million for the Euro Notes) and $2.2 million of accrued interest to settle the tender offers and retire the debt on March 29, 2010.

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On April 1, 2010, STBV announced the redemption of all of its outstanding 11.25% Senior Subordinated Notes due 2014 at a redemption price equal to 105.625% of the principal amount, and $138.6 million of its outstanding 8% Senior Notes due 2014 at a redemption price equal to 104.000% of the principal amount. The Company paid $225.0 million in principal, $10.4 million in premium and $8.4 million of accrued interest in May 2010 to complete the redemption.

In connection with these transactions, during the three and six months ended June 30, 2010, the Company recorded losses in currency translation gain and other, net of $15.4 million and $23.5 million, respectively, including the write-off of debt issuance costs of $4.9 million and $6.8 million, respectively.

11. Income Taxes

The Company recorded tax provisions for the three months ended June 30, 2010 and 2009 of $14,803 and $10,876, respectively, and for the six months ended June 30, 2010 and 2009 of $25,999 and $18,517, respectively. The Company s tax provision consisted of current tax expense, which related primarily to the Company s profitable operations in foreign tax jurisdictions, and deferred tax expense, which related primarily to the amortization of tax deductible goodwill.

12. Pension and Other Post-Retirement Benefits

The Company provides various retirement plans for employees, including defined benefit, defined contribution and retiree healthcare benefit plans.

The components of net periodic benefit cost associated with the Company s defined benefit and retiree healthcare plans for the three months ended June 30, 2010 and 2009 were as follows:

	U.S. Plans				Non-U.S. Plans	
	Defined Benefit		Retiree Healthcare		Defined Benefit	
	2010	2009	2010	2009	2010	2009
Service cost	$ 538	$ 610	$ 65	$ 70	$ 592	$ 755
Interest cost	720	790	150	150	235	252
Expected return on plan assets	(625)	(650)			(184)	(201)
Amortization of net loss	140	95	3		27	194
Amortization of prior service cost					9	211
Loss on settlement						364
Loss on curtailment						386