

BELDEN INC.  
Form 10-Q  
May 10, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended April 1, 2012

Commission File No. 001-12561

**BELDEN INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

7733 Forsyth Boulevard, Suite 800

St. Louis, Missouri 63105

**36-3601505**  
(I.R.S. Employer  
Identification No.)

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(Address of principal executive offices)

(314) 854-8000

Registrant's telephone number, including area code

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act 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 whether the Registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 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 shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

As of May 7, 2012, the Registrant had 45,513,186 outstanding shares of common stock.

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BELDEN INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

|  | April 1,<br>2012<br>(Unaudited) | December 31, 2011 |
|--|---------------------------------|-------------------|
|  | (In thousands)                  |                   |
| <b>ASSETS</b>  |                                 |                   |
| Current assets:  |                                 |                   |
| Cash and cash equivalents                                    | \$ 370,017                      | \$ 382,716        |
| Receivables, net   | 289,915                         | 299,070           |
| Inventories, net   | 200,900                         | 202,143           |
| Deferred income taxes  | 20,123                          | 19,660            |
| Other current assets   | 20,781                          | 21,832            |
| Total current assets   | 901,736                         | 925,421           |
| Property, plant and equipment, less accumulated depreciation | 290,257                         | 286,933           |
| Goodwill   | 349,552                         | 348,032           |
| Intangible assets, less accumulated amortization             | 149,419                         | 151,683           |
| Deferred income taxes  | 9,816                           | 12,219            |
| Other long-lived assets                                      | 66,946                          | 63,832            |
|  | \$ 1,767,726                    | \$ 1,788,120      |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                   |                                 |                   |
| Current liabilities:   |                                 |                   |
| Accounts payable   | \$ 222,725                      | \$ 227,571        |
| Accrued liabilities  | 123,732                         | 153,995           |
| Total current liabilities                                    | 346,457                         | 381,566           |
| Long-term debt   | 550,295                         | 550,926           |
| Postretirement benefits                                      | 133,948                         | 131,237           |
| Other long-term liabilities                                  | 29,138                          | 29,842            |
| Stockholders' equity:  |                                 |                   |
| Preferred stock  |                                 |                   |
| Common stock   | 503                             | 503               |
| Additional paid-in capital                                   | 593,282                         | 601,484           |
| Retained earnings  | 298,321                         | 276,363           |
| Accumulated other comprehensive loss                         | (12,083)                        | (22,709)          |
| Treasury stock   | (172,135)                       | (161,092)         |
| Total stockholders' equity                                   | 707,888                         | 694,549           |
|  | \$ 1,767,726                    | \$ 1,788,120      |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

**BELDEN INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

|   | <b>Three Months Ended</b>                       |                      |
|---|---|----------------------|
|   | <b>April 1, 2012</b>                            | <b>April 3, 2011</b> |
|   | <b>(In thousands, except per share amounts)</b> |                      |
| Revenues  | \$ 464,291                                      | \$ 461,628           |
| Cost of sales   | (322,573)                                       | (331,173)            |
| Gross profit  | 141,718   | 130,455              |
| Selling, general and administrative expenses              | (83,226)  | (74,936)             |
| Research and development                                  | (14,033)  | (13,629)             |
| Amortization of intangibles                               | (3,235)   | (3,679)              |
| Income from equity method investment                      | 2,741   | 3,862                |
| Operating income  | 43,965  | 42,073               |
| Interest expense  | (11,921)  | (11,808)             |
| Interest income   | 351   | 159                  |
| Income from continuing operations before taxes            | 32,395  | 30,424               |
| Income tax expense  | (8,120)   | (8,406)              |
| Income from continuing operations                         | 24,275  | 22,018               |
| Loss from discontinued operations, net of tax             |   | (128)                |
| Net income  | \$ 24,275                                       | \$ 21,890            |
| Weighted average number of common shares and equivalents: |   |                      |
| Basic   | 45,912  | 47,209               |
| Diluted   | 46,938  | 48,330               |
| Basic income (loss) per share                             |   |                      |
| Continuing operations                                     | \$ 0.53   | \$ 0.47              |
| Discontinued operations                                   |   | (0.01)               |
| Net income  | \$ 0.53   | \$ 0.46              |
| Diluted income (loss) per share                           |   |                      |
| Continuing operations                                     | \$ 0.52   | \$ 0.46              |
| Discontinued operations                                   |   | (0.01)               |
| Net income  | \$ 0.52   | \$ 0.45              |
| Comprehensive income                                      | \$ 34,901                                       | \$ 44,647            |
| Dividends declared per share                              | \$ 0.05   | \$ 0.05              |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements



**BELDEN INC.****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS****(Unaudited)**

|   | <b>Three Months Ended</b> |                      |
|---|---------------------------|----------------------|
|   | <b>April 1, 2012</b>      | <b>April 3, 2011</b> |
|   | <b>(In thousands)</b>     |                      |
| <b>Cash flows from operating activities:</b>  |                           |                      |
| Net income  | \$ 24,275                 | \$ 21,890            |
| <b>Adjustments to reconcile net income to net cash provided by (used for) operating activities:</b>                               |                           |                      |
| Depreciation and amortization   | 12,157                    | 12,860               |
| Share-based compensation  | 2,977                     | 2,925                |
| Provision for inventory obsolescence  | 2,491                     | 878                  |
| Pension funding less than pension expense   | 756                       | 1,613                |
| Income from equity method investment  | (2,741)                   | (3,862)              |
| Tax benefit related to share-based compensation   | (4,119)                   | (1,668)              |
| <b>Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:</b> |                           |                      |
| Receivables   | 11,904                    | (12,431)             |
| Inventories   | (4)                       | (24,622)             |
| Accounts payable  | (5,634)                   | 10,528               |
| Accrued liabilities   | (30,141)                  | (30,638)             |
| Accrued taxes   | 5,105                     | 7,347                |
| Other assets  | (215)                     | (794)                |
| Other liabilities   | (4,063)                   | 347                  |
| <b>Net cash provided by (used for) operating activities</b>   | <b>12,748</b>             | <b>(15,627)</b>      |
| <b>Cash flows from investing activities:</b>  |                           |                      |
| Capital expenditures  | (7,557)                   | (6,798)              |
| Cash used to acquire businesses, net of cash acquired   | (587)                     | (23,192)             |
| Proceeds from disposal of tangible assets   |                           | 1,136                |
| <b>Net cash used for investing activities</b>   | <b>(8,144)</b>            | <b>(28,854)</b>      |
| <b>Cash flows from financing activities:</b>  |                           |                      |
| Payments under share repurchase program   | (25,000)                  |                      |
| Cash dividends paid   | (2,409)                   | (2,392)              |
| Payments under borrowing arrangements   | (600)                     |                      |
| Proceeds from exercise of stock options   | 2,179                     | 3,952                |
| Tax benefit related to share-based compensation   | 4,119                     | 1,668                |
| <b>Net cash provided by (used for) financing activities</b>   | <b>(21,711)</b>           | <b>3,228</b>         |
| Effect of foreign currency exchange rate changes on cash and cash equivalents   | 4,408                     | 5,685                |
| <b>Decrease in cash and cash equivalents</b>  | <b>(12,699)</b>           | <b>(35,568)</b>      |
| Cash and cash equivalents, beginning of period  | 382,716                   | 358,653              |
| <b>Cash and cash equivalents, end of period</b>   | <b>\$ 370,017</b>         | <b>\$ 323,085</b>    |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

## BELDEN INC.

## CONDENSED CONSOLIDATED STOCKHOLDERS EQUITY STATEMENT

THREE MONTHS ENDED APRIL 1, 2012

(Unaudited)

|  | Common Stock   |        | Additional      |                   | Treasury Stock |              | Accumulated Other Comprehensive Income (Loss) |                       |            |
|--|----------------|--------|-----------------|-------------------|----------------|--------------|---|-----------------------|------------|
|  | Shares         | Amount | Paid-In Capital | Retained Earnings | Shares         | Amount       | Translation of Equity                         | Pension and Liability | Total      |
|  |                |        |                 |                   |                |              |   |                       |            |
|  | (In thousands) |        |                 |                   |                |              |   |                       |            |
| <b>Balance at December 31, 2011</b>  | 50,335         | \$ 503 | \$ 601,484      | \$ 276,363        | (4,510)        | \$ (161,092) | \$ 27,463                                     | \$ (50,172)           | \$ 694,549 |
| Net income   |                |        |                 | 24,275            |                |              |   |                       | 24,275     |
| Foreign currency translation   |                |        |                 |                   |                |              | 10,626  |                       | 10,626     |
| Comprehensive income   |                |        |                 |                   |                |              |   |                       | 34,901     |
| Exercise of stock options, net of tax withholding forfeitures                              |                |        | (6,359)         |                   | 202            | 7,398        |   |                       | 1,039      |
| Conversion of restricted stock units into common stock, net of tax withholding forfeitures |                |        | (8,939)         |                   | 127            | 6,559        |   |                       | (2,380)    |
| Share repurchase program   |                |        |                 |                   | (641)          | (25,000)     |   |                       | (25,000)   |
| Share-based compensation   |                |        | 7,096           |                   |                |              |   |                       | 7,096      |
| Dividends (\$0.05 per share)   |                |        |                 | (2,317)           |                |              |   |                       | (2,317)    |
| <b>Balance at April 1, 2012</b>  | 50,335         | \$ 503 | \$ 593,282      | \$ 298,321        | (4,822)        | \$ (172,135) | \$ 38,089                                     | \$ (50,172)           | \$ 707,888 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

**BELDEN INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1: Summary of Significant Accounting Policies**

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements include Belden Inc. and all of its subsidiaries (the Company, us, we, or our). We eliminate all significant affiliate accounts and transactions in consolidation.

The accompanying Condensed Consolidated Financial Statements presented as of any date other than December 31, 2011:

Are prepared from the books and records without audit, and

Are prepared in accordance with the instructions for Form 10-Q and do not include all of the information required by accounting principles generally accepted in the United States for complete statements, but

Include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial statements. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Supplementary Data contained in our 2011 Annual Report on Form 10-K.

Business Description

We design, manufacture, and market a portfolio of cable, connectivity, and networking products in markets including industrial, enterprise, broadcast, and consumer electronics. Our products provide for the transmission of signals for data, sound, and video applications.

Reporting Periods

Our fiscal year and fiscal fourth quarter both end on December 31. Our fiscal first quarter ends on the Sunday falling closest to 91 days after December 31, which was April 1, 2012, the 92nd day of our fiscal year 2012. Our fiscal second and third quarters each have 91 days. The three months ended April 3, 2011 included 93 days.

Reclassifications

We have made certain reclassifications to the 2011 Condensed Consolidated Financial Statements with no impact to reported net income in order to conform to the 2012 presentation.

Fair Value Measurement

Accounting guidance for fair value measurements specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources or reflect our own assumptions of market participant valuation. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;



Level 2 Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets, or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. As of and during the three months ended April 1, 2012 and April 3, 2011, we utilized Level 1 inputs to determine the fair value of cash equivalents.

#### Cash and Cash Equivalents

We classify cash on hand and deposits in banks, including commercial paper, money market accounts, and other investments with an original maturity of three months or less, that we hold from time to time, as cash and cash equivalents. We periodically have cash equivalents consisting of short-term money market funds and other investments. The primary objective of our investment activities is to preserve our capital for the purpose of funding operations. We do not enter into investments for trading or speculative purposes. The fair value of these cash equivalents as of April 1, 2012 was \$187.2 million and is based on quoted market prices in active markets (i.e., Level 1 valuation).

#### Contingent Liabilities

We have established liabilities for environmental and legal contingencies that are probable of occurrence and reasonably estimable. We accrue environmental remediation costs based on estimates of known environmental remediation exposures developed in consultation with our environmental consultants and legal counsel. We are, from time to time, subject to routine litigation incidental to our business. These lawsuits primarily involve claims for damages arising out of the use of our products, allegations of patent or trademark infringement, and litigation and administrative proceedings involving employment matters and commercial disputes. Based on facts currently available, we believe the disposition of the claims that are pending or asserted will not have a materially adverse effect on our financial position, results of operations or cash flow.

As of April 1, 2012, we were party to standby letters of credit, bank guaranties, and surety bonds totaling \$7.0 million, \$4.9 million, and \$1.7 million, respectively.

#### Revenue Recognition

We recognize revenue when all of the following circumstances are satisfied: (1) persuasive evidence of an arrangement exists, (2) price is fixed or determinable, (3) collectibility is reasonably assured, and (4) delivery has occurred. Delivery occurs in the period in which the customer takes title and assumes the risks and rewards of ownership of the products specified in the customer's purchase order or sales agreement. We record revenue net of estimated rebates, price allowances, invoicing adjustments, and product returns. We record revisions to these estimates in the period in which the facts that give rise to each revision become known.

Discontinued Operations

During 2005, we completed the sale of our discontinued communications cable operation in Phoenix, Arizona. In connection with this sale and related tax deductions, we established a reserve for uncertain tax positions. For the three months ended April 3, 2011 we recognized \$0.2 million of interest expense (\$0.1 million net of tax) related to the uncertain tax positions, which is included in discontinued operations.

Subsequent Events

We have evaluated subsequent events after the balance sheet date through the financial statement issuance date for appropriate accounting and disclosure.

Current-Year Adoption of Accounting Pronouncements

On January 1, 2012, we adopted new accounting guidance issued by the FASB with regard to the presentation and disclosure of comprehensive income. The adoption of this guidance did not have a material impact on our financial statements.

**Note 2: Operating Segments**

We have organized the enterprise around geographic areas. We conduct our operations through three reported operating segments Americas; Europe, Middle East and Africa (EMEA); and Asia Pacific.

We allocate corporate expenses to the segments for purposes of measuring segment operating income. Corporate expenses are allocated on the basis of each segment's relative operating income prior to the allocation. Beginning on January 1, 2012, the results of our equity method investment in Xuzhou Hirschmann Electronics Co. Ltd. (the Hirschmann JV) are no longer included in our EMEA segment due to a change in our organizational reporting structure for the Hirschmann JV. The results of the Hirschmann JV are analyzed separately from the results of our operating segments, and they are not included in the corporate expense allocation. The prior period presentation of segment operating income has been modified accordingly.

|   | Americas       | EMEA       | Asia Pacific | Total Segments |
|---|----------------|------------|--------------|----------------|
|   | (In thousands) |            |              |                |
| <b>For the three months ended April 1, 2012</b> |                |            |              |                |
| External customer revenues                      | \$ 299,622     | \$ 94,129  | \$ 70,540    | \$ 464,291     |
| Affiliate revenues                              | 10,086         | 27,488     | 606          | 38,180         |
| Operating income                                | 36,278         | 17,415     | 4,669        | 58,362         |
| <b>For the three months ended April 3, 2011</b> |                |            |              |                |
| External customer revenues                      | \$ 276,998     | \$ 103,690 | \$ 80,940    | \$ 461,628     |
| Affiliate revenues                              | 12,068         | 22,666     | 101          | 34,835         |
| Operating income                                | 31,117         | 13,769     | 6,283        | 51,169         |

The following table is a reconciliation of the total of the reportable segments' operating income to consolidated income from continuing operations before taxes.

|  | Three Months Ended |               |
|--|--------------------|---------------|
|  | April 1, 2012      | April 3, 2011 |
|  | (In thousands)     |               |
| Segment operating income                       | \$ 58,362          | \$ 51,169     |
| Income from equity method investment           | 2,741              | 3,862         |
| Eliminations                                   | (17,138)           | (12,958)      |
| Total operating income                         | 43,965             | 42,073        |
| Interest expense                               | (11,921)           | (11,808)      |
| Interest income                                | 351                | 159           |
| Income from continuing operations before taxes | \$ 32,395          | \$ 30,424     |

Revenues by major product group were as follows:

|                       | Three Months Ended |               |
|-----------------------|--------------------|---------------|
|                       | April 1, 2012      | April 3, 2011 |
|                       | (In thousands)     |               |
| Cable products        | \$ 329,265         | \$ 319,128    |
| Networking products   | 65,310             | 71,255        |
| Connectivity products | 69,716             | 71,245        |
| Total revenues        | \$ 464,291         | \$ 461,628    |

The main categories of cable products are (1) copper cables, including shielded and unshielded twisted pair cables, coaxial cables, and stranded cables, (2) fiber optic cables, which transmit light signals through glass or plastic fibers, and (3) composite cables, which are combinations of multiconductor, coaxial, and fiber optic cables jacketed together or otherwise joined together to serve complex applications and provide ease of installation. Networking products include wireless and wired Industrial Ethernet switches and related equipment and security features, fiber optic interfaces and media converters used to bridge fieldbus networks over long distances, and load-moment indicators for mobile cranes and other load-bearing equipment. Connectivity products include both fiber and copper connectors for the enterprise, broadcast, and industrial markets. Connectors are also sold as part of end-to-end structured cabling solutions.

**Note 3: Income per Share**

The following table presents the basis for the income per share computations:

|   | Three Months Ended |               |
|---|--------------------|---------------|
|   | April 1, 2012      | April 3, 2011 |
| (In thousands)                                |                    |               |
| <b>Numerator:</b>                             |                    |               |
| Income from continuing operations             | \$ 24,275          | \$ 22,018     |
| Loss from discontinued operations, net of tax |                    | (128)         |
| Net income                                    | \$ 24,275          | \$ 21,890     |
| <b>Denominator:</b>                           |                    |               |
| Weighted average shares outstanding, basic    | 45,912             | 47,209        |
| Effect of dilutive common stock equivalents   | 1,026              | 1,121         |
| Weighted average shares outstanding, diluted  | 46,938             | 48,330        |

For the three months ended April 1, 2012 and April 3, 2011, diluted weighted average shares outstanding do not include outstanding equity awards of 0.7 million and 0.4 million, respectively, because to do so would have been anti-dilutive.

For purposes of calculating basic earnings per share, unvested restricted stock units are not included in the calculation of basic weighted average shares outstanding until all necessary conditions have been satisfied and issuance of the shares underlying the restricted stock units is no longer contingent. Necessary conditions are not satisfied until the vesting date, at which time holders of our restricted stock units receive shares of our common stock.

For purposes of calculating diluted earnings per share, unvested restricted stock units are included to the extent that they are dilutive. In determining whether unvested restricted stock units are dilutive, each issuance of restricted stock units is considered separately.

Once a restricted stock unit has vested, it is included in the calculation of both basic and diluted weighted average shares outstanding.

**Note 4: Inventories**

The major classes of inventories were as follows:

|                                 | April 1, 2012  | December 31, 2011 |
|---------------------------------|----------------|-------------------|
|                                 | (In thousands) |                   |
| Raw materials                   | \$ 76,508      | \$ 78,743         |
| Work-in-process                 | 47,827         | 46,683            |
| Finished goods                  | 94,182         | 92,126            |
| Perishable tooling and supplies | 3,021          | 3,232             |
| Gross inventories               | 221,538        | 220,784           |
| Obsolescence and other reserves | (20,638)       | (18,641)          |
| Net inventories                 | \$ 200,900     | \$ 202,143        |

## **Note 5: Long-Lived Assets**

### Disposals

During the three months ended April 3, 2011, we sold certain real estate of the Americas segment for \$1.1 million. There was no gain or loss recognized on the sale.

### Depreciation and Amortization Expense

We recognized depreciation expense of \$8.9 million and \$9.2 million in the three months ended April 1, 2012 and April 3, 2011, respectively.

We recognized amortization expense related to our intangible assets of \$3.2 million and \$3.7 million in the three months ended April 1, 2012 and April 3, 2011, respectively.

## **Note 6: Long-Term Debt and Other Borrowing Arrangements**

### Senior Secured Facility

On April 25, 2011, we entered into a new senior secured credit facility (Senior Secured Facility). The borrowing capacity under the Senior Secured Facility is \$400.0 million, and it matures on April 25, 2016. Under the Senior Secured Facility, we are permitted to borrow and re-pay funds in various currencies. Interest on outstanding borrowings is variable, based on either the three month LIBOR rate or the prime rate. It is secured by certain of our assets in the United States as well as the capital stock of certain of our subsidiaries. We paid \$3.3 million of fees associated with the Senior Secured Facility, which are being amortized over the life of the Senior Secured Facility using the effective interest method.

The Senior Secured Facility contains a leverage ratio covenant and a fixed charge coverage ratio covenant. As of April 1, 2012, we were in compliance with all of the covenants of the Senior Secured Facility.

The Senior Secured Facility replaced our \$230.0 million senior secured credit facility that was scheduled to mature in January 2013. There were no outstanding borrowings under the prior facility at the time of its termination.

As of April 1, 2012, there were no outstanding borrowings under the Senior Secured Facility, and we had \$386.3 million in available borrowing capacity, as our borrowing capacity is reduced by outstanding letters of credit.

### Senior Subordinated Notes

We have outstanding \$200.0 million in senior subordinated notes due 2019 with a coupon interest rate of 9.25% and an effective interest rate of 9.75%. The notes are guaranteed on a senior subordinated basis by certain of our subsidiaries. The notes rank equal in right of payment with our senior subordinated notes due 2017 and with any future senior subordinated debt, and they are subordinated to all of our senior debt and the senior debt of our subsidiary guarantors, including our Senior Secured Facility. Interest is payable semiannually on June 15 and December 15. As of April 1, 2012, the carrying value of the notes was \$200.9 million.



**Note 9: Comprehensive Income**

The following table summarizes total comprehensive income:

|                                     | Three Months Ended |                  |
|-------------------------------------|--------------------|------------------|
|                                     | April 1, 2012      | April 3, 2011    |
|                                     | (In thousands)     |                  |
| Net income                          | \$ 24,275          | \$ 21,890        |
| Foreign currency translation income | 10,626             | 22,757           |
| <b>Total comprehensive income</b>   | <b>\$ 34,901</b>   | <b>\$ 44,647</b> |

**Note 10: Share Repurchases**

In July 2011, our Board of Directors authorized a share repurchase program, which allows us to purchase up to \$150.0 million of our common stock through open market repurchases, negotiated transactions, or other means, in accordance with applicable securities laws and other restrictions. As of April 1, 2012, we have repurchased 2.3 million shares of our common stock under the program through prepaid variable share repurchase agreements for an aggregate cost of \$75.0 million and an average price per share of \$32.95.

**Note 11: Supplemental Guarantor Information**

As of April 1, 2012, Belden Inc. (the Issuer) has outstanding \$549.4 million aggregate principal amount of senior subordinated notes. The notes rank equal in right of payment with any of our future senior subordinated debt. The notes are subordinated to all of our senior debt and the senior debt of our subsidiary guarantors, including our Senior Secured Facility. Belden Inc. and certain of its subsidiaries have fully and unconditionally guaranteed the notes on a joint and several basis. In addition, effective April 25, 2011, in connection with the refinancing of our Senior Secured Facility, the guarantor subsidiaries of the notes have been revised. The financial position, results of operations, and cash flows of the guarantor subsidiaries are not material and are combined with the Issuer in the following consolidating financial information. All subsidiary guarantors are 100% owned by the Issuer.

The following consolidating financial information presents information about the Issuer and non-guarantor subsidiaries. Investments in subsidiaries are accounted for on the equity basis. Intercompany transactions are eliminated.

## Supplemental Condensed Consolidating Balance Sheets

|  | April 1, 2012  |                               |                |              |
|--|----------------|-------------------------------|----------------|--------------|
|  | Issuer         | Non-Guarantor<br>Subsidiaries | Eliminations   | Total        |
|  | (Unaudited)    |                               |                |              |
|  | (In thousands) |                               |                |              |
| <b>ASSETS</b>  |                |                               |                |              |
| Current assets:  |                |                               |                |              |
| Cash and cash equivalents                                    | \$ 53,454      | \$ 316,563                    | \$             | \$ 370,017   |
| Receivables, net   | 108,123        | 181,792                       |                | 289,915      |
| Inventories, net   | 120,976        | 79,924                        |                | 200,900      |
| Deferred income taxes  | 15,737         | 4,386                         |                | 20,123       |
| Other current assets   | 9,616          | 11,165                        |                | 20,781       |
| <br>   |                |                               |                |              |
| Total current assets   | 307,906        | 593,830                       |                | 901,736      |
| Property, plant and equipment, less accumulated depreciation | 134,100        | 156,157                       |                | 290,257      |
| Goodwill   | 242,808        | 106,744                       |                | 349,552      |
| Intangible assets, less accumulated amortization             | 76,242         | 73,177                        |                | 149,419      |
| Deferred income taxes  | (3,182)        | 12,998                        |                | 9,816        |
| Other long-lived assets                                      | 13,099         | 53,847                        |                | 66,946       |
| Investment in subsidiaries                                   | 1,325,084      |                               | (1,325,084)    |              |
|  | \$ 2,096,057   | \$ 996,753                    | \$ (1,325,084) | \$ 1,767,726 |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                   |                |                               |                |              |
| Current liabilities:   |                |                               |                |              |
| Accounts payable   | \$ 90,793      | \$ 131,932                    | \$             | \$ 222,725   |
| Accrued liabilities  | 49,582         | 74,150                        |                | 123,732      |
| <br>   |                |                               |                |              |
| Total current liabilities                                    | 140,375        | 206,082                       |                | 346,457      |
| Long-term debt   | 550,295        |                               |                | 550,295      |
| Postretirement benefits                                      | 33,255         | 100,693                       |                | 133,948      |
| Other long-term liabilities                                  | 23,092         | 6,046                         |                | 29,138       |
| Intercompany accounts  | (43,165)       | 43,165                        |                |              |
| Total stockholders equity                                    | 1,392,205      | 640,767                       | (1,325,084)    | 707,888      |
|  | \$ 2,096,057   | \$ 996,753                    | \$ (1,325,084) | \$ 1,767,726 |

|  | December 31, 2011 |                               |                |              |
|--|-------------------|-------------------------------|----------------|--------------|
|  | Issuer            | Non-Guarantor<br>Subsidiaries | Eliminations   | Total        |
|  | (In thousands)    |                               |                |              |
| <b>ASSETS</b>  |                   |                               |                |              |
| Current assets:  |                   |                               |                |              |
| Cash and cash equivalents                                    | \$ 92,586         | \$ 290,130                    | \$             | \$ 382,716   |
| Receivables, net   | 117,920           | 181,150                       |                | 299,070      |
| Inventories, net   | 125,168           | 76,975                        |                | 202,143      |
| Deferred income taxes  | 15,737            | 3,923                         |                | 19,660       |
| Other current assets   | 10,121            | 11,711                        |                | 21,832       |
| <br>   |                   |                               |                |              |
| Total current assets   | 361,532           | 563,889                       |                | 925,421      |
| Property, plant and equipment, less accumulated depreciation | 132,909           | 154,024                       |                | 286,933      |
| Goodwill   | 242,808           | 105,224                       |                | 348,032      |
| Intangible assets, less accumulated amortization             | 77,455            | 74,228                        |                | 151,683      |
| Deferred income taxes  | (1,829)           | 14,048                        |                | 12,219       |
| Other long-lived assets                                      | 13,666            | 50,166                        |                | 63,832       |
| Investment in subsidiaries                                   | 1,306,843         |                               | (1,306,843)    |              |
|  | \$ 2,133,384      | \$ 961,579                    | \$ (1,306,843) | \$ 1,788,120 |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                   |                   |                               |                |              |
| Current liabilities:   |                   |                               |                |              |
| Accounts payable   | \$ 94,647         | \$ 132,924                    | \$             | \$ 227,571   |
| Accrued liabilities  | 73,579            | 80,416                        |                | 153,995      |
| <br>   |                   |                               |                |              |
| Total current liabilities                                    | 168,226           | 213,340                       |                | 381,566      |
| Long-term debt   | 550,926           |                               |                | 550,926      |
| Postretirement benefits                                      | 42,855            | 88,382                        |                | 131,237      |
| Other long-term liabilities                                  | 23,628            | 6,214                         |                | 29,842       |
| Intercompany accounts  | (33,617)          | 33,617                        |                |              |
| Total stockholders equity                                    | 1,381,366         | 620,026                       | (1,306,843)    | 694,549      |
|  | \$ 2,133,384      | \$ 961,579                    | \$ (1,306,843) | \$ 1,788,120 |

## Supplemental Condensed Consolidating Statements of Comprehensive Income (Unaudited)

|   | Three Months Ended April 1, 2012 |               |              |            |
|---|----------------------------------|---------------|--------------|------------|
|   | Issuer                           | Non-Guarantor |              | Total      |
|   |                                  | Subsidiaries  | Eliminations |            |
|   | (In thousands)                   |               |              |            |
| Revenues  | \$ 259,267                       | \$ 262,719    | \$ (57,695)  | \$ 464,291 |
| Cost of sales   | (185,385)                        | (194,883)     | 57,695       | (322,573)  |
| Gross profit  | 73,882                           | 67,836        |              | 141,718    |
| Selling, general and administrative expenses          | (46,924)                         | (36,302)      |              | (83,226)   |
| Research and development                              | (3,583)                          | (10,450)      |              | (14,033)   |
| Amortization of intangibles                           | (1,177)                          | (2,058)       |              | (3,235)    |
| Income from equity method investment                  |                                  | 2,741         |              | 2,741      |
| Operating income                                      | 22,198                           | 21,767        |              | 43,965     |
| Interest expense                                      | (11,904)                         | (17)          |              | (11,921)   |
| Interest income                                       | 24                               | 327           |              | 351        |
| Intercompany income (expense)                         | (970)                            | 970           |              |            |
| Income (loss) from equity investment in subsidiaries  | 18,241                           |               | (18,241)     |            |
| Income (loss) from continuing operations before taxes | 27,589                           | 23,047        | (18,241)     | 32,395     |
| Income tax expense                                    | (3,314)                          | (4,806)       |              | (8,120)    |
| Net income (loss)                                     | \$ 24,275                        | \$ 18,241     | \$ (18,241)  | \$ 24,275  |
| Comprehensive income (loss)                           | \$ 22,630                        | \$ 30,512     | \$ (18,241)  | \$ 34,901  |

|   | Three Months Ended April 3, 2011 |                               |              |            |
|---|----------------------------------|-------------------------------|--------------|------------|
|   | Issuer                           | Non-Guarantor<br>Subsidiaries | Eliminations | Total      |
|   | (In thousands)                   |                               |              |            |
| Revenues  | \$ 256,666                       | \$ 252,105                    | \$ (47,143)  | \$ 461,628 |
| Cost of sales   | (185,576)                        | (192,740)                     | 47,143       | (331,173)  |
| Gross profit  | 71,090                           | 59,365                        |              | 130,455    |
| Selling, general and administrative expenses          | (43,976)                         | (30,960)                      |              | (74,936)   |
| Research and development                              | (4,708)                          | (8,921)                       |              | (13,629)   |
| Amortization of intangibles                           | (1,710)                          | (1,969)                       |              | (3,679)    |
| Income from equity method investment                  |                                  | 3,862                         |              | 3,862      |
| Operating income                                      | 20,696                           | 21,377                        |              | 42,073     |
| Interest expense                                      | (11,782)                         | (26)                          |              | (11,808)   |
| Interest income                                       | 43                               | 116                           |              | 159        |
| Intercompany income (expense)                         | (1,682)                          | 1,682                         |              |            |
| Income (loss) from equity investment in subsidiaries  | 15,466                           |                               | (15,466)     |            |
| Income (loss) from continuing operations before taxes | 22,741                           | 23,149                        | (15,466)     | 30,424     |
| Income tax expense                                    | (723)                            | (7,683)                       |              | (8,406)    |
| Income (loss) from continuing operations              | 22,018                           | 15,466                        | (15,466)     | 22,018     |
| Loss from discontinued operations, net of tax         | (128)                            |                               |              | (128)      |
| Net income (loss)                                     | \$ 21,890                        | \$ 15,466                     | \$ (15,466)  | \$ 21,890  |
| Comprehensive income (loss)                           | \$ 21,890                        | \$ 38,223                     | \$ (15,466)  | \$ 44,647  |

## Supplemental Condensed Consolidating Statements of Cash Flows (Unaudited)

|   | Three Months Ended April 1, 2012 |  |            |
|---|----------------------------------|--|------------|
|   | Issuer                           | Non-Guarantor Subsidiaries<br>(In thousands) | Total      |
| Net cash provided by (used for) operating activities                  | \$ (11,907)                      | \$ 24,655                                    | \$ 12,748  |
| Cash flows from investing activities:                                 |                                  |  |            |
| Capital expenditures  | (4,927)                          | (2,630)                                      | (7,557)    |
| Cash used to acquire businesses, net of cash acquired                 | (587)                            |  | (587)      |
| Net cash used for investing activities                                | (5,514)                          | (2,630)                                      | (8,144)    |
| Cash flows from financing activities:                                 |                                  |  |            |
| Payments under share repurchase program                               | (25,000)                         |  | (25,000)   |
| Cash dividends paid   | (2,409)                          |  | (2,409)    |
| Payments under borrowing arrangements                                 | (600)                            |  | (600)      |
| Proceeds from exercise of stock options                               | 2,179                            |  | 2,179      |
| Tax benefit related to share-based compensation                       | 4,119                            |  | 4,119      |
| Net cash used for financing activities                                | (21,711)                         |  | (21,711)   |
| Effect of currency exchange rate changes on cash and cash equivalents |                                  | 4,408  | 4,408      |
| Increase (decrease) in cash and cash equivalents                      | (39,132)                         | 26,433                                       | (12,699)   |
| Cash and cash equivalents, beginning of period                        | 92,586                           | 290,130                                      | 382,716    |
| Cash and cash equivalents, end of period                              | \$ 53,454                        | \$ 316,563                                   | \$ 370,017 |

|   | Three Months Ended April 3, 2011 |  |             |
|---|----------------------------------|--|-------------|
|   | Issuer                           | Non-Guarantor Subsidiaries<br>(In thousands) | Total       |
| Net cash provided by (used for) operating activities                  | \$ (21,326)                      | \$ 5,699                                     | \$ (15,627) |
| Cash flows from investing activities:                                 |                                  |  |             |
| Cash used to acquire businesses, net of cash acquired                 | (23,192)                         |  | (23,192)    |
| Capital expenditures  | (4,164)                          | (2,634)                                      | (6,798)     |
| Proceeds from disposal of tangible assets                             | 1,118                            | 18   | 1,136       |
| Net cash used for investing activities                                | (26,238)                         | (2,616)                                      | (28,854)    |
| Cash flows from financing activities:                                 |                                  |  |             |
| Cash dividends paid   | (2,392)                          |  | (2,392)     |
| Tax benefit related to share-based compensation                       | 1,668                            |  | 1,668       |
| Proceeds from exercise of stock options                               | 3,952                            |  | 3,952       |
| Intercompany capital contributions and dividends                      | (27,546)                         | 27,546                                       |             |
| Net cash provided by (used for) financing activities                  | (24,318)                         | 27,546                                       | 3,228       |
| Effect of currency exchange rate changes on cash and cash equivalents |                                  | 5,685  | 5,685       |
| Increase (decrease) in cash and cash equivalents                      | (71,882)                         | 36,314                                       | (35,568)    |
| Cash and cash equivalents, beginning of period                        | 173,699                          | 184,954                                      | 358,653     |
| Cash and cash equivalents, end of period                              | \$ 101,817                       | \$ 221,268                                   | \$ 323,085  |

**Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations**  
**Overview**

We design and manufacture a portfolio of cable, connectivity, and networking products, which we market through regional business segments to industrial, enterprise, broadcast, and consumer electronics markets.

We consider revenue growth, operating margin, cash flows, return on invested capital, and working capital management metrics to be our key operating performance indicators.

Trends and Events

The following trends and events during 2012 have had varying effects on our financial condition, results of operations, and cash flows.

*Commodity prices*

Our operating results can be affected by changes in prices of commodities, primarily copper, silver, and compounds, which are components in some of the products we sell. Generally, as the costs of inventory purchases increase due to higher commodity prices, we raise selling prices to customers to cover the increase in costs, resulting in higher sales revenue but a lower gross profit percentage. Conversely, a decrease in commodity prices would result in lower sales revenue but a higher gross profit percentage. Selling prices of our products are affected by many factors, including end market demand, capacity utilization, overall economic conditions, and commodity prices. Importantly, however, there is no exact measure of the effect of changing commodity prices, as there are thousands of transactions in any given quarter, each of which has various factors involved in the individual pricing decisions. Therefore, all references to the effect of copper prices or other commodity prices are estimates.

*Channel Inventory*

Our operating results also can be affected by the levels of Belden products held as inventory by our channel partners and customers. Our channel partners and customers purchase and hold our products in their inventory in order to meet the service and on-time delivery requirements of their end customers. Generally, as our channel partners and customers change the level of Belden products held in their inventory, it impacts our revenues. Comparisons of our results between periods can be impacted by changes in the levels of channel inventory.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, results of operations, or cash flows that are or would be considered material to investors.

Critical Accounting Policies

During the three months ended April 1, 2012:

We did not change any of our existing critical accounting policies from those listed in our 2011 Annual Report on Form 10-K;

No existing accounting policies became critical accounting policies because of an increase in the materiality of associated transactions or changes in the circumstances to which associated judgments and estimates relate; and

There were no significant changes in the manner in which critical accounting policies were applied or in which related judgments and estimates were developed.

## Results of Operations

### Consolidated Continuing Operations

|  | Three Months Ended                 |               | %<br>Change |
|--|------------------------------------|---------------|-------------|
|  | April 1, 2012                      | April 3, 2011 |             |
|  | (In thousands, except percentages) |               |             |
| Revenues                                       | \$ 464,291                         | \$ 461,628    | 0.6%        |
| Gross profit                                   | 141,718                            | 130,455       | 8.6%        |
| Selling, general and administrative expenses   | 83,226                             | 74,936        | 11.1%       |
| Research and development                       | 14,033                             | 13,629        | 3.0%        |
| Operating income                               | 43,965                             | 42,073        | 4.5%        |
| Income from continuing operations before taxes | 32,395                             | 30,424        | 6.5%        |
| Income from continuing operations              | 24,275                             | 22,018        | 10.3%       |

Revenues increased in the three months ended April 1, 2012 from the comparable period of 2011 primarily for the following reasons:

Acquisitions contributed \$10.2 million to the increase in revenues.

Increases in unit sales volume, primarily due to market growth and increased share in many of our end markets, as well as pricing changes related to non-copper commodity cost increases and other pricing changes, resulted in a revenue increase of \$6.1 million. Changes in channel inventory were unfavorable to revenue.

These increases were partially offset by the following decreases in revenue:

A decrease in selling prices due to lower copper costs resulted in an estimated revenue decrease of approximately \$10 million.

Unfavorable currency translation, primarily due to the U.S. dollar strengthening against the euro, resulted in a revenue decrease of \$3.6 million.

Gross profit increased in the three months ended April 1, 2012 from the comparable period of 2011 due to the increases in revenues as discussed above. Our acquisitions completed in 2011 also contributed to the increase in gross profit as compared to the prior year. As a result of these factors and improved productivity due to our Lean enterprise initiatives, our gross profit percentage expanded from 28.3% for the three months ended April 3, 2011 to 30.5% for the three months ended April 1, 2012.

Selling, general and administrative expenses increased in the three months ended April 1, 2012 from the comparable period of 2011. The increases are primarily due to investments in our strategic initiatives, including our Market Delivery System and Talent Management. The increases are also due to our acquisitions completed in 2011.

The increase in research and development costs in the three months ended April 1, 2012 from the comparable period of 2011 is primarily due to increased investments in new product development and our acquisitions completed in 2011.

Operating income increased in the three months ended April 1, 2012 from the comparable period of 2011 due to the increases in revenues and gross profit as discussed above. In addition, operating income increased due to the successful execution of our Lean enterprise initiatives and our recent acquisitions. The increases in operating income were partially offset by a \$1.1 million decrease in income from our equity method investment, primarily due to a slowdown in the Chinese construction industry.

Income from continuing operations before taxes increased in the three months ended April 1, 2012 due to the increases in operating income discussed above.

Our effective tax rate for the three months ended April 1, 2012 was 25.1% compared to 27.6% for the three months ended April 3, 2011. This change is primarily attributable to \$1.0 million tax benefit recorded for the three months ended April 1, 2012 due to the favorable settlement of a foreign tax audit.

#### Americas Segment

|                                       | Three Months Ended                 |               | %<br>Change |
|---------------------------------------|------------------------------------|---------------|-------------|
|                                       | April 1, 2012                      | April 3, 2011 |             |
|                                       | (In thousands, except percentages) |               |             |
| Total revenues                        | \$ 309,708                         | \$ 289,066    | 7.1%        |
| Operating income                      | 36,278                             | 31,117        | 16.6%       |
| <i>as a percent of total revenues</i> | <i>11.7%</i>                       | <i>10.8%</i>  |             |

Americas total revenues, which include affiliate revenues, increased in the three months ended April 1, 2012 from the comparable period of 2011. Higher unit sales volume, as well as pricing changes related to non-copper commodity cost increases and other pricing changes, resulted in an increase in revenues of \$20.3 million. Changes in channel inventory were unfavorable to revenue. Acquisitions contributed \$9.6 million to the increase in revenues. These increases were partially offset by decreases in revenues. A decrease in selling prices due to lower copper costs resulted in an estimated decrease in revenues of approximately \$6 million. Decreases in affiliate sales and unfavorable currency translation resulted in decreases in revenues of \$2.0 million and \$1.3 million, respectively. Our APAC segment has increased local manufacturing capabilities of products previously purchased from the Americas segment, which resulted in the decrease in affiliate sales for the Americas segment.

Operating income increased in the three months ended April 1, 2012 from the comparable period of 2011 primarily due to the increase in revenues discussed above. Our acquisitions completed in 2011 also contributed to the increase in operating income as compared to the prior year. As a result of these factors and improved productivity due to our Lean enterprise initiatives, the Americas operating income percentage expanded from 10.8% for the three months ended April 3, 2011 to 11.7% for the three months ended April 1, 2012.

EMEA Segment

|                                       | Three Months Ended                 |               | %<br>Change |
|---------------------------------------|------------------------------------|---------------|-------------|
|                                       | April 1, 2012                      | April 3, 2011 |             |
|                                       | (In thousands, except percentages) |               |             |
| Total revenues                        | \$ 121,617                         | \$ 126,356    | -3.8%       |
| Operating income                      | 17,415                             | 13,769        | 26.5%       |
| <i>as a percent of total revenues</i> | <i>14.3%</i>                       | <i>10.9%</i>  |             |

EMEA total revenues, which include affiliate revenues, decreased in the three months ended April 1, 2012 from the comparable period of 2011. Lower unit sales volume resulted in a \$5.5 million decrease in revenue, primarily due to softening economic conditions in Europe. Unfavorable currency translation, primarily from the U.S. dollar strengthening against the euro, resulted in a \$3.6 million decrease in revenue. A decrease in selling prices due to lower copper costs resulted in an estimated decrease in revenues of approximately \$1 million. The decreases in revenues were partially offset by an increase in affiliate sales of \$4.8 million and the impact of acquisitions, which contributed an increase in revenues of \$0.6 million. Operating income increased in the three months ended April 1, 2012 from the comparable period of 2011 due to favorable product mix.

Asia Pacific Segment

|                                       | Three Months Ended                 |               | %<br>Change |
|---------------------------------------|------------------------------------|---------------|-------------|
|                                       | April 1, 2012                      | April 3, 2011 |             |
|                                       | (In thousands, except percentages) |               |             |
| Total revenues                        | \$ 71,146                          | \$ 81,041     | -12.2%      |
| Operating income                      | 4,669                              | 6,283         | -25.7%      |
| <i>as a percent of total revenues</i> | <i>6.6%</i>                        | <i>7.8%</i>   |             |

Asia Pacific total revenues, which include affiliate revenues, decreased in the three months ended April 1, 2012 from the comparable period of 2011 primarily due to a \$7.7 million decrease from lower unit sales volume as a result of softening economic conditions in China and a decrease in the inventory levels held by our channel partners. A decrease in selling prices due to lower copper costs resulted in an estimated decrease in revenues of approximately \$4 million. The decreases in revenue were partially offset by increases in revenues. Favorable currency translation, primarily from the Chinese renminbi strengthening against the U.S. dollar, resulted in revenue increases of \$1.3 million. Higher affiliate sales resulted in increases in revenues of \$0.5 million.

Operating income decreased in the three months ended April 3, 2011 due to the decreases in revenues as discussed above. Operating income decreased for our consumer electronics end market business in the segment, and we continue to evaluate strategic alternatives to address this underperforming business.

Product Group Information

Revenues by major product group were as follows:

|                       | Three Months Ended                 |               | %<br>Change |
|-----------------------|------------------------------------|---------------|-------------|
|                       | April 1, 2012                      | April 3, 2011 |             |
|                       | (In thousands, except percentages) |               |             |
| Cable products        | \$ 329,265                         | \$ 319,128    | 3.2%        |
| Networking products   | 65,310                             | 71,255        | -8.3%       |
| Connectivity products | 69,716                             | 71,245        | -2.1%       |

Cable product revenues increased in the three months ended April 1, 2012 from the comparable period of 2011. Increases in unit sales volume, primarily due to market growth and increased share in many of our end markets, as well as pricing changes related to non-copper commodity cost increases and other pricing changes, resulted in a revenue increase of \$11.6 million. Acquisitions contributed \$9.6 million to the increase in cable product revenues. These increases in revenues were partially offset by decreases in revenues. A decrease in selling prices due to lower copper costs resulted in an estimated decrease in revenues of approximately \$10 million. Unfavorable currency translation resulted in a decrease in revenues of \$1.1 million.

Networking product revenues decreased in the three months ended April 1, 2012 from the comparable period of 2011 primarily due to decreases in unit sales volume of \$5.1 million as a result of a decrease in inventory levels held by our channel partners in China and softening economic conditions in Europe, including government austerity measures. Unfavorable currency translation resulted in a decrease in networking product revenues of \$1.4 million. These decreases were partially offset by an increase in revenues due to acquisitions of \$0.6 million.

Connectivity product revenues decreased in the three months ended April 1, 2012 from the comparable period of 2011 primarily due to unfavorable currency translation of \$1.2 million and decreases in unit sales volume of \$0.3 million.

Discontinued Operations

During 2005, we completed the sale of our discontinued communications cable operation in Phoenix, Arizona. In connection with this sale and related tax deductions, we established a reserve for uncertain tax positions. For the three months ended April 3, 2011 we recognized \$0.2 million of interest expense (\$0.1 million net of tax) related to the uncertain tax positions, which is included in discontinued operations.

**Liquidity and Capital Resources**

Significant factors affecting our cash liquidity include (1) cash provided by operating activities, (2) disposals of businesses and tangible assets, (3) exercises of stock options, (4) cash used for acquisitions, restructuring actions, capital expenditures, share repurchases, dividends, and senior subordinated note repurchases, and (5) our available credit facilities and other borrowing arrangements. In the first quarter of each year, cash from operating activities reflects the payments of annual rebates to our channel partners and incentive compensation to our associates. We expect our operating activities to generate cash in 2012 and believe our sources of liquidity are sufficient to fund current working capital requirements, capital expenditures, contributions to our retirement plans, share repurchases, senior subordinated note repurchases, quarterly dividend payments, and our short-term operating strategies. Our ability to continue to fund our future needs from business operations could be affected by many factors, including, but not limited to: economic conditions worldwide, customer demand, competitive market forces, customer acceptance of our product mix, and commodities pricing.

The following table is derived from our Condensed Consolidated Cash Flow Statements:

|  | Three Months Ended |               |
|--|--------------------|---------------|
|  | April 1, 2012      | April 3, 2011 |
|  | (In thousands)     |               |
| Net cash provided by (used for):                                       |                    |               |
| Operating activities   | \$ 12,748          | \$ (15,627)   |
| Investing activities   | (8,144)            | (28,854)      |
| Financing activities   | (21,711)           | 3,228         |
| Effects of currency exchange rate changes on cash and cash equivalents | 4,408              | 5,685         |
| Decrease in cash and cash equivalents                                  | (12,699)           | (35,568)      |
| Cash and cash equivalents, beginning of period                         | 382,716            | 358,653       |
| Cash and cash equivalents, end of period                               | \$ 370,017         | \$ 323,085    |

Net cash provided by operating activities, a key source of our liquidity, increased by \$28.4 million for the three months ended April 1, 2012 from the comparable period of 2011. The most significant factor impacting the increased cash provided by operating activities was the change in operating assets and liabilities. For the three months ended April 1, 2012, changes in operating assets and liabilities were a use of cash of \$23.0 million, as compared to a use of cash of \$50.3 million for the comparable period of 2011.

Inventories were not a significant use of cash for the three months ended April 1, 2012, while inventories were a use of cash of \$24.6 million for the comparable period of 2011. Inventory turns were 6.4 turns as of both April 1, 2012 and April 3, 2011. We calculate inventory turns by dividing annualized cost of sales for the quarter by the inventory balance at the end of the quarter.

Accounts receivable were a source of cash of \$11.9 million for the three months ended April 1, 2012, compared to a use of cash of \$12.4 million for the comparable period of 2011. Our days sales outstanding improved from 65 days as of April 3, 2011 to 57 days as of April 1, 2012. We calculate days sales outstanding by dividing accounts receivable as of the end of the quarter by the average daily revenues recognized during the quarter.

Net cash used for investing activities totaled \$8.1 million for the three months ended April 1, 2012 compared to \$28.9 million for the comparable period of 2011. Investing activities in the three months ended April 1, 2012 included capital expenditures of \$7.5 million and a payment related to a previous acquisition of \$0.6 million. Investing activities in the three months ended April 3, 2011 included payments for our acquisitions, net of cash acquired, of \$23.2 million, capital expenditures of \$6.8 million, and the receipt of \$1.1 million of proceeds from the sale of real estate in the Americas segment.

Net cash used for financing activities for the three months ended April 1, 2012 totaled \$21.7 million compared to cash provided by financing activities of \$3.2 million for the comparable period of 2011. This change is primarily due to payments under our share repurchase program of \$25.0 million for the three months ended April 1, 2012.

Our cash and cash equivalents balance was \$370.0 million as of April 1, 2012. Of this amount, \$316.3 million was held outside of the U.S. in our foreign operations. Substantially all of the foreign cash and cash equivalents are readily convertible into U.S. dollars or other foreign currencies. Our strategic plan does not require the repatriation of foreign cash in order to fund our operations in the U.S., and it is our

current intention to permanently reinvest the foreign cash and cash equivalents outside of the U.S. If we were to repatriate the foreign cash to the U.S., we may be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation.

Our outstanding debt obligations as of April 1, 2012 consisted of \$349.4 million aggregate principal of 7.0% senior subordinated notes due 2017 and \$200.0 million aggregate principal of 9.25% senior subordinated notes due 2019. As of April 1, 2012, there were no outstanding borrowings under our senior secured credit facility, we were in compliance with all of the covenants of the facility, and we had \$386.3 million in available borrowing capacity. Additional discussion regarding our various borrowing arrangements is included in Note 6 to the Condensed Consolidated Financial Statements.

### **Forward-Looking Statements**

Statements in this report other than historical facts are forward looking statements made in reliance upon the safe harbor of the Private Securities Litigation Reform Act of 1995. Forward looking statements include any statements regarding future revenues, costs and expenses, operating income, earnings per share, margins, cash flows, dividends, and capital expenditures. These forward looking statements are based on forecasts and projections about the markets and industries which we serve and about general economic conditions. They reflect management's beliefs and expectations. They are not guarantees of future performance, and they involve risk and uncertainty. Our actual results may differ materially from these expectations. Changes in the global economy may impact our results. Turbulence in financial markets may increase our borrowing costs. Additional factors that may cause actual results to differ from our expectations include: our reliance on key distributors in marketing products; our ability to execute and realize the expected benefits from strategic initiatives (including revenue growth, cost control and productivity improvement programs); changes in the level of economic activity in our major geographic markets; difficulties in realigning manufacturing capacity and capabilities among our global manufacturing facilities; the competitiveness of the global cable, connectivity, and networking industries; variability in our quarterly and annual effective tax rates; changes in accounting rules and interpretations of those rules which may affect our reported earnings; changes in currency exchange rates and political and economic uncertainties in the countries where we conduct business; demand for our products; the cost and availability of materials including copper, plastic compounds derived from fossil fuels, electronic components, and other materials; energy costs; our ability to achieve acquisition performance expectations and to integrate acquired businesses successfully; our ability to develop and introduce new products; having to recognize charges that would reduce income as a result of impairing goodwill and other intangible assets; security risks and the potential for business interruption from operating in volatile countries; disruptions or failures of our (or our suppliers or customers) systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event that could cause delays in completing sales, providing services, or performing other mission-critical functions; and other factors.

For a more complete discussion of risk factors, please see our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission on February 29, 2012. We disclaim any duty to update any forward-looking statements as a result of new information, future developments, or otherwise.

### **Item 3: Quantitative and Qualitative Disclosures about Market Risks**

Item 7A of our 2011 Annual Report on Form 10-K provides more information as to the practices and instruments that we use to manage market risks. There were no material changes in our exposure to market risks since December 31, 2011.

**Item 4: Controls and Procedures**

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II OTHER INFORMATION****Item 1: Legal Proceedings**

We are a party to various legal proceedings and administrative actions that are incidental to our operations. These proceedings include personal injury cases, 100 of which are pending as of April 30, 2012, in which we are one of many defendants. Electricians have filed a majority of these cases, primarily in Pennsylvania and Illinois, generally seeking compensatory, special, and punitive damages. Typically in these cases, the claimant alleges injury from alleged exposure to a heat-resistant asbestos fiber. Our alleged predecessors had a small number of products that contained the fiber, but ceased production of such products more than 20 years ago. Through April 30, 2012, we have been dismissed, or reached agreement to be dismissed, in more than 400 similar cases without any going to trial, and with only a small number of these involving any payment to the claimant. In our opinion, the proceedings and actions in which we are involved should not, individually or in the aggregate, have a material adverse effect on our financial condition, operating results, or cash flows. However, since the trends and outcome of this litigation are inherently uncertain, we cannot give absolute assurance regarding the future resolution of such litigation, or that such litigation may not become material in the future.

We are a former owner of a property located in Kingston, Canada. The Ontario, Canada Ministry of the Environment is seeking to require current and former owners of the Kingston property to delineate and remediate soil and groundwater contamination at the site, which we believe was caused by Nortel (a former owner of the site). We are in the process of assessing whether we have any liability for the site, as well as the scope of contamination, cost of remediation, allocation of costs among the parties, and the other parties' financial viability. Based on our current information, we do not believe this matter should have a material adverse effect on our financial condition, operating results, or cash flows. However, since the outcome of this matter is uncertain, we cannot give absolute assurance regarding its future resolution, or that such matter may not become material in the future.

**Item 1A: Risk Factors**

There have been no material changes with respect to risk factors as previously disclosed in our 2011 Annual Report on Form 10-K.

**Item 2: Unregistered Sales of Equity Securities and Use of Proceeds**

Set forth below is information regarding our stock repurchases for the three months ended April 1, 2012.

| Period                                   | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs (1) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|--|----------------------------------|------------------------------|--|--|
| January 1, 2012 through February 5, 2012 |                                  | \$                           |  | \$ 100,000,000   |
| February 6, 2012 through March 4, 2012   |                                  |                              |  | 100,000,000  |
| March 5, 2012 through April 1, 2012      | 640,816                          | 39.01                        | 640,816  | 75,000,000   |
| Total                                    | 640,816                          | \$ 39.01                     | 640,816  | \$ 75,000,000  |

- (1) In July 2011, our Board of Directors authorized a share repurchase program, which allows us to purchase up to \$150.0 million of our common stock through open market repurchases, negotiated transactions, or other means, in accordance with applicable securities laws and other restrictions. The program does not have an expiration date and may be suspended at any time at the discretion of the Company. As of April 1, 2012, we have repurchased 2.3 million shares of our common stock under the program for an aggregate cost of \$75.0 million and an average price of \$32.95.

**Item 6: Exhibits**

*Exhibits*

|                 |  |
|-----------------|--|
| Exhibit 31.1    | Certificate of the Chief Executive Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.  |
| Exhibit 31.2    | Certificate of the Chief Financial Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.  |
| Exhibit 32.1    | Certificate of the Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 32.2    | Certificate of the Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 101.INS | XBRL Instance Document   |
| Exhibit 101.SCH | XBRL Taxonomy Extension Schema   |
| Exhibit 101.CAL | XBRL Taxonomy Extension Calculation  |
| Exhibit 101.DEF | XBRL Taxonomy Extension Definition   |
| Exhibit 101.LAB | XBRL Taxonomy Extension Label  |
| Exhibit 101.PRE | XBRL Taxonomy Extension Presentation   |

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Pursuant to the requirements 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.

BELDEN INC.

Date: May 10, 2012

By: /s/ John S. Stroup  
John S. Stroup  
President, Chief Executive Officer and Director

Date: May 10, 2012

By: /s/ Henk Derksen  
Henk Derksen  
Senior Vice President, Finance, and Chief Financial Officer

Date: May 10, 2012

By: /s/ John S. Norman  
John S. Norman  
Vice President, Controller, and Chief Accounting Officer

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