

COMMSCOPE INC  
Form 10-Q  
October 27, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 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 001-12929

**CommScope, Inc.**

(Exact name of registrant as specified in its charter)

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

**36-4135495**  
(I.R.S. Employer  
Identification No.)

**1100 CommScope Place, SE**

**Hickory, North Carolina**

(Address of principal executive offices)

**28602**

(Zip Code)

**(828) 324-2200**

(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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark 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, a non-accelerated filer, or a smaller reporting company. See 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

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

As of October 22, 2010 there were 94,996,744 shares of Common Stock outstanding.

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**CommScope, Inc.**

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**September 30, 2010**

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**Table of Contents****CommScope, Inc.****Condensed Consolidated Statements of Operations****(Unaudited In thousands, except per share amounts)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net sales	\$ 821,867	\$ 750,433	\$ 2,381,607	\$ 2,276,392
Operating costs and expenses:				
Cost of sales	572,878	505,647	1,675,580	1,633,748
Selling, general and administrative	102,827	103,197	331,866	303,353
Research and development	29,572	26,390	89,426	82,457
Amortization of purchased intangible assets	20,764	20,824	62,292	62,473
Restructuring costs	3,925	3,207	55,349	20,027
Total operating costs and expenses	729,966	659,265	2,214,513	2,102,058
Operating income	91,901	91,168	167,094	174,334
Other expense, net	(1,434)	(2,037)	(1,361)	(12,570)
Interest expense	(21,582)	(25,655)	(68,612)	(99,465)
Interest income	1,345	843	4,146	3,350
Income before income taxes	70,230	64,319	101,267	65,649
Income tax expense	(19,676)	(18,492)	(28,586)	(24,917)
Net income	\$ 50,554	\$ 45,827	\$ 72,681	\$ 40,732
Earnings per share:				
Basic	\$ 0.53	\$ 0.49	\$ 0.77	\$ 0.50
Diluted	\$ 0.49	\$ 0.45	\$ 0.73	\$ 0.47
Weighted average shares outstanding:				
Basic	94,791	93,661	94,547	82,117
Diluted	106,635	105,675	106,425	93,400

See notes to unaudited condensed consolidated financial statements.

**Table of Contents****CommScope, Inc.****Condensed Consolidated Balance Sheets****(Unaudited In thousands, except share amounts)**

	September 30, 2010	December 31, 2009
<b>Assets</b>		
Cash and cash equivalents	\$ 545,888	\$ 662,440
Short-term investments	125,404	40,465
Total cash, cash equivalents and short-term investments	671,292	702,905
Accounts receivable, less allowance for doubtful accounts of \$13,258 and \$16,572, respectively	651,345	598,959
Inventories, net	378,081	314,047
Prepaid expenses and other current assets	44,634	61,435
Deferred income taxes	92,747	67,610
Total current assets	1,838,099	1,744,956
Property, plant and equipment, net	355,232	412,388
Goodwill	995,025	995,037
Other intangibles, net	648,235	721,390
Other noncurrent assets	72,768	67,545
Total Assets	\$ 3,909,359	\$ 3,941,316
<b>Liabilities and Stockholders Equity</b>		
Accounts payable	\$ 234,821	\$ 200,869
Other accrued liabilities	317,781	247,447
Current portion of long-term debt	3,053	140,810
Total current liabilities	555,655	589,126
Long-term debt	1,344,675	1,403,668
Deferred income taxes	102,268	143,132
Pension and postretirement benefit liabilities	124,690	134,770
Other noncurrent liabilities	110,339	121,637
Total Liabilities	2,237,627	2,392,333
<b>Commitments and contingencies</b>		
<b>Stockholders Equity:</b>		
Preferred stock, \$.01 par value; Authorized shares: 20,000,000; Issued and outstanding shares: None at September 30, 2010 or December 31, 2009		
Common stock, \$.01 par value; Authorized shares: 300,000,000; Issued and outstanding shares: 94,906,135 at September 30, 2010 and 94,217,797 at December 31, 2009	1,053	1,046
Additional paid-in capital	1,391,013	1,361,156
Retained earnings	467,565	394,884

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Accumulated other comprehensive income (loss)	(38,147)	(58,434)
Treasury stock, at cost: 10,351,408 shares at September 30, 2010 and 10,348,195 shares at December 31, 2009	(149,752)	(149,669)
<b>Total Stockholders' Equity</b>	<b>1,671,732</b>	<b>1,548,983</b>
Total Liabilities and Stockholders' Equity	\$ 3,909,359	\$ 3,941,316

See notes to unaudited condensed consolidated financial statements.

**Table of Contents****CommScope, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited In thousands)**

	Nine Months Ended September 30,	
	2010	2009
<b>Operating Activities:</b>		
Net income	\$ 72,681	\$ 40,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140,981	153,554
Equity-based compensation	26,523	19,747
Deferred income taxes	(73,029)	(2,626)
Non-cash restructuring charges	13,973	
Non-cash interest expense on 3.50% convertible debentures		12,004
Loss on conversion of debt securities		8,649
Changes in assets and liabilities:		
Accounts receivable	(49,677)	96,464
Inventories	(62,159)	127,454
Prepaid expenses and other assets	14,785	(6,520)
Accounts payable and other liabilities	105,704	(85,292)
Other	(6,333)	(2,738)
Net cash provided by operating activities	183,449	361,428
<b>Investing Activities:</b>		
Additions to property, plant and equipment	(25,984)	(31,738)
Proceeds from disposal of property, plant and equipment	12,979	3,724
Net purchases of short-term investments	(84,939)	
Cash paid for acquisitions		(694)
Other	(4,000)	4,062
Net cash used in investing activities	(101,944)	(24,646)
<b>Financing Activities:</b>		
Principal payments on long-term debt	(196,494)	(760,858)
Proceeds from the issuance of long-term debt		388,125
Proceeds from the issuance of common stock		220,128
Long-term debt financing costs		(12,590)
Proceeds from the issuance of common shares under equity-based compensation plans	2,520	612
Excess tax benefits from equity-based compensation	894	240
Common shares repurchased under equity-based compensation plans	(83)	
Other		(8)
Net cash used in financing activities	(193,163)	(164,351)
Effect of exchange rate changes on cash and cash equivalents	(4,894)	8,364
Change in cash and cash equivalents		