

COMMSCOPE INC  
Form 10-Q  
October 27, 2009  
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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, 2009

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, 2009 there were 93,790,313 shares of Common Stock outstanding.

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**CommScope, Inc.**

**Form 10-Q**

**September 30, 2009**

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

|   | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|---|-------------------------------------|--------------|------------------------------------|--------------|
|   | 2009                                | 2008         | 2009                               | 2008         |
| Net sales                                   | \$ 750,433                          | \$ 1,062,297 | \$ 2,276,392                       | \$ 3,154,768 |
| Operating costs and expenses:               |                                     |              |                                    |              |
| Cost of sales                               | 505,647                             | 760,510      | 1,633,748                          | 2,314,730    |
| Selling, general and administrative         | 103,197                             | 114,082      | 303,353                            | 384,880      |
| Research and development                    | 26,390                              | 33,551       | 82,457                             | 103,785      |
| Amortization of purchased intangible assets | 20,824                              | 24,294       | 62,473                             | 73,398       |
| Restructuring costs                         | 3,207                               | 2,356        | 20,027                             | 25,124       |
| Total operating costs and expenses          | 659,265                             | 934,793      | 2,102,058                          | 2,901,917    |
| Operating income                            | 91,168                              | 127,504      | 174,334                            | 252,851      |
| Other expense, net                          | (2,037)                             | (23)         | (12,570)                           | (16,017)     |
| Interest expense                            | (25,655)                            | (37,007)     | (99,465)                           | (112,215)    |
| Interest income                             | 843                                 | 5,958        | 3,350                              | 15,543       |
| Income before income taxes                  | 64,319                              | 96,432       | 65,649                             | 140,162      |
| Income tax expense                          | (18,492)                            | (11,745)     | (24,917)                           | (26,308)     |
| Net income                                  | \$ 45,827                           | \$ 84,687    | \$ 40,732                          | \$ 113,854   |
| Earnings per share:                         |                                     |              |                                    |              |
| Basic                                       | \$ 0.49                             | \$ 1.20      | \$ 0.50                            | \$ 1.64      |
| Diluted                                     | \$ 0.45                             | \$ 1.05      | \$ 0.47                            | \$ 1.43      |
| Weighted average shares outstanding:        |                                     |              |                                    |              |
| Basic                                       | 93,661                              | 70,287       | 82,117                             | 69,230       |
| Diluted                                     | 105,675                             | 81,175       | 93,400                             | 80,843       |

See notes to unaudited condensed consolidated financial statements.

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

|  | <b>September 30,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|--|-------------------------------|------------------------------|
| <b>Assets</b>  |                               |                              |
| Cash and cash equivalents  | \$ 592,906                    | \$ 412,111                   |
| Accounts receivable, less allowance for doubtful accounts of \$18,157 and \$19,307, respectively     | 617,163                       | 695,820                      |
| Inventories, net   | 332,605                       | 450,310                      |
| Prepaid expenses and other current assets  | 77,614                        | 70,778                       |
| Deferred income taxes  | 70,243                        | 81,024                       |
| <b>Total Current Assets</b>  | <b>1,690,531</b>              | <b>1,710,043</b>             |
| Property, plant and equipment, net   | 427,721                       | 468,140                      |
| Goodwill   | 994,692                       | 997,257                      |
| Other intangibles, net   | 747,765                       | 821,128                      |
| Other noncurrent assets  | 70,341                        | 66,192                       |
| <b>Total Assets</b>  | <b>\$ 3,931,050</b>           | <b>\$ 4,062,760</b>          |
| <b>Liabilities and Stockholders Equity</b>   |                               |                              |
| Accounts payable   | \$ 212,399                    | \$ 244,273                   |
| Other accrued liabilities  | 259,691                       | 306,537                      |
| Current portion of long-term debt  | 9,723                         | 374,498                      |
| <b>Total Current Liabilities</b>   | <b>481,813</b>                | <b>925,308</b>               |
| Long-term debt   | 1,535,945                     | 1,667,286                    |
| Deferred income taxes  | 142,736                       | 150,357                      |
| Pension and postretirement benefit liabilities   | 161,251                       | 164,075                      |
| Other noncurrent liabilities   | 127,568                       | 147,376                      |
| <b>Total Liabilities</b>   | <b>2,449,313</b>              | <b>3,054,402</b>             |
| <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, 2009 or December 31, 2008                       |                               |                              |
| Common stock, \$.01 par value; Authorized shares: 300,000,000;                                       |                               |                              |
| Issued and outstanding shares: 93,763,464 at September 30, 2009 and 70,798,864 at December 31, 2008  |                               |                              |
| Additional paid-in capital   | 1,040                         | 811                          |
| Retained earnings  | 1,353,841                     | 969,976                      |
| Accumulated other comprehensive income (loss)  | 357,817                       | 317,085                      |
| Treasury stock, at cost: 10,232,336 shares at September 30, 2009 and 10,312,088 at December 31, 2008 | (84,266)                      | (132,411)                    |
|  | (146,695)                     | (147,103)                    |
| <b>Total Stockholders Equity</b>   | <b>1,481,737</b>              | <b>1,008,358</b>             |
| <b>Total Liabilities and Stockholders Equity</b>   | <b>\$ 3,931,050</b>           | <b>\$ 4,062,760</b>          |

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See notes to unaudited condensed consolidated financial statements.

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

|   | <b>Nine Months Ended<br/>September 30,</b> |             |
|---|--|-------------|
|   | <b>2009</b>                                | <b>2008</b> |
| <b>Operating Activities:</b>  |  |             |
| Net income  | \$ 40,732                                  | \$ 113,854  |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |             |
| Depreciation and amortization   | 153,554                                    | 164,921     |
| Equity-based compensation   | 19,747                                     | 15,361      |
| Non-cash interest expense on 3.50% convertible debentures                         | 12,004                                     |             |
| Loss on conversion of debt securities   | 8,649                                      | 2,761       |
| Changes in assets and liabilities:  |  |             |
| Accounts receivable   | 96,464                                     | (51,684)    |
| Inventories   | 127,454                                    | 64,067      |
| Prepaid expenses and other assets   | (6,520)                                    | 30,295      |
| Accounts payable and other liabilities  | (87,918)                                   | (87,383)    |
| Other   | (2,738)                                    | 1,303       |
| Net cash provided by operating activities   | 361,428                                    | 253,495     |
| <b>Investing Activities:</b>  |  |             |
| Additions to property, plant and equipment  | (31,738)                                   | (35,920)    |
| Proceeds from disposal of property, plant and equipment                           | 3,724                                      | 6,873       |
| Proceeds from sale of product line  |  | 9,009       |
| Cash paid for acquisitions  | (694)                                      | (60,976)    |
| Other   | 4,062                                      | (5,012)     |
| Net cash used in investing activities   | (24,646)                                   | (86,026)    |
| <b>Financing Activities:</b>  |  |             |
| Principal payments on long-term debt  | (760,858)                                  | (329,603)   |
| Proceeds from the issuance of long-term debt                                      | 388,125                                    |             |
| Proceeds from the issuance of common stock  | 220,128                                    |             |
| Proceeds from the issuance of shares under equity-based compensation plans        | 612  | 12,852      |
| Tax benefit from the issuance of shares under equity-based compensation plans     | 240  | 6,227       |
| Long-term financing costs   | (12,590)                                   | (246)       |
| Other   | (8)  | 589         |
| Net cash used in financing activities   | (164,351)                                  | (310,181)   |
| Effect of exchange rate changes on cash   | 8,364                                      | (10,488)    |
| Change in cash and cash equivalents   | 180,795                                    | (153,200)   |
| Cash and cash equivalents, beginning of period                                    | 412,111                                    | 649,451     |
| Cash and cash equivalents, end of period  | \$ 592,906                                 | \$ 496,251  |

See notes to unaudited condensed consolidated financial statements.





**Table of Contents****CommScope, Inc.****Condensed Consolidated Statements of Stockholders Equity and Comprehensive Income (Loss)****(Unaudited In thousands, except share amounts)**

|  | <b>Nine Months Ended<br/>September 30,</b> |                    |
|--|--|--------------------|
|  | <b>2009</b>                                | <b>2008</b>        |
| <b>Number of common shares outstanding:</b>                          |  |                    |
| Balance at beginning of period                                       | 70,798,864                                 | 66,870,029         |
| Issuance of shares for conversion of convertible debentures          | 12,092,790                                 | 2,878,249          |
| Issuance of shares for stock offering                                | 10,465,000                                 |                    |
| Equity-based compensation  | 146,926                                    | 618,822            |
| Issuance of shares to employee benefit plan                          | 259,884                                    |                    |
| <b>Balance at end of period</b>                                      | <b>93,763,464</b>                          | <b>70,367,100</b>  |
| <b>Common stock:</b>   |  |                    |
| Balance at beginning of period                                       | \$ 811                                     | \$ 770             |
| Issuance of shares for conversion of convertible debentures          | 121  | 29                 |
| Issuance of shares for stock offering                                | 104  |                    |
| Equity-based compensation  | 1  | 6                  |
| Issuance of shares to employee benefit plan                          | 3  |                    |
| <b>Balance at end of period</b>                                      | <b>\$ 1,040</b>                            | <b>\$ 805</b>      |
| <b>Additional paid-in capital:</b>                                   |  |                    |
| Balance at beginning of period                                       | \$ 969,976                                 | \$ 856,452         |
| Issuance of shares for conversion of convertible debentures          | 142,584                                    | 76,578             |
| Issuance of shares for stock offering                                | 220,024                                    |                    |
| Equity-based compensation  | 14,178                                     | 28,207             |
| Issuance of shares to employee benefit plan                          | 6,839                                      |                    |
| Tax benefit from shares issued under equity-based compensation plans | 240  | 6,227              |
| <b>Balance at end of period</b>                                      | <b>\$ 1,353,841</b>                        | <b>\$ 967,464</b>  |
| <b>Retained earnings:</b>  |  |                    |
| Balance at beginning of period                                       | \$ 317,085                                 | \$ 545,607         |
| Net income   | 40,732                                     | 113,854            |
| <b>Balance at end of period</b>                                      | <b>\$ 357,817</b>                          | <b>\$ 659,461</b>  |
| <b>Accumulated other comprehensive income (loss):</b>                |  |                    |
| Balance at beginning of period                                       | \$ (132,411)                               | \$ 22,714          |
| Other comprehensive income, net of tax                               | 48,145                                     | (49,080)           |
| <b>Balance at end of period</b>                                      | <b>\$ (84,266)</b>                         | <b>\$ (26,366)</b> |
| <b>Treasury stock, at cost:</b>                                      |  |                    |

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|                                |              |              |
|--------------------------------|--------------|--------------|
| Balance at beginning of period | \$ (147,103) | \$ (145,535) |
| Equity-based compensation      | 408          |              |
| Balance at end of period       | \$ (146,695) | \$ (145,535) |
| Total stockholders' equity     | \$ 1,481,737 | \$ 1,455,829 |

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|-----------|------------------------------------|------------|
|   | 2009                                | 2008      | 2009                               | 2008       |
| Comprehensive income (loss):  |                                     |           |                                    |            |
| Net income  | \$ 45,827                           | \$ 84,687 | \$ 40,732                          | \$ 113,854 |
| Other comprehensive income, net of tax:                                       |                                     |           |                                    |            |
| Foreign currency gain (loss)  | 20,055                              | (77,123)  | 35,735                             | (34,923)   |
| Gain (loss) on derivative financial instruments                               | 1,018                               | (7,601)   | 11,235                             | (12,907)   |
| Amortization of unrecognized pension and other postretirement benefit amounts | 119                                 | (184)     | 350                                | (606)      |
| Gain (loss) on available-for-sale investments                                 | 885                                 | (644)     | 825                                | (644)      |
| Total other comprehensive income (loss), net of tax                           | 22,077                              | (85,552)  | 48,145                             | (49,080)   |
| Total comprehensive income (loss)   | \$ 67,904                           | \$ (865)  | \$ 88,877                          | \$ 64,774  |

See notes to unaudited condensed consolidated financial statements.

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**CommScope, Inc.**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**(Unaudited In Thousands, Unless Otherwise Noted)**

**1. BACKGROUND AND BASIS OF PRESENTATION**

***Background***

CommScope, Inc. and its wholly owned subsidiaries (CommScope or the Company) is a world leader in infrastructure solutions for communication networks. Through its Andrew Solutions™ brand, the Company is a global leader in radio frequency subsystem solutions for wireless networks. Through its SYSTIMAX® and Uniprise® brands, CommScope is also a world leader in network infrastructure solutions for business enterprise applications. CommScope is also the premier manufacturer of coaxial cable for broadband cable television networks and one of the leading North American providers of environmentally secure cabinets for digital subscriber line (DSL) and fiber-to-the-node applications.

***Basis of Presentation***

The condensed consolidated balance sheet as of September 30, 2009, the condensed consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2009 and 2008, and the condensed consolidated statements of cash flows and stockholders' equity for the nine months ended September 30, 2009 and 2008 are unaudited and reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for a fair presentation of the interim period financial statements. The results of operations for the interim period are not necessarily indicative of the results of operations to be expected for the full year.

The unaudited interim condensed consolidated financial statements of CommScope have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The significant accounting policies followed by the Company are set forth in Note 2 to the consolidated financial statements within the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (the 2008 Form 10-K). There were no changes in the Company's significant accounting policies during the three or nine months ended September 30, 2009, other than the adoption of the following accounting standards:

Accounting Standards Codification (ASC) Topic 805 (formerly Statement of Financial Accounting Standards (SFAS) No. 141 (revised 2007), *Business Combinations*)

ASC Topic 810-10-65 (formerly SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*)

ASC Topic 820 (formerly SFAS No. 157, *Fair Value Measurements*, as it applies to non-financial assets and liabilities that are not required to be measured at fair value on a recurring (at least annual) basis)

ASC Topic 815-10-50 (formerly SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133*)

ASC Topic 350-30 (formerly FASB Staff Position (FSP) No. 142-3, *Determination of the Useful Life of Intangible Assets*)

ASC Topic 470-20 (formerly FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)*)

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ASC Topic 820-10-65 (formerly FSP No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset and Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*)

ASC Topic 320-10-65 (formerly FSP No. 115-2 and 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*)

ASC Topic 825-10-65 (formerly FSP No. 107-1 and APB 28-1, *Interim Disclosures About Fair Value of Financial Instruments*)

ASC Topic 855 (formerly SFAS No. 165, *Subsequent Events*)

ASC Topic 105 (formerly SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162*)

The implementation of these new accounting standards did not have a material impact on the Company's condensed consolidated financial statements. In addition, the Company reaffirms the use of estimates in the preparation of the financial statements as set forth in the 2008 Form 10-K. These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the 2008 Form 10-K.

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****Concentrations of Risk**

No customer accounted for 10% or more of the Company's total net sales for the three or nine months ended September 30, 2009. Net sales to Anixter International Inc. and its affiliates (Anixter) accounted for approximately 11% of the Company's total net sales during both the three and nine months ended September 30, 2008. Sales to Anixter primarily originate within the Enterprise segment. Other than Anixter, no customer accounted for 10% or more of the Company's total net sales for the three or nine months ended September 30, 2008.

Accounts receivable from Anixter represented approximately 11% of net accounts receivable as of September 30, 2009. No other customer accounted for 10% or more of the Company's net accounts receivable as of September 30, 2009.

**Product Warranties**

The Company recognizes a liability for the estimated claims that may be paid under its customer warranty agreements to remedy potential deficiencies in quality or performance of the Company's products. These product warranties extend over periods ranging from one to twenty-five years from the date of sale, depending upon the product subject to the warranty. The Company records a provision for estimated future warranty claims as cost of sales based upon the historical relationship of warranty claims to sales and specifically-identified warranty issues. The Company bases its estimates on assumptions that are believed to be reasonable under the circumstances and revises its estimates, as appropriate, when events or changes in circumstances indicate that revisions may be necessary.

The following table summarizes the activity in the product warranty accrual, included in other accrued liabilities.

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|-----------|------------------------------------|-----------|
|   | 2009                                | 2008      | 2009                               | 2008      |
| Product warranty accrual, beginning of period | \$ 30,194                           | \$ 36,242 | \$ 32,866                          | \$ 29,183 |
| Provision for warranty claims                 | 925                                 | 2,981     | 10,414                             | 12,350    |
| Revision of Andrew purchase price allocation  |                                     | 2,101     |                                    | 16,263    |
| Warranty claims paid                          | (4,165)                             | (9,323)   | (16,326)                           | (25,795)  |
| Product warranty accrual, end of period       | \$ 26,954                           | \$ 32,001 | \$ 26,954                          | \$ 32,001 |

**Commitments and Contingencies**

In 2007, a jury returned a verdict in favor of TruePosition, Inc., finding that Andrew Corporation had willfully infringed a single TruePosition patent, and the jury awarded \$45.3 million in damages (see Note 15 in the Notes to the Consolidated Financial Statements in the 2008 Form 10-K). Subsequent rulings by the trial court reduced the damages awarded by the jury, provided for a 25% enhancement on the reduced damages, awarded certain of TruePosition's legal costs and pre- and post-judgment interest, and, in the second quarter of 2009, awarded additional damages plus a 100% enhancement for an additional phase of the subject contract. The trial court also granted a permanent injunction against further infringing sales. CommScope disagrees with the underlying verdict, the damages awarded, the enhancement of damages and the entry of an injunction and continues to believe that the products at issue do not infringe TruePosition's patent. CommScope has appealed the judgment, as well as the injunction the court entered. The recorded liability as of September 30, 2009 of \$48.4 million represents the aggregate award by the trial court, including accrued interest, and is the Company's best estimate of the probable liability in this case. Subject to the outcome of possible additional legal actions taken by the Company and/or TruePosition, the ultimate resolution of this litigation may be materially different than the Company's current estimate, which does not include legal fees the Company may incur in appeals or other proceedings.

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In addition to the TruePosition litigation described above, CommScope is either a plaintiff or a defendant in pending legal matters in the normal course of business; however, management believes none of these legal matters, other than the TruePosition litigation, will have a material adverse effect on the Company's financial statements upon final disposition. In addition, CommScope is subject to various federal, state, local and foreign laws and regulations governing the use, discharge, disposal and remediation of hazardous materials. Compliance with current laws and regulations has not had, and is not expected to have, a materially adverse effect on the Company's financial condition or results of operations.

As of September 30, 2009, the Company had commitments of \$35.8 million to purchase metals that are expected to be consumed during normal production by the first quarter of 2010. These commitments are at prices approximately equal to market prices as of September 30, 2009.

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****Earnings Per Share**

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the applicable period. Diluted earnings per share is based on net income adjusted for after-tax interest and amortization of debt issuance costs related to convertible debt, if dilutive, divided by the weighted average number of common shares outstanding adjusted for the dilutive effect of stock options, restricted stock units, performance share units and convertible debt.

Below is a reconciliation of earnings and weighted average common shares and potential common shares outstanding for calculating diluted earnings per share:

|  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|--|-------------------------------------|-----------|------------------------------------|------------|
|  | 2009                                | 2008      | 2009                               | 2008       |
| <b>Numerator:</b>  |                                     |           |                                    |            |
| Net income for basic earnings per share  | \$ 45,827                           | \$ 84,687 | \$ 40,732                          | \$ 113,854 |
| Effect of assumed conversion of convertible debt (a)   | 1,742                               | 499       | 3,391                              | 1,644      |
| Income applicable to common shareholders for diluted earnings per share                                  | \$ 47,569                           | \$ 85,186 | \$ 44,123                          | \$ 115,498 |
| <b>Denominator:</b>  |                                     |           |                                    |            |
| Weighted average number of common shares outstanding for basic earnings per share                        | 93,661                              | 70,287    | 82,117                             | 69,230     |
| Effect of dilutive securities:   |                                     |           |                                    |            |
| Employee stock options (b)   | 629                                 | 862       | 381                                | 931        |
| Restricted stock units and performance share units   | 930                                 | 851       | 683                                | 745        |
| Convertible debt (a)   | 10,455                              | 9,175     | 10,219                             | 9,937      |
| Weighted average number of common and potential common shares outstanding for diluted earnings per share | 105,675                             | 81,175    | 93,400                             | 80,843     |

- (a) Incremental interest expense, net of tax, and shares associated with convertible debt.
- (b) Options to purchase approximately 1.1 million common shares were excluded from the computation of diluted earnings per share for both the three and nine months ended September 30, 2009 because they would have been anti-dilutive. Options to purchase approximately 0.7 million and 0.8 million common shares were excluded from the computation of diluted earnings per share for the three and nine months ended September 30, 2008, respectively, because they would have been anti-dilutive.

**Income Taxes**

The Company's effective income tax rate was 28.8% and 38.0% for the three and nine months ended September 30, 2009, respectively, compared to 12.2% and 18.8% for the three and nine months ended September 30, 2008, respectively. The income tax provision for the three months ended September 30, 2009 includes benefits of \$7.1 million primarily related to the completion of prior year U.S. and foreign income tax returns, the resolution of various income tax uncertainties and the settlement of various U.S. and foreign income tax audits. The income tax provision for the nine months ended September 30, 2009 includes net benefits of \$4.7 million primarily related to the completion of prior year U.S. and foreign income tax returns, the resolution of certain income tax uncertainties and the settlement of various U.S. and foreign income tax audits, partially offset by the impact of non-deductible debt retirement costs.

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Income before income taxes for the three and nine months ended September 30, 2008 includes \$1.4 million and \$26.9 million, respectively, of charges primarily related to restructuring initiatives, for which tax benefits have not been recognized. The merger of the legacy Andrew Brazilian entity into the legacy CommScope Brazilian entity resulted in the partial release of valuation allowances carried against the legacy CommScope Brazilian net operating loss carryforwards. This release provided a \$5.0 million benefit to the tax provision for the three and nine months ended September 30, 2008. Also included in the income tax provision for the nine months ended September 30, 2008 is a benefit of \$3.9 million related to the settlement of various U.S. and foreign income tax audits.

The effective tax rates excluding these items are higher for 2009 than the U.S. statutory rate and the comparable periods for 2008 primarily due to the provision of U.S. taxes on a substantial portion of current year foreign earnings in anticipation of repatriation. The Company's effective tax rate for the three and nine months ended September 30, 2008 reflects the benefits derived from significant operations outside the U.S., which are generally taxed at rates lower than the U.S. statutory rate of 35%, partially offset by U.S. state income taxes and valuation allowances for losses in certain foreign jurisdictions for which tax benefits cannot be recognized.



**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)*****Accounting Standards Not Yet Adopted***

In June 2009, the FASB issued authoritative guidance for the consolidation of variable interest entities. This update will be effective for the Company on January 1, 2010 and is not expected to have a material impact on the Company's consolidated financial position or results of operations.

In September 2009, the FASB ratified the final consensus reached by the Emerging Issues Task Force regarding revenue arrangements with multiple deliverables and software revenue recognition. The consensus reached on arrangements with multiple deliverables addresses how consideration should be allocated to different units of accounting and removes the previous criterion that entities must use objective and reliable evidence of fair value in separately accounting for deliverables. The consensus reached on software revenue recognition will exclude products containing both software and non-software components that function together to deliver the product's essential functionality from the scope of current revenue recognition guidance for software products. Although these consensus are effective for the Company as of January 1, 2011, early adoption is permitted with expanded disclosures and retrospective adjustment to the beginning of the fiscal year of adoption. The Company is currently assessing the timing of adoption. The Company will adopt these standards on a prospective basis which will impact the timing of revenue recognition for all new agreements entered into or materially modified after January 1 of the year of adoption.

***Subsequent Events***

The Company has considered subsequent events through October 27, 2009 in preparing the financial statements and disclosures, which were issued on October 27, 2009.

**2. ACQUISITIONS AND DIVESTITURES**

As a result of the acquisition of Andrew Corporation in December 2007, the net income for the three and nine months ended September 30, 2008 included pretax charges of \$1.8 million and \$59.3 million, respectively, related to purchase accounting inventory adjustments for the step-up of the acquired inventory to its estimated fair value less costs to sell. Also during the first quarter of 2008, the Company sold the Satellite Communications (SatCom) product line acquired as part of the Andrew acquisition to ASC Signal Corporation (ASC Signal). The Company received \$8.5 million in cash, \$2.5 million in notes receivable due April 30, 2011, a minority ownership interest in ASC Signal and the potential for up to an additional \$25.0 million of cash if certain financial targets are met over a three year period from the date of the divestiture. After transferring certain assets in the first quarter of 2009, the Company received an additional note receivable for \$2.5 million also due April 30, 2011. No gain or loss was recognized on the sale of SatCom. The SatCom product line had net sales of \$2.1 million and \$13.7 million for the three and nine months ended September 30, 2008, respectively, as compared to net sales of zero and \$0.8 million for the three and nine months ended September 30, 2009, respectively. The SatCom net sales subsequent to the divestiture relate to manufacturing transition services.

**3. BALANCE SHEET DETAILS*****Inventories***

|                 | <b>September 30,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|-----------------|-------------------------------|------------------------------|
| Raw materials   | \$ 90,140                     | \$ 122,455                   |
| Work in process | 91,196                        | 111,477                      |
| Finished goods  | 151,269                       | 216,378                      |
|                 | <b>\$ 332,605</b>             | <b>\$ 450,310</b>            |

*Other Current Accrued Liabilities*

|   | September 30,<br>2009 | December 31,<br>2008 |
|---|-----------------------|----------------------|
| Compensation and employee benefit liabilities | \$ 53,365             | \$ 90,148            |
| Litigation reserve                            | 48,360                | 28,403               |
| Deferred revenue                              | 39,466                | 28,956               |
| Warranty reserve                              | 26,954                | 32,866               |
| Restructuring reserve                         | 11,401                | 37,695               |
| Other   | 80,145                | 88,469               |
|   | \$ 259,691            | \$ 306,537           |

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****4. FINANCING**

|  | September 30,<br>2009 | December 31,<br>2008 |
|--|-----------------------|----------------------|
| Seven-year senior secured term loan due December 2014        | \$ 838,295            | \$ 1,226,133         |
| Six-year senior secured term loan due December 2013          | 406,815               | 600,764              |
| 3.25% senior subordinated convertible notes due July 2015    | 287,500               |                      |
| 1% convertible senior subordinated debentures due March 2024 |                       | 199,519              |
| Other  | 13,058                | 15,368               |
|  | 1,545,668             | 2,041,784            |
| Less current portion   | (9,723)               | (374,498)            |
|  | \$ 1,535,945          | \$ 1,667,286         |

**Senior Secured Credit Facilities**

See Note 8 in the Notes to the Consolidated Financial Statements in the 2008 Form 10-K for information on the terms and conditions of the senior secured credit facilities.

On May 28, 2009, the Company repaid \$265.3 million of the seven-year senior secured term loan and \$134.7 million of the six-year senior secured term loan using a portion of the net proceeds from a common stock offering and the issuance of 3.25% senior subordinated convertible notes (see below for description). In connection with this \$400 million repayment, the Company also amended its senior secured credit facilities with respect to financial covenants and other matters. The senior secured credit facilities require that the Company comply with two primary financial covenants: an interest coverage ratio for the preceding twelve months, which is tested at the end of each fiscal quarter, and a leverage ratio, with which it must comply at all times. The May 2009 amendment to the senior secured credit facilities postponed the increase in the minimum interest coverage ratio to 4.50 to 1.0 and the decrease in the maximum leverage ratio to 3.25 to 1.0 from the quarter ending September 30, 2009 to the quarter ending September 30, 2010. The subsequent adjustment that increases the minimum interest coverage ratio to 5.00 to 1.0 and decreases the maximum leverage ratio to 2.50 to 1.0 that was previously scheduled for the quarter ending September 30, 2010 was also postponed by one year. In addition, the amendment increased the letter of credit sublimit from \$85 million to \$125 million; increased the limit on letters of credit for a term of more than one year from \$15 million to \$25 million; increased the annual limit on asset sales from \$20 million to \$45 million; eliminated the requirement that 75% of the proceeds from each asset sale be in the form of cash; and added a provision permitting up to \$15 million of yearly asset sale proceeds to be in the form of non-cash proceeds. The Company incurred direct costs of \$2.2 million in connection with this amendment that were capitalized in other noncurrent assets. As a result of the \$400 million term loan repayment, the Company wrote off \$5.4 million in deferred financing fees which are included in interest expense for the nine months ended September 30, 2009.

In March 2009, the Company made the annual excess cash flow payment for 2008 as required under the senior secured credit facilities (see Note 8 in the Notes to Consolidated Financial Statements in the 2008 Form 10-K), reducing the seven-year senior secured term loan by \$114.9 million and the six-year senior secured term loan by \$56.7 million. No portion of the senior secured term loans has been reflected as a current portion of long-term debt as of September 30, 2009 related to the excess cash flow payment that will be due in the first quarter of 2010. The amount that may be payable as an excess cash flow payment in 2010 cannot currently be reliably estimated.

During the nine months ended September 30, 2009, the Company also made mandatory payments of \$2.0 million on its senior secured term loans using the proceeds from the sale of assets, in addition to voluntary repayments of \$5.4 million, the scheduled maturity of \$2.8 million, the excess cash flow payment and the \$400 million repayment discussed above. In connection with the \$5.4 million voluntary prepayment and the

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excess cash flow payment, the Company wrote off \$2.1 million in deferred financing fees which are included in interest expense for the nine months ended September 30, 2009.

As of September 30, 2009, the Company had remaining availability of \$351.9 million under the senior secured revolving credit facility. During the nine months ended September 30, 2009, the Company borrowed and subsequently repaid \$85 million under the senior secured revolving credit facility.

As of September 30, 2009, the minimum interest coverage ratio and the maximum consolidated leverage ratio permitted under the senior secured credit facilities were both 3.75 to 1.0. The Company's estimated interest coverage ratio and consolidated leverage ratio as of September 30, 2009 were 4.64 to 1.0 and 3.05 to 1.0, respectively. Management believes the Company was in compliance with all of its covenants under the senior secured credit facilities as of September 30, 2009.

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)***3.50% Convertible Senior Subordinated Debentures*

On March 19, 2009, the Company completed the private placement of \$100 million aggregate principal amount of its 3.50% convertible senior subordinated debentures due 2024, resulting in net proceeds to the Company of approximately \$98 million. The net proceeds from this refinancing, along with borrowings under the Company's senior secured revolving credit facility, were used to redeem the then outstanding 1% convertible senior subordinated debentures.

On May 29, 2009, the Company issued a conversion termination notice to the holders of \$100 million aggregate principal amount of its 3.50% convertible senior subordinated debentures. In response to the conversion termination notice, all of the holders elected to convert their debentures and received, in addition to shares of common stock issued at the conversion rate, an interest make-whole payment in shares of common stock. The debentures were converted at a rate of 99.354 shares per \$1,000 principal amount, resulting in the issuance of 9.935 million shares of common stock related to the original conversion ratio. The Company also issued 0.443 million shares for the interest make-whole payment. As a result of the interest make-whole payment, the Company recorded an \$11.3 million charge that is included in interest expense for the nine months ended September 30, 2009. Also as a result of the conversion of these debentures into shares of common stock, the Company recorded the unamortized balance of deferred financing costs (\$1.9 million) associated with the issuance of these debentures to additional paid in capital.

*3.25% Senior Subordinated Convertible Notes*

On May 28, 2009, the Company issued \$287.5 million aggregate principal amount of its 3.25% senior subordinated convertible notes due 2015. As described above, the net proceeds from these notes, together with a portion of the net proceeds from the concurrent common stock offering, were used to repay \$400 million of the term loans under the senior secured credit facilities. In connection with the issuance of these notes, the Company incurred costs of \$8.3 million, which were capitalized in other noncurrent assets and are being amortized over the life of the notes.

These notes mature on July 1, 2015, and pay interest semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2010. The notes are convertible into shares of common stock at any time prior to the close of business on the second scheduled trading day prior to the maturity date at the option of the holder. The initial conversion rate is 36.3636 shares of common stock per \$1,000 principal amount of notes, representing a conversion price of approximately \$27.50 per share. In the event of certain fundamental changes, as defined, a holder may elect to require the Company to repurchase its notes for 100% of principal plus accrued interest or a holder may elect to convert its notes at a conversion rate that may be increased in accordance with a make-whole provision. The conversion rate may also be adjusted in certain other situations that are described in the indenture governing the notes. The Company does not have the option to redeem the notes prior to their maturity date. The indenture relating to the notes does not restrict the Company from repurchasing notes in open market purchases or negotiated transactions. The notes are senior subordinated unsecured obligations of the Company and are subordinated in right of payment to all existing and future senior debt of the Company. Payment of principal and interest on the notes is also structurally subordinated to the liabilities of the Company's subsidiaries.

**Other Matters**

The following table summarizes scheduled maturities of long-term debt as of September 30, 2009 (in millions).

|  | Remainder<br>of 2009 | 2010    | 2011    | 2012    | 2013     | Thereafter |
|--|----------------------|---------|---------|---------|----------|------------|
| Scheduled maturities of long-term debt | \$ 1.0               | \$ 11.9 | \$ 11.0 | \$ 72.3 | \$ 354.6 | \$ 1,094.9 |

The weighted average effective interest rate on outstanding borrowings under the above debt instruments, including the effect of the interest rate swap (see Note 6 below) and amortization of associated loan fees, was 6.44% and 5.45% at September 30, 2009 and December 31, 2008, respectively.



**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****5. RESTRUCTURING COSTS**

During the three and nine months ended September 30, 2009, the Company recorded net restructuring charges of \$3.2 million and \$20.0 million, respectively, which were primarily related to facility closures and workforce reductions. The restructuring costs incurred during the three and nine months ended September 30, 2009 resulted from the ongoing acquisition-related integration efforts and initiatives to lower the overall manufacturing, selling and administrative cost structure of the Company in response to the slowdown in demand that has been experienced in most major product groups. The Company's pretax restructuring charges recognized by segment were as follows:

|              | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|--------------|-------------------------------------|-----------------|------------------------------------|------------------|
|              | 2009                                | 2008            | 2009                               | 2008             |
| ACCG         | \$ 796                              | \$              | \$ 7,248                           | \$               |
| Enterprise   | 571                                 | 939             | 3,048                              | 1,549            |
| Broadband    | 486                                 | 1,417           | 4,580                              | 23,575           |
| WNS          | 1,354                               |                 | 5,151                              |                  |
| <b>Total</b> | <b>\$ 3,207</b>                     | <b>\$ 2,356</b> | <b>\$ 20,027</b>                   | <b>\$ 25,124</b> |

The activity within the liability (included in other accrued liabilities) for these restructuring initiatives was as follows:

|  | Employee-<br>Related<br>Costs | Lease<br>Termination<br>Costs | Equipment<br>Relocation<br>Costs | Total     |
|--|-------------------------------|-------------------------------|----------------------------------|-----------|
| Balance as of June 30, 2009                  | \$ 7,827                      | \$ 7,925                      | \$                               | \$ 15,752 |
| Additional charge recorded                   | 1,915                         | 1,064                         | 228                              | 3,207     |
| Revision of Andrew purchase price allocation | (717)                         | (224)                         |                                  | (941)     |
| Cash paid                                    | (5,245)                       | (1,127)                       | (99)                             | (6,471)   |
| Foreign exchange and other non-cash items    | (83)                          | 66                            | (129)                            | (146)     |
| Balance as of September 30, 2009             | \$ 3,697                      | \$ 7,704                      | \$                               | \$ 11,401 |
| Balance as of December 31, 2008              | \$ 31,487                     | \$ 6,208                      | \$                               | \$ 37,695 |
| Additional charge recorded                   | 14,455                        | 4,774                         | 798                              | 20,027    |
| Revision of Andrew purchase price allocation | (2,291)                       | (224)                         |                                  | (2,515)   |
| Cash paid                                    | (40,033)                      | (3,898)                       | (669)                            | (44,600)  |
| Foreign exchange and other non-cash items    | 79                            | 844                           | (129)                            | 794       |
| Balance as of September 30, 2009             | \$ 3,697                      | \$ 7,704                      | \$                               | \$ 11,401 |

Employee-related costs include the expected severance costs and related benefits, accrued over the remaining period employees are required to work in order to receive severance benefits. Lease termination costs relate to the cost of vacating leased facilities, net of anticipated sub-rental income. Equipment relocation costs relate to the costs to uninstall, pack, ship and reinstall manufacturing equipment as well as the costs to prepare the receiving facility to accommodate the equipment. The Company anticipates that there will be additional restructuring charges

recognized during 2009 as previously announced restructuring initiatives are completed. Additional restructuring initiatives may be determined to be necessary if business conditions do not improve.

As a result of restructuring and consolidation actions, there is unutilized real estate at various domestic and international facilities that is recorded in property, plant and equipment on the Condensed Consolidated Balance Sheets at the lower of cost or estimated fair value. The Company is attempting to sell or lease this unutilized space. As additional restructuring initiatives are implemented, additional excess property may be identified and impairment charges, which could be material, may be incurred.

## **6. DERIVATIVES AND HEDGING ACTIVITIES**

The Company is exposed to a variety of risks related to its ongoing business operations. The primary risks that are mitigated by using derivative instruments are interest rate risk and foreign currency exchange rate risk. The Company holds an interest rate swap to manage the variability of forecasted interest payments attributable to changes in interest rates on substantially all of the outstanding balance of the term loans issued under the senior secured credit facilities. The interest rate swap agreement was designated as a cash flow hedge at inception and such designation was substantially effective at September 30, 2009 and is expected to continue to be effective for the duration of the swap agreement, resulting in no material hedge ineffectiveness.



**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)**

The Company uses a cross currency swap to hedge against fluctuations in the fair value of certain of the Company's euro-denominated assets. The designation of the cross currency swap as a fair value hedge was effective as of September 30, 2009 and is expected to continue to be effective for the duration of the agreement, resulting in no anticipated hedge ineffectiveness. The agreement matures in December 2009.

The Company also uses derivative instruments such as forward exchange contracts to reduce the risk of certain foreign currency exchange rate fluctuations. These instruments are not held for speculative or trading purposes. These contracts are not designated as hedges for hedge accounting and are marked to market each period through earnings. The balance sheet location and fair value of each of the Company's derivatives are as follows:

|   | Balance Sheet Location                    | Fair Value of Asset (Liability) as of |                    |
|---|---|---------------------------------------|--------------------|
|   |   | September 30, 2009                    | December 31, 2008  |
| <b>Derivatives designated as hedging instruments:</b>     |   |                                       |                    |
| Interest rate swap  | Other noncurrent liabilities              | \$ (52,302)                           | \$ (70,619)        |
| Cross currency swap                                       | Other accrued liabilities                 | (4,423)                               | (3,944)            |
| Total derivatives designated as hedging instruments       |   | (56,725)                              | (74,563)           |
| <b>Derivatives not designated as hedging instruments:</b> |   |                                       |                    |
| Foreign currency exchange contracts                       | Prepaid expenses and other current assets | \$ 526                                | \$ 3,326           |
| Foreign currency exchange contracts                       | Other accrued liabilities                 | (41)                                  | (1,754)            |
| Total derivatives not designated as hedging instruments   |   | 485                                   | 1,572              |
| <b>Total derivatives</b>                                  |   | <b>\$ (56,240)</b>                    | <b>\$ (72,991)</b> |

As a result of principal payments made during the nine months ended September 30, 2009, the hedged debt was reduced to less than the notional amount of the interest rate swap. As a result, the Company amended its interest rate swap to reduce the notional amount for the period through December 31, 2009 by \$60.5 million. In connection with this amendment, the Company reclassified \$1.1 million of the loss from accumulated other comprehensive income to interest expense. The pretax impact of the interest rate swap on the Condensed Consolidated Financial Statements is as follows:

|   | Gain (Loss) Recognized in OCI (Effective Portion) | Location of Gain (Loss) Recognized in Net Income (Loss) (Effective and Ineffective Portions) | Gain (Loss) Reclassified from Accumulated OCI to Net Income (Effective Portion) | Gain (Loss) Recognized in Net Income (Ineffective Portion) |
|---|---|--|---|--|
| <b>Interest Rate Swap Designated as Cash Flow Hedge</b> |   |  |   |  |
| Three months ended September 30, 2009                   | \$ 1,616  | Interest expense   | \$  | \$ 152   |
| Three months ended September 30, 2008                   | (12,065)  | Interest expense   |   | 171  |
| Nine months ended September 30, 2009                    | 17,833  | Interest expense   | (1,125)   | 484  |
| Nine months ended September 30, 2008                    | (19,715)  | Interest expense   |   | (1,493)  |

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Any gain (loss) on the cross currency swap is offset by the (loss) gain on the euro-denominated assets hedged by the swap. The following table summarizes the pretax impact of the cross currency swap on the Condensed Consolidated Statements of Operations.

| <b>Cross Currency Swap Designated as Fair Value Hedge</b> | <b>Location of Gain (Loss)</b> | <b>Gain (Loss)<br/>Recognized in<br/>Net Income (Loss)</b> |
|---|--------------------------------|--|
| Three months ended September 30, 2009                     | Other income (expense), net    | \$ (493)   |
| Three months ended September 30, 2008                     | Other income (expense), net    | 1,025  |
| Nine months ended September 30, 2009                      | Other income (expense), net    | (667)  |
| Nine months ended September 30, 2008                      | Other income (expense), net    | 141  |

The pretax impact of the foreign currency exchange contracts not designated as hedging instruments on the Condensed Consolidated Statements of Operations is as follows:

| <b>Foreign Currency Contracts Not Designated as Hedging Instruments</b> | <b>Location of Gain (Loss)</b> | <b>Gain (Loss)<br/>Recognized in<br/>Net Income (Loss)</b> |
|---|--------------------------------|--|
| Three months ended September 30, 2009                                   | Other income (expense), net    | \$ 955   |
| Three months ended September 30, 2008                                   | Other income (expense), net    | (4,208)  |
| Nine months ended September 30, 2009                                    | Other income (expense), net    | (2,816)  |
| Nine months ended September 30, 2008                                    | Other income (expense), net    | (1,825)  |

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)**

Activity in the accumulated net loss on derivative instruments included in accumulated other comprehensive income (loss) consisted of the following:

|   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|---|-------------------------------------|-------------|------------------------------------|-------------|
|   | 2009                                | 2008        | 2009                               | 2008        |
| Accumulated net loss on derivative instruments, beginning of period                   | \$ (39,920)                         | \$ (14,155) | \$ (50,137)                        | \$ (8,849)  |
| Gain (loss) on interest rate swap designated as a cash flow hedge, net of taxes       | 1,018                               | (7,601)     | 11,235                             | (12,421)    |
| Gain (loss) on cross currency swap designated as a net investment hedge, net of taxes |                                     |             |                                    | (486)       |
| Accumulated net loss on derivative instruments, end of period                         | \$ (38,902)                         | \$ (21,756) | \$ (38,902)                        | \$ (21,756) |

During the three months ended September 30, 2009 and 2008, the income tax expense (benefit) related to the gain or loss on the derivative financial instruments reported within other comprehensive income (loss) was \$598 and \$(4,464), respectively. During the nine months ended September 30, 2009 and 2008, the income tax expense (benefit) related to the gain or loss on the derivative financial instruments reported within other comprehensive income (loss) was \$6,598 and \$(7,580), respectively.

**7. FAIR VALUE MEASUREMENTS**

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, auction rate securities, debt instruments, a cross currency swap contract and an interest rate swap agreement (see Note 6). For cash and cash equivalents, trade receivables and trade payables, the carrying amounts of these financial instruments as of September 30, 2009 and December 31, 2008 were considered representative of their fair values due to their short terms to maturity. The fair value of the auction rate securities classified as other noncurrent assets was based on a broker quote. The fair values of the Company's seven-year senior secured term loan, 1% convertible debentures and 3.25% convertible notes (see Note 4) were based on quoted market prices. The fair value of the Company's six-year senior secured term loan, which is not quoted in an active market, was based on the quoted market price of the seven-year term loan. The fair value of the Company's cross currency swap contract was based on the net present value of the difference between the expected future U.S. dollar cash flows and the expected future euro cash flows. The fair value of the Company's interest rate swap agreement was based on the net present value of the difference between the expected future fixed rate interest payments and variable rate interest payments.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis under the fair value hierarchy provisions.

| September 30, 2009 |               | December 31, 2008  |               | Valuation<br>Inputs |
|--------------------|---------------|--------------------|---------------|---------------------|
| Carrying<br>Amount | Fair<br>Value | Carrying<br>Amount | Fair<br>Value |                     |

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| Assets:                             |            |            |              |            |         |
|-------------------------------------|------------|------------|--------------|------------|---------|
| Auction rate securities             | \$         | \$         | \$ 3,258     | \$ 3,258   | Level 2 |
| Liabilities:                        |            |            |              |            |         |
| Seven-year senior secured term loan | \$ 838,295 | \$ 817,866 | \$ 1,226,133 | \$ 895,077 | Level 1 |
| Six-year senior secured term loan   | 406,815    | 396,901    | 600,764      | 438,558    | Level 2 |
| 1% convertible debentures           |            |            | 199,519      | 196,027    | Level 1 |
| 3.25% convertible notes             | 287,500    | 376,803    |              |            | Level 1 |
| Cross currency swap                 | 4,423      | 4,423      | 3,944        | 3,944      | Level 2 |
| Interest rate swap                  | 52,302     | 52,302     | 70,619       | 70,619     | Level 2 |

During the three months ended September 30, 2009, the Company received proceeds of \$4.1 million from the sale of its auction rate securities. The sale resulted in a realized loss of \$0.5 million that was included in other expense.

For the three and nine months ended September 30, 2009, the Company did not base the recorded value of any asset or liability on a non-recurring fair value measurement.

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****8. EMPLOYEE BENEFIT PLANS**

|                                       | <b>Pension Benefits</b>                 |               | <b>Other Postretirement Benefits</b> |                 |
|---------------------------------------|---|---------------|--------------------------------------|-----------------|
|                                       | <b>Three Months Ended September 30,</b> |               |                                      |                 |
|                                       | <b>2009</b>                             | <b>2008</b>   | <b>2009</b>                          | <b>2008</b>     |
| Service cost                          | \$ 677                                  | \$ 830        | \$ 867                               | \$ 843          |
| Interest cost                         | 3,149                                   | 3,236         | 1,587                                | 1,510           |
| Recognized actuarial (gain) loss      | 503                                     |               | (172)                                | (123)           |
| Amortization of prior service credits | (193)                                   | (193)         | 22                                   | (23)            |
| Amortization of transition obligation | 4                                       | 13            |                                      |                 |
| Expected return on plan assets        | (2,717)                                 | (3,712)       | (131)                                | (127)           |
| <b>Net periodic benefit cost</b>      | <b>\$ 1,423</b>                         | <b>\$ 174</b> | <b>\$ 2,173</b>                      | <b>\$ 2,080</b> |

  

|                                       | <b>Nine Months Ended September 30,</b> |               |                 |                 |
|---------------------------------------|--|---------------|-----------------|-----------------|
|                                       | <b>2009</b>                            | <b>2008</b>   | <b>2009</b>     | <b>2008</b>     |
|                                       | Service cost                           | \$ 2,023      | \$ 2,563        | \$ 2,601        |
| Interest cost                         | 9,573                                  | 10,468        | 4,761           | 4,528           |
| Recognized actuarial (gain) loss      | 1,499                                  |               | (517)           | (371)           |
| Amortization of prior service credits | (578)                                  | (578)         | 69              | (65)            |
| Amortization of transition obligation | 13                                     | 38            |                 |                 |
| Expected return on plan assets        | (8,260)                                | (11,918)      | (394)           | (379)           |
| <b>Net periodic benefit cost</b>      | <b>\$ 4,270</b>                        | <b>\$ 573</b> | <b>\$ 6,520</b> | <b>\$ 6,240</b> |

The Company contributed approximately \$6.4 million and \$14.2 million to its pension plans during the three and nine months ended September 30, 2009, respectively, and anticipates making additional contributions of approximately \$0.4 million to these plans during 2009. The Company contributed approximately \$1.2 million and \$3.5 million to its other postretirement benefit plans during the three and nine months ended September 30, 2009, respectively, and anticipates making additional contributions of approximately \$1.2 million to these plans during 2009.

**9. EQUITY-BASED COMPENSATION PLANS**

As of September 30, 2009, \$20.4 million of unrecognized compensation costs related to non-vested awards are expected to be recognized over a weighted average period of 1.5 years. There were no significant capitalized equity-based compensation costs at September 30, 2009.

**Stock Options**

The following table summarizes the stock option activity for the three and nine months ended September 30, 2009 (in thousands, except per share data):

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|   | Shares | Weighted<br>Average Option<br>Exercise Price<br>Per Share | Weighted Average<br>Grant Date<br>Fair Value<br>Per Share | Aggregate<br>Intrinsic<br>Value |
|---|--------|---|---|---------------------------------|
| Outstanding and expected to vest at June 30, 2009 | 3,229  | \$ 25.21  |   |                                 |
| Exercised   | (25)   | \$ 12.21  |   |                                 |
| Expired or forfeited                              | (7)    | \$ 51.65  | \$ 10.05  |                                 |
| Outstanding at September 30, 2009                 | 3,197  | \$ 25.25  |   | \$ 33,045                       |
| Expected to vest at September 30, 2009            | 632    | \$ 20.21  |   | \$ 8,204                        |
| Exercisable at September 30, 2009                 | 2,554  | \$ 26.57  |   | \$ 24,616                       |

|   | Shares | Weighted<br>Average Option<br>Exercise Price<br>Per Share | Weighted Average<br>Grant Date<br>Fair Value<br>Per Share | Aggregate<br>Intrinsic<br>Value |
|---|--------|---|---|---------------------------------|
| Outstanding and expected to vest at December 31, 2008 | 2,895  | \$ 27.55  |   |                                 |
| Granted   | 419    | \$ 9.80   | \$ 4.74   |                                 |
| Exercised   | (48)   | \$ 13.04  |   |                                 |
| Expired or forfeited                                  | (69)   | \$ 35.97  | \$ 11.27  |                                 |
| Outstanding at September 30, 2009                     | 3,197  | \$ 25.25  |   | \$ 33,045                       |

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)**

The total intrinsic value of options exercised during both the three and nine months ended September 30, 2009 was \$0.4 million and \$0.7 million, respectively. The total intrinsic value of options exercised during the three and nine months ended September 30, 2008 was \$7.0 million and \$16.8 million, respectively.

The exercise prices of outstanding options at September 30, 2009 were in the following ranges:

| Range of Exercise Prices | Options Outstanding      |  |  | Options Exercisable      |  |
|--------------------------|--------------------------|--|--|--------------------------|--|
|                          | Shares<br>(in thousands) | Weighted<br>Average<br>Remaining<br>Contractual Life<br>(in years) | Weighted<br>Average<br>Exercise Price<br>Per Share | Shares<br>(in thousands) | Weighted<br>Average<br>Exercise Price<br>Per Share |
| \$7.43 to \$16.00        | 1,099                    | 6.0  | \$ 11.17   | 680                      | \$ 12.01   |
| 16.01 to 29.93           | 1,051                    | 3.9  | \$ 18.11   | 1,051                    | \$ 18.11   |
| 29.94 to 42.00           | 644                      | 5.6  | \$ 37.22   | 420                      | \$ 36.20   |
| 42.01 to 75.48           | 403                      | 2.0  | \$ 63.18   | 403                      | \$ 63.18   |
| <b>\$7.43 to \$75.48</b> | <b>3,197</b>             | <b>4.7</b>   | <b>\$ 25.25</b>                                    | <b>2,554</b>             | <b>\$ 26.57</b>                                    |

The Company uses the Black-Scholes model to estimate the fair value of stock option awards. Key input assumptions used in the model to estimate the fair value of stock options include the grant price of the award, the expected option term, volatility of the Company's stock, the risk-free rate and the Company's projected dividend yield. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in estimating the fair values of CommScope stock options. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company. The following table presents the weighted average assumptions used to estimate the fair value of stock option awards granted during the nine months ended September 30, 2009 and 2008.

|  | Nine Months Ended<br>September 30, |          |
|--|------------------------------------|----------|
|  | 2009                               | 2008     |
| Expected option term (in years)            | 5.0                                | 7.0      |
| Risk-free interest rate                    | 1.7%                               | 3.0%     |
| Expected volatility                        | 55.0%                              | 45.0%    |
| Expected dividend yield                    | 0%                                 | 0%       |
| Exercise price (stock price at grant date) | \$ 9.80                            | \$ 41.22 |
| Weighted-average fair value at grant date  | \$ 4.74                            | \$ 20.85 |

**Performance Share Units**

The following table summarizes the performance share unit activity for the three and nine months ended September 30, 2009 (in thousands, except per share data):

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|  | Performance<br>Share Units | Weighted Average Grant<br>Date Fair Value<br>Per Share |
|--|----------------------------|--|
| Outstanding and non-vested at June 30, 2009      | 641                        | \$ 27.22   |
| Granted  | 1                          | \$ 26.18   |
| Vested and shares issued                         | (1)                        | \$ 31.23   |
| Forfeited  | (5)                        | \$ 11.98   |
| Outstanding and non-vested at September 30, 2009 | 636                        | \$ 27.33   |

|  | Performance<br>Share Units | Weighted Average Grant<br>Date Fair Value<br>Per Share |
|--|----------------------------|--|
| Outstanding and non-vested at December 31, 2008  | 433                        | \$ 36.05   |
| Granted  | 220                        | \$ 9.92  |
| Vested and shares issued                         | (5)                        | \$ 25.23   |
| Forfeited  | (12)                       | \$ 24.69   |
| Outstanding and non-vested at September 30, 2009 | 636                        | \$ 27.33   |



**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)****Restricted Stock Units**

The following table summarizes the restricted stock unit activity for the three and nine months ended September 30, 2009 (in thousands, except per share data):

|  | <b>Restricted<br/>Stock Units</b> | <b>Weighted Average Grant<br/>Date Fair Value<br/>Per Share</b> |
|--|-----------------------------------|---|
| Outstanding and non-vested at June 30, 2009      | 1,204                             | \$ 24.53  |
| Granted  | 15                                | \$ 25.63  |
| Vested and shares issued                         | (8)                               | \$ 44.76  |
| Forfeited  | (10)                              | \$ 18.70  |
| Outstanding and non-vested at September 30, 2009 | 1,201                             | \$ 24.45  |

|  | <b>Restricted<br/>Stock Units</b> | <b>Weighted Average Grant<br/>Date Fair Value<br/>Per Share</b> |
|--|-----------------------------------|---|
| Outstanding and non-vested at December 31, 2008  | 663                               | \$ 37.67  |
| Granted  | 597                               | \$ 10.25  |
| Vested and shares issued                         | (16)                              | \$ 34.95  |
| Forfeited  | (43)                              | \$ 27.41  |
| Outstanding and non-vested at September 30, 2009 | 1,201                             | \$ 24.45  |

**Other**

During the nine months ended September 30, 2009, the Company issued 259,884 shares of its common stock valued at \$6.8 million as an employer contribution to the CommScope, Inc. Retirement Savings Plan. This issuance of shares is included as an adjustment to reconcile net income to net cash provided by operating activities on the Condensed Consolidated Statements of Cash Flows.

**10. SEGMENTS**

The Company's four reportable segments, which align with the manner in which the business is managed, are as follows: Antenna, Cable and Cabinets Group (ACCG); Enterprise; Broadband; and Wireless Network Solutions (WNS).

The ACCG segment includes product offerings of primarily passive transmission devices for the wireless infrastructure market including base station antennas, coaxial cable and connectors and microwave antennas as well as secure environmental enclosures for electronic devices and equipment used by wireline and wireless providers.

The Enterprise segment consists mainly of structured cabling systems for business enterprise applications and connectivity solutions for wired and wireless networks within organizations. The segment also includes coaxial cable for various video and data applications that are not related to cable television.

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The Broadband segment consists mainly of coaxial cable, fiber optic cable and conduit for cable television system operators. These products support multi-channel video, voice and high-speed data services for residential and commercial customers using hybrid fiber coaxial architecture.

The WNS segment consists of base station subsystems and core network products, such as power amplifiers, filters, location-based systems, network optimization analysis systems and products and solutions that extend and enhance the coverage of wireless networks, such as radio frequency repeaters and distributed antenna systems. Base station subsystems and RF products cover all of the major wireless standards and frequency bands and are sold individually or as part of integrated systems.

**Table of Contents****CommScope, Inc.****Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Unaudited In Thousands, Unless Otherwise Noted)**

The following tables provide summary financial information by segment (in millions):

|   | September 30,<br>2009 | December 31,<br>2008 |
|---|-----------------------|----------------------|
| Identifiable segment-related assets:      |                       |                      |
| ACCG                                      | \$ 1,978.8            | \$ 2,188.8           |
| Enterprise                                | 329.0                 | 334.3                |
| Broadband                                 | 353.7                 | 373.1                |
| WNS                                       | 606.5                 | 673.5                |
| <br>                                      |                       |                      |
| Total identifiable segment-related assets | 3,268.0               | 3,569.7              |
| Reconciliation to total assets:           |                       |                      |
| Cash and cash equivalents                 | 592.9                 | 412.1                |
| Deferred income tax asset                 | 70.2                  | 81.0                 |
| <br>                                      |                       |                      |
| Total assets                              | \$ 3,931.1            | \$ 4,062.8           |

The following table presents the allocation of goodwill to reportable segments (in millions):

|                | September 30,<br>2009 | December 31,<br>2008 |
|----------------|-----------------------|----------------------|
| ACCG           | \$ 706.5              | \$ 708.6             |
| Enterprise     | 20.9                  | 20.9                 |
| Broadband      | 133.6                 | 133.6                |
| WNS            | 133.7                 | 134.2                |
| <br>           |                       |                      |
| Total goodwill | \$ 994.7              | \$ 997.3             |

The following table provides net sales and operating income (loss) by segment (in millions):

|                            | Three Months<br>Ended September 30, |          | Nine Months<br>Ended September 30, |            |
|----------------------------|-------------------------------------|----------|------------------------------------|------------|
|                            | 2009                                | 2008     | 2009                               | 2008       |
| Net sales:                 |                                     |          |                                    |            |
| ACCG                       | \$ 316.4                            | \$ 495.0 | \$ 964.5                           | \$ 1,474.2 |
| Enterprise                 | 177.6                               | 236.5    | 485.9                              | 691.0      |
| Broadband                  | 136.7                               | 159.0    | 369.1                              | 458.3      |
| WNS                        | 120.3                               | 174.7    | 459.0                              | 540.7      |
| Inter-segment eliminations | (0.6)                               | (2.9)    | (2.1)                              | (9.4)      |

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|                               |          |            |            |            |
|-------------------------------|----------|------------|------------|------------|
| Consolidated net sales        | \$ 750.4 | \$ 1,062.3 | \$ 2,276.4 | \$ 3,154.8 |
| Operating income (loss):      |          |            |            |            |
| ACCG                          | \$ 23.0  | \$ 62.7    | \$ 24.2    | \$ 149.2   |
| Enterprise                    | 36.9     | 46.1       | 72.2       | 123.0      |
| Broadband                     | 32.3     | 13.9       | 68.7       | 8.5        |
| WNS                           | (1.0)    | 4.8        | 9.2        | (27.8)     |
| Consolidated operating income | \$ 91.2  | \$ 127.5   | \$ 174.3   | \$ 252.9   |

11. SUPPLEMENTAL CASH FLOW INFORMATION

|  | Nine Months Ended<br>September 30, |           |
|--|------------------------------------|-----------|
|  | 2009                               | 2008      |
| Cash paid during the period for:                             |                                    |           |
| Income taxes, net of refunds                                 | \$ 52,403                          | \$ 18,823 |
| Interest   | 73,115                             | 105,783   |
| Non-cash investing and financing activities:                 |                                    |           |
| Conversion of senior subordinated debentures to common stock | \$ 124,029                         | \$ 76,607 |
| Issuance of shares in lieu of cash for executive bonuses     | 1,078                              |           |
| Assets acquired under capital lease                          |                                    | 4,903     |

**Table of Contents****ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations for the three and nine months ended September 30, 2009 and 2008 is provided to increase the understanding of, and should be read in conjunction with, the unaudited condensed consolidated financial statements and accompanying notes included in this document, as well as the audited consolidated financial statements, related notes thereto and management's discussion and analysis of financial condition and results of operations, including management's discussion and analysis about the application of critical accounting policies, included in our 2008 Annual Report on Form 10-K.

**Overview**

CommScope, Inc. and its wholly owned subsidiaries (CommScope or the Company) is a world leader in infrastructure solutions for communication networks. Through its Andrew Solutions™ brand, the Company is a global leader in radio frequency subsystem solutions for wireless networks. Through its SYSTIMAX® and Uniprise® brands, CommScope is also a world leader in network infrastructure solutions for business enterprise applications. CommScope is also the premier manufacturer of coaxial cable for broadband cable television networks and one of the leading North American providers of environmentally secure cabinets for digital subscriber line (DSL) and fiber-to-the-node applications.

**CRITICAL ACCOUNTING POLICIES**

There have been no changes in our critical accounting policies or significant accounting estimates as disclosed in our 2008 Annual Report on Form 10-K other than the adoption of several new accounting standards that did not have a material impact on our financial statements. See Note 1 to Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for a list of the standards implemented for the nine months ended September 30, 2009.

**Goodwill**

Goodwill and other intangible assets with indefinite lives are tested for impairment annually as of August 31 for the Broadband and Enterprise reporting units and as of October 1 for reporting units within the Antenna, Cable and Cabinets Group (ACCG) and Wireless Network Solutions (WNS) segments. In addition, these assets are tested for impairment on an interim basis when events occur or circumstances indicate the carrying value of these intangibles may no longer be recoverable. Goodwill is evaluated at the reporting unit level, which may be the same as a reportable segment or a level below a reportable segment. The goodwill balance as of September 30, 2009 is as follows (in millions):

| Reportable Segment | Reporting Unit             | Goodwill Balance |
|--------------------|----------------------------|------------------|
| ACCG               | Cable Products             | \$ 380.5         |
| ACCG               | Base Station Antennas      | 171.9            |
| ACCG               | Microwave Antennas         | 154.1            |
| WNS                | WNS Services               | 42.8             |
| WNS                | Power Amplifiers           | 26.9             |
| WNS                | Wireless Innovations Group | 64.0             |
| Broadband          | Broadband                  | 133.6            |
| Enterprise         | Enterprise                 | 20.9             |
| Total              |                            | \$ 994.7         |

**2008 Goodwill Impairment Charge**

During the fourth quarter of 2008, we recorded a goodwill impairment charge of \$297.3 million related to reporting units in the ACCG and WNS segments. The 2008 goodwill impairment charge by reporting unit was as follows (in millions):

| Reportable Segment | Reporting Unit        | 2008 Goodwill Impairment Charge |
|--------------------|-----------------------|---------------------------------|
| ACCG               | Cable Products        | \$ 37.1                         |
| ACCG               | Base Station Antennas | 47.1                            |

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|       |                    |          |
|-------|--------------------|----------|
| ACCG  | Microwave Antennas | 18.6     |
| WNS   | WNS Services       | 106.0    |
| WNS   | Power Amplifiers   | 88.5     |
| Total |                    | \$ 297.3 |

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In performing the 2008 annual goodwill impairment testing for the ACCG and WNS segments, we used a discounted cash flow (DCF) valuation model. All of the 2008 goodwill impairment recorded for reporting units in the ACCG segment was the result of a 200 basis point increase in the discount rate as compared to the 10.5% discount rate used in the purchase price allocation performed one year earlier. Approximately 17% of the impairment charge recorded for reporting units in the WNS segment was the result of a 200 basis point increase in the discount rate as compared to the 12.0% discount rate used in the purchase price allocation performed one year earlier. The remainder of the impairment charge resulted from lower projected operating results than those used in the purchase price allocation. In developing our projected operating results as part of the 2008 impairment evaluation, we considered the global economic uncertainty and reduced our expected operating income for 2009. Projected operating results for future years were also impacted by the uncertainty that existed, though the timing of projected recoveries varied by reporting unit, based on management estimates.

*Third Quarter 2009 Interim Goodwill Analysis*

During the three months ended September 30, 2009, the Company's management determined that an indication of potential goodwill impairment existed for the cable products reporting unit in the ACCG segment due to lower than planned results in the quarter and planning activities that projected lower operating results for this reporting unit for the remainder of 2009 and 2010 than had been previously forecasted. Accordingly, a step one impairment test was performed using a discounted cash flow valuation model. It was determined that the estimated fair value of the cable products reporting unit was approximately 3% higher than its carrying value, and thus no impairment existed as of September 30, 2009. The estimated fair value and carrying value of the cable products reporting unit increased approximately 3% and 1%, respectively, from the impairment test performed in June 2009 to the impairment test performed in September 2009.

Compared to the impairment analysis performed in June 2009, projected total revenues and revenue growth rates were lower in the September 2009 analysis for this reporting unit. The revenues used in the September 2009 analysis do not project a recovery to the levels projected in the June 2009 or the 2008 annual impairment test. Annual projected operating income margins ranged from 6.2% to 17.5% in the September 2009 analysis compared to 7.1% to 16.8% in the June 2009 analysis. The growth rates and operating income margins used in the September 2009 analysis are based on management's current expectation of the future projections for the reporting unit. As a result of improving conditions in capital markets, we used a discount rate of 12.0% in the September 2009 analysis as compared to 12.5% used in the June 2009 and fourth quarter 2008 analyses. If the discount rate had remained 12.5% in the September 2009 analysis, the cable products unit would have failed the step one impairment test and a step two analysis would have been required.

The sensitivity of the estimated fair value and the excess (deficit) of estimated fair value as a percent of the carrying value of the cable products reporting unit as of September 30, 2009 to changes in the key assumptions, assuming all other assumptions remain constant, is as follows:

| <b>Change in Assumption</b>                             | <b>Decrease in Estimated Fair Value</b> | <b>Excess (Deficit) of Estimated Fair Value as a Percent of Carrying Value</b> |
|---|---|--|
| Decrease of 0.5% in Compound Annual Revenue Growth Rate | 3.3%                                    | (0.4)%   |
| Decrease of 0.5% in Annual Operating Income Margin      | 2.5%                                    | 0.4%   |
| Increase of 0.5% in Discount Rate                       | 4.0%                                    | (1.1)%   |

*Third Quarter 2009 Annual Goodwill Analysis*

We used DCF models to perform our annual impairment analysis as of August 31, 2009 for the goodwill allocated to the Broadband and Enterprise reporting units. The fair values of the Broadband and Enterprise reporting units exceeded their carrying values by 45% and 253%, respectively. If the key assumptions used in our DCF models all deteriorated by 0.5%, the fair values of the Broadband and Enterprise segments would still exceed their carrying values by 29% and 209%, respectively.

While no impairment charges have resulted from the analyses performed in the three or nine months ended September 30, 2009, impairment charges may occur in the future in cable products or other reporting units due to changes in projected revenue growth rates, projected operating margins or estimated discount rates, among other factors. Historical or projected revenues or cash flows may not be indicative of actual future results.





**Table of Contents****COMPARISON OF RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 WITH THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008**

|   | Three Months Ended September 30,<br>2009        |                   | 2008       |                   | Dollar<br>Change | %<br>Change |
|---|---|-------------------|------------|-------------------|------------------|-------------|
|   | Amount  | % of Net<br>Sales | Amount     | % of Net<br>Sales |                  |             |
|   | (dollars in millions, except per share amounts) |                   |            |                   |                  |             |
| Net sales                                   | \$ 750.4  | 100.0%            | \$ 1,062.3 | 100.0%            | \$ (311.9)       | (29.4)%     |
| Gross profit                                | 244.8   | 32.6              | 301.8      | 28.4              | (57.0)           | (18.9)      |
| SG&A expense                                | 103.2   | 13.8              | 114.1      | 10.7              | (10.9)           | (9.5)       |
| R&D expense                                 | 26.4  | 3.5               | 33.6       | 3.2               | (7.2)            | (21.3)      |
| Amortization of purchased intangible assets | 20.8  | 2.8               | 24.3       | 2.3               | (3.5)            | (14.3)      |
| Restructuring costs                         | 3.2   | 0.4               | 2.4        | 0.2               | 0.8              | 36.1        |
| Net income                                  | 45.8  | 6.1               | 84.7       | 8.0               | (38.9)           | (45.9)      |
| Diluted earnings per share                  | 0.45  |                   | 1.05       |                   |                  |             |

|   | Nine Months Ended September 30,<br>2009         |                   | 2008       |                   | Dollar<br>Change | %<br>Change |
|---|---|-------------------|------------|-------------------|------------------|-------------|
|   | Amount  | % of Net<br>Sales | Amount     | % of Net<br>Sales |                  |             |
|   | (dollars in millions, except per share amounts) |                   |            |                   |                  |             |
| Net sales                                   | \$ 2,276.4                                      | 100.0%            | \$ 3,154.8 | 100.0%            | \$ (878.4)       | (27.8)%     |
| Gross profit                                | 642.6   | 28.2              | 840.0      | 26.6              | (197.4)          | (23.5)      |
| SG&A expense                                | 303.4   | 13.3              | 384.9      | 12.2              | (81.5)           | (21.2)      |
| R&D expense                                 | 82.5  | 3.6               | 103.8      | 3.3               | (21.3)           | (20.6)      |
| Amortization of purchased intangible assets | 62.5  | 2.7               | 73.4       | 2.3               | (10.9)           | (14.9)      |
| Restructuring costs                         | 20.0  | 0.9               | 25.1       | 0.8               | (5.1)            | (20.3)      |
| Net income                                  | 40.7  | 1.8               | 113.9      | 3.6               | (73.1)           | (64.2)      |
| Diluted earnings per share                  | 0.47  |                   | 1.43       |                   |                  |             |

**Net sales**

The decrease in net sales for the three and nine months ended September 30, 2009 as compared to the same prior year periods is generally attributable to overall weakness in the global economy. Net sales in all segments were negatively affected by the significant economic downturn and difficult business environment. Specific factors that contributed to the decline in net sales were decreased capital spending by telecommunication providers, a slowdown in commercial and residential construction and reductions in distributor inventory levels. Foreign exchange rates adversely affected sales by 1% and 2%, respectively, for the three and nine months ended September 30, 2009 as compared to the same periods in 2008. Net sales of \$11.3 million for the four-day period from December 28, 2007 to December 31, 2007 (the period after the closing date for the acquisition of Andrew Corporation) are included in sales for the nine months ended September 30, 2008 and are included in the ACCG and WNS segments. For further details by segment, see the section titled *Segment Results* below. We expect weakness in the global economy to continue to negatively affect 2009 sales volumes as compared to 2008 sales volumes.

**Gross profit (net sales less cost of sales)**

The year-over-year decrease in gross profit of \$57.0 million and \$197.4 million for the three and nine months ended September 30, 2009, respectively, is primarily attributable to the decline in net sales. Also contributing to the decline is the underabsorption of manufacturing overhead as production levels were lowered in response to weaker global demand. Cost reduction efforts, including facility closures, reductions in staffing and the suspension of certain discretionary bonuses helped to reduce certain manufacturing costs. Benefits from lower raw material costs were not fully realized due to the higher cost inventory that was still on hand at the beginning of the year. Gross profit for the nine months ended September 30, 2009 includes charges of \$21.2 million related to the TruePosition litigation. Gross profit for the three and nine months ended September 30, 2008 was adversely affected by \$1.8 million and \$59.3 million, respectively, of purchase accounting adjustments related to inventory acquired in the Andrew acquisition.

As a result of conforming accounting policies between Andrew and CommScope, \$5.3 million and \$16.5 of distribution costs that were originally reflected as cost of sales have been reclassified to selling, general and administrative expense for the three and nine months ended September 30, 2008, respectively.



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The timing of an improvement in the overall economic environment remains uncertain. We expect continued volatility in the costs of certain raw materials, particularly copper, aluminum, plastics and other polymers. If raw material costs increase and we delay implementing price increases or are unable to achieve market acceptance of announced or future price increases, gross profit may be adversely affected. Price reductions in response to a significant decline in raw material costs may also have an adverse impact on gross profit.

***Selling, general and administrative expense***

The year-over-year decrease in selling, general and administrative expense (SG&A) of \$10.9 million and \$81.5 million for the three and nine months ended September 30, 2009, respectively, was primarily due to cost reduction efforts including workforce reductions, lower selling costs due to the lower net sales and the suspension of discretionary bonus programs during 2009. Included in SG&A for the three and nine months ended September 30, 2008 was a benefit of \$10.0 million related to the release of a liability resulting from the alignment of certain employee benefit policies between legacy CommScope and legacy Andrew. Also included in SG&A for the three and nine months ended September 30, 2008 were acquisition and integration related costs of \$0.4 million and \$4.2 million, respectively. Although SG&A expense declined in 2009 as compared to 2008, SG&A expense as a percentage of sales increased for the quarter and the year-to-date period due to the decreased level of net sales.

***Research and development***

Research and development (R&D) expense decreased by \$7.2 million and \$21.3 million for the three and nine months ended September 30, 2009, respectively, as compared to the same periods in 2008 primarily as a result of cost reduction efforts, including the suspension of discretionary bonus programs during 2009. R&D expense as a percentage of net sales increased to 3.5% and 3.6% for the three and nine months ended September 30, 2009, respectively, as compared to 3.2% and 3.3% for the comparable 2008 three and nine month periods, respectively, due to the decrease in net sales. R&D activities generally relate to ensuring that our products are capable of meeting the developing technological needs of our customers, bringing new products to market and modifying existing products to better serve our customers.

***Amortization of purchased intangible assets***

With the acquisition of Andrew, we recorded intangible assets of \$965 million. In the fourth quarter of 2008, we recognized an impairment charge of \$97 million related to certain of these intangible assets. As a result of this impairment, the amortization of purchased intangibles declined \$3.5 million and \$10.9 million for the three and nine months ended September 30, 2009, respectively, as compared to the same periods in 2008. Of the total amortization expense for the three and nine months ended September 30, 2009, \$3.6 million and \$10.8 million, respectively, relates to patents and technologies and is included in cost of sales. In the comparable prior year periods, amortization expense of \$3.8 million and \$11.6 million was included in cost of sales.

***Restructuring Costs***

We recognized pretax restructuring costs of \$3.2 million and \$20.0 million during the three and nine months ended September 30, 2009, respectively, compared with \$2.4 million and \$25.1 million during the comparable periods ended September 30, 2008, respectively. The restructuring costs in the three and nine months ended September 30, 2009 resulted primarily from facility closures and other workforce reductions in response to the decline in net sales. The restructuring charges incurred during the three and nine months ended September 30, 2008 resulted from an effort to lower the overall manufacturing cost structure of the Company following the Andrew acquisition.

We anticipate that there will be additional restructuring charges recognized during 2009 as previously announced restructuring initiatives are completed. Additional restructuring initiatives may be determined to be necessary if business conditions do not improve.

As a result of restructuring and consolidation actions, there is unutilized real estate at various facilities in the U.S. and internationally, which is carried at the lower of cost or estimated fair value. We are attempting to sell or lease this unutilized space. If additional restructuring initiatives are implemented, additional excess real estate or equipment may be identified and impairment charges, which may be material, may be incurred.

***Other expense, net***

Foreign exchange losses of \$1.6 million and \$4.6 million are included in net other expense for the three and nine months ended September 30, 2009, respectively, compared to gains (losses) of \$0.2 million and \$(11.6) million for the comparable periods ended September 30, 2008, respectively. Realized losses of \$0.5 million on the sale of auction rate securities are also included in net other expense for the three and nine months ended September 30, 2009. Net other expense for the nine months ended September 30, 2009 and 2008 includes losses of \$8.6 million and \$2.8 million, respectively, on the induced conversion of our 1% convertible senior subordinated debentures.



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**Table of Contents*****Net interest income (expense)***

We incurred net interest expense of \$24.8 million and \$96.1 million during the three and nine months ended September 30, 2009, respectively, compared to net interest expense of \$31.0 million and \$96.7 million for the three and nine months ended September 30, 2008, respectively. During the nine months ended September 30, 2009, interest expense includes an \$11.3 million charge for the interest make-whole payment related to the conversion of the 3.50% convertible debentures. Interest expense for the nine months ended September 30, 2009 also includes \$7.5 million related to the write off of deferred financing costs in connection with accelerated debt payments. These increases in interest expense are partially offset by a reduction in interest expense resulting from lower outstanding debt balances in 2009 as compared to 2008. Our weighted average effective interest rate on outstanding borrowings, including the interest rate swap and amortization of deferred financing costs, was 6.44% as of September 30, 2009, 5.45% as of December 31, 2008 and 6.25% as of September 30, 2008.

***Income taxes***

Our effective income tax rate was 28.8% and 38.0% for the three and nine months ended September 30, 2009, respectively, compared to 12.2% and 18.8% for the three and nine months ended September 30, 2008, respectively. The income tax provision for the three and nine months ended September 30, 2009 includes benefits of \$7.1 million primarily related to the completion of prior year U.S. and foreign income tax returns, the resolution of various income tax uncertainties and the settlement of various U.S. and foreign income tax audits. The income tax provision for the nine months ended September 30, 2009 includes net benefits of \$4.7 million primarily related to the completion of prior year U.S. and foreign income tax returns, the resolution of certain income tax uncertainties and the settlement of various U.S. and foreign income tax audits, partially offset by the impact of non-deductible debt retirement costs. The effective rate excluding the impact of these items was 39.8% and 45.0% for the three and nine months ended September 30, 2009, respectively.

Income before income taxes for the three and nine months ended September 30, 2008 includes \$1.4 million and \$26.9 million, respectively, of charges primarily related to restructuring initiatives, for which we have not recognized tax benefits. The merger of the legacy Andrew Brazilian entity into the legacy CommScope Brazilian entity resulted in the partial release of valuation allowances carried against the legacy CommScope Brazilian net operating loss carryforwards. This release provided a \$5.0 million benefit to the tax provision for the three and nine months ended September 30, 2008. Also included in the income tax provision for the nine months ended September 30, 2008 is a benefit of \$3.9 million related to the settlement of various U.S. and foreign income tax audits. The effective rate excluding these items was 17.1% and 21.0% for the three and nine months ended September 30, 2008, respectively.

The adjusted tax rates for 2009 are higher than the U.S. statutory rate and the adjusted tax rates for the comparable periods for 2008 primarily due to the provision of U.S. taxes on a substantial portion of our current year foreign earnings in anticipation of repatriation. Our effective tax rate for the three and nine months ended September 30, 2008 reflects the benefits derived from significant operations outside the U.S., which are generally taxed at rates lower than the U.S. statutory rate of 35%, partially offset by U.S. state income taxes and valuation allowances for losses in certain foreign jurisdictions for which tax benefits cannot be recognized.

**Table of Contents****Segment Results**

|   | Three Months Ended September 30,<br>2009 |                   | 2008       |                   | Dollar<br>Change | %<br>Change |
|---|--|-------------------|------------|-------------------|------------------|-------------|
|   | Amount                                   | % of Net<br>Sales | Amount     | % of Net<br>Sales |                  |             |
| (dollars in millions, except per share amounts) |  |                   |            |                   |                  |             |
| Net sales by segment:                           |  |                   |            |                   |                  |             |
| ACCG  | \$ 316.4                                 | 42.2%             | \$ 495.0   | 46.6%             | \$ (178.6)       | (36.1)%     |
| Enterprise                                      | 177.6                                    | 23.7%             | 236.5      | 22.3%             | (58.9)           | (24.9)%     |
| Broadband                                       | 136.7                                    | 18.2%             | 159.0      | 15.0%             | (22.3)           | (14.0)%     |
| WNS   | 120.3                                    | 16.0%             | 174.7      | 16.4%             | (54.4)           | (31.1)%     |
| Inter-segment eliminations                      | (0.6)                                    | (0.1)%            | (2.9)      | (0.3)%            | 2.3              | NM          |
| Consolidated net sales                          | \$ 750.4                                 | 100.0%            | \$ 1,062.3 | 100.0%            | \$ (311.9)       | (29.4)%     |
| Total domestic sales                            | \$ 401.8                                 | 53.5%             | \$ 493.8   | 46.5%             | \$ (92.0)        | (18.6)%     |
| Total international sales                       | 348.6                                    | 46.5%             | 568.5      | 53.5%             | (219.9)          | (38.7)%     |
| Total worldwide sales                           | \$ 750.4                                 | 100.0%            | \$ 1,062.3 | 100.0%            | \$ (311.9)       | (29.4)%     |
| Operating income (loss) by segment:             |  |                   |            |                   |                  |             |
| ACCG  | \$ 23.0                                  | 7.3%              | \$ 62.7    | 12.7%             | \$ (39.7)        | (63.3)%     |
| Enterprise                                      | 36.9                                     | 20.7%             | 46.1       | 19.5%             | (9.2)            | (20.0)%     |
| Broadband                                       | 32.3                                     | 23.7%             | 13.9       | 8.7%              | 18.4             | 132.4       |
| WNS   | (1.0)                                    | (0.8)%            | 4.8        | 2.7%              | (5.8)            | (120.8)     |
| Consolidated operating income                   | \$ 91.2                                  | 12.1%             | \$ 127.5   | 12.0%             | \$ (36.3)        | (28.5)%     |

NM Not meaningful

|   | Nine Months Ended September 30,<br>2009 |                   | 2008       |                   | Dollar<br>Change | %<br>Change |
|---|---|-------------------|------------|-------------------|------------------|-------------|
|   | Amount                                  | % of Net<br>Sales | Amount     | % of Net<br>Sales |                  |             |
| (dollars in millions, except per share amounts) |   |                   |            |                   |                  |             |
| Net sales by segment:                           |   |                   |            |                   |                  |             |
| ACCG  | \$ 964.5                                | 42.4%             | \$ 1,474.2 | 46.7%             | \$ (509.7)       | (34.6)%     |
| Enterprise                                      | 485.9                                   | 21.3%             | 691.0      | 21.9%             | (205.1)          | (29.7)%     |
| Broadband                                       | 369.1                                   | 16.2%             | 458.3      | 14.5%             | (89.2)           | (19.5)%     |
| WNS   | 459.0                                   | 20.2%             | 540.7      | 17.1%             | (81.7)           | (15.1)%     |
| Inter-segment eliminations                      | (2.1)                                   | (0.1)%            | (9.4)      | (0.2)%            | 7.3              | NM          |
| Consolidated net sales                          | \$ 2,276.4                              | 100.0%            | \$ 3,154.8 | 100.0%            | \$ (878.4)       | (27.8)%     |
| Total domestic sales                            | \$ 1,179.0                              | 51.8%             | \$ 1,500.9 | 47.6%             | \$ (321.9)       | (21.4)%     |
| Total international sales                       | 1,097.4                                 | 48.2%             | 1,653.9    | 52.4%             | (556.5)          | (33.6)%     |

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|  |            |        |            |        |            |         |
|--|------------|--------|------------|--------|------------|---------|
| Total worldwide sales                      | \$ 2,276.4 | 100.0% | \$ 3,154.8 | 100.0% | \$ (878.4) | (27.8)% |
| <b>Operating income (loss) by segment:</b> |            |        |            |        |            |         |
| ACCG                                       | \$ 24.2    | 2.5%   | \$ 149.2   | 10.1%  | \$ (125.0) | (83.8)% |
| Enterprise                                 | 72.2       | 14.8%  | 123.0      | 17.8%  | (50.8)     | (41.3)% |
| Broadband                                  | 68.7       | 18.6%  | 8.5        | 1.9%   | 60.2       | 708.2   |
| WNS  | 9.2        | 2.0%   | (27.8)     | (5.1)% | 37.0       | NM      |
| Consolidated operating income              | \$ 174.3   | 7.7%   | \$ 252.9   | 8.0%   | \$ (78.6)  | (31.1)% |

NM Not meaningful

*Antenna, Cable and Cabinets Group Segment*

The ACCG segment includes product offerings of primarily passive transmission devices for the wireless infrastructure market including base station antennas, coaxial cable and connectors, and microwave antennas and secure environmental enclosures for electronic devices and equipment used by wireline and wireless telecommunications providers.

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The ACCG segment experienced a significant decline in sales in all major geographic regions with particular weakness in the Europe, Middle East and Africa (EMEA) region and the United States for the three and nine months ended September 30, 2009 as compared to the comparable 2008 periods. The majority of the decrease in ACCG net sales for the three and nine months ended September 30, 2009 is due to a decline in sales of cable and microwave antenna products. Foreign exchange rates adversely affected sales by 1% and 3%, respectively, for the three and nine months ended September 30, 2009 as compared to the same periods in 2008. Approximately \$7.5 million was included in ACCG net sales for the nine months ended September 30, 2008 for the four-day period from December 28, 2007 through December 31, 2007 (the period after the closing date for the Andrew acquisition).

We expect long-term demand for our ACCG products to be positively affected by wireless coverage and capacity expansion in emerging markets and growth in mobile data services in developed markets. Uncertainty in the global economy may continue to depress capital spending by telecommunication providers and negatively impact both of these markets and consequently our net sales.

The decline in ACCG segment operating income for the three and nine months ended September 30, 2009 as compared to the comparable 2008 periods is primarily the result of lower sales. Also contributing to the decline is the underabsorption of manufacturing overhead as production levels were lowered in response to weaker global demand. Cost reduction efforts, including facility closures, reductions in staffing and the suspension of certain bonuses helped to reduce certain manufacturing costs. Benefits from lower raw material costs were not fully realized due to the higher cost inventory that was still on hand at the beginning of the year and unfavorable raw materials purchase commitments. Operating income for the nine months ended September 30, 2008 included the negative impact of \$31.7 million from the step-up of inventory to its estimated fair value as a result of the acquisition of Andrew. ACCG segment operating income for the three and nine months ended September 30, 2008, included a benefit of \$3.3 million related to the alignment of certain employee benefit policies between legacy CommScope and legacy Andrew. Also contributing to the decline in operating performance for ACCG compared to the three and nine months ended September 30, 2008 were higher restructuring charges. For the three and nine months ended September 30, 2009, restructuring charges increased \$0.8 million and \$7.2 million, respectively, as compared to the same periods in 2008.

### *Enterprise Segment*

The Enterprise segment consists mainly of structured cabling systems for business enterprise applications and connectivity solutions for wired and wireless networks within organizations. The segment also includes coaxial cable for various video and data applications that are not related to cable television.

Enterprise segment net sales decreased in all major geographic regions, particularly in EMEA and the United States, as the global economic recession caused a slowdown in information technology spending for the three and nine months ended September 30, 2009 as compared to the comparable 2008 periods. Distributors who sell our products to the end user continued their efforts to lower their inventory levels throughout 2009, which also negatively affected our net sales.

We expect long-term demand for Enterprise products to be driven by the ongoing need for bandwidth and high-performance structured cabling in the enterprise market and affected by global information technology spending. The current global economic conditions and an ongoing slowdown in commercial construction activity are expected to continue to negatively affect demand for our products.

The decline in Enterprise segment operating income for the three and nine months ended September 30, 2009 as compared to the comparable 2008 periods is primarily attributable to lower sales volumes. Also contributing to the decline is the underabsorption of manufacturing overhead as production levels were lowered in response to weaker global demand. Cost reduction efforts, including plant closures, reductions in staffing and the suspension of certain bonuses helped to reduce certain manufacturing costs. Benefits from lower raw material costs were not fully realized due to the higher cost inventory that was still on hand at the beginning of the year. Operating income for the Enterprise segment included a benefit of \$2.5 million for the three and nine months ended September 30, 2008 related to the alignment of certain employee benefit policies between legacy CommScope and legacy Andrew.

### *Broadband Segment*

The Broadband segment consists mainly of coaxial cable, fiber optic cable and conduit for cable television system operators. These products support multi-channel video, voice and high-speed data services for residential and commercial customers using hybrid fiber coaxial architecture.

The decrease in net sales of Broadband products for the three and nine months ended September 30, 2009 primarily resulted from lower international net sales, particularly in EMEA and Central and Latin America (CALA). Although sales to domestic cable system operators were lower in the three and nine months ended September 30, 2009 as compared to same periods in 2008, the government-mandated conversion from



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analog to digital television signals in June 2009 provided a benefit to sales of certain Broadband segment products. The slowdown in purchasing by these customers is largely attributable to the deterioration in general economic conditions, particularly the residential housing market.

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We expect demand for Broadband products to continue to be influenced by the domestic slowdown in the residential construction market. Spending by our Broadband customers on maintaining and upgrading networks is expected to continue, though it may be influenced by the deterioration in global economic conditions and the tight credit markets.

The increase in Broadband segment operating income for the three and nine months ended September 30, 2009 reflects a reduction in restructuring charges, the impact of cost reductions resulting from restructuring initiatives, the benefit from the suspension of bonus programs in 2009, an increase in pricing for certain products during the second half of 2008, the benefits of lower costs for certain raw materials and lower warranty charges. Operating income for the three and nine months ended September 30, 2009 included restructuring charges of \$0.5 million and \$4.6 million, respectively, as compared to \$1.4 million and \$23.6 million for the three and nine months ended September 30, 2008. Warranty charges for the Broadband segment for the three and nine months ended September 30, 2009 were lower than the same periods in 2008 by \$1.0 million and \$5.0 million, respectively, reflecting the resolution of a warranty matter related to a defective product. Broadband segment operating income for the three and nine months ended September 30, 2008 included a \$4.2 million benefit related to the alignment of certain employee benefit policies between legacy CommScope and legacy Andrew.

*Wireless Network Solutions Segment*

The WNS segment consists of base station subsystems and core network products, such as power amplifiers, filters, location-based systems, network optimization analysis systems and products and solutions that extend and enhance the coverage of wireless networks, such as radio frequency repeaters and distributed antenna systems. Base station subsystems and radio frequency products cover all of the major wireless standards and frequency bands and are sold individually or as part of integrated systems.

WNS segment net sales decreased in all major geographic regions for the three and nine months ended September 30, 2009 compared to the three and nine months ended September 30, 2008. Foreign exchange rates adversely affected sales by 2% and 3%, respectively, for the three and nine months ended September 30, 2009 as compared to the same periods in 2008. Also contributing to the decline in net sales from 2008 to 2009 is the divestiture in January 2008 of the SatCom product line, which had net sales of \$2.1 million and \$13.7 million, respectively, for the three and nine months ended September 30, 2008 as compared to zero and \$0.8 million, respectively, in the same periods of 2009. Net sales of approximately \$3.8 million were included in WNS net sales for the nine months ended September 30, 2008 for the four-day period from December 28, 2007 through December 31, 2007 (the period after the closing date for the Andrew acquisition).

We expect demand for our WNS products to be positively affected by the continuing expansion of wireless capacity in emerging markets as well as convergence and growth in mobile data services in developed markets. Given that much of the demand for WNS products is driven by large customer projects, quarterly growth in net sales for this segment may be volatile. Current global economic conditions may slow capital spending by telecommunication providers and negatively impact both of these markets and consequently our net sales.

WNS segment operating income decreased \$5.8 million for the three months September 30, 2009 as compared to same period in 2008 primarily due to lower sales mainly as a result of the global economic slowdown. WNS segment operating income increased \$37.0 million for the nine months September 30, 2009 as compared to same period in 2008 due in part to the negative impact of \$27.6 million of purchase accounting adjustments related to inventory included in the operating loss for the nine months ended September 30, 2008. Operating income for the nine months ended September 30, 2009 benefited from cost reductions, improved product mix, lower expenses related to the suspension of discretionary bonuses and recoveries of accounts receivable that had been previously written off. Offsetting these improvements were charges related to the TruePosition litigation of \$21.2 million during the nine months ended September 30, 2009. Restructuring charges increased by \$1.3 million and \$5.2 million in the three and nine months ended September 30, 2009, respectively, as compared to the same periods in 2008.

**Table of Contents****LIQUIDITY AND CAPITAL RESOURCES**

The following table summarizes certain key measures of our liquidity and capital resources.

|  | September 30,<br>2009 | As of<br>December 31,<br>2008 | Dollar<br>Change | %<br>Change |
|--|-----------------------|-------------------------------|------------------|-------------|
|  | (dollars in millions) |                               |                  |             |
| Cash and cash equivalents  | \$ 592.9              | \$ 412.1                      | \$ 180.8         | 43.9%       |
| Working capital, excluding cash and cash equivalents and current portion of long-term debt | 625.5                 | 747.1                         | (121.6)          | (16.3)      |
| Availability under revolving credit facility   | 351.9                 | 203.3                         | 148.6            | 73.1        |
| Long-term debt, including current portion  | 1,545.7               | 2,041.8                       | (496.1)          | (24.3)      |
| Total capitalization (1)   | 3,027.4               | 3,050.1                       | (22.7)           | (0.7)       |
| Long-term debt as a percentage of total capitalization                                     | 51.1%                 | 66.9%                         |                  |             |

(1) Total capitalization includes long-term debt, including the current portion, and stockholders' equity.

Our principal sources of liquidity, both on a short-term and long-term basis, are cash and cash equivalents, cash flows provided by operations and availability under credit facilities. The primary uses of liquidity include funding working capital requirements (primarily inventory and accounts receivable, net of accounts payable and other accrued liabilities), debt service requirements, capital expenditures, payment of certain restructuring costs and funding of pension and other postretirement obligations.

Of the increase in cash and cash equivalents during the nine months ended September 30, 2009, \$361.4 million was provided by operating activities, primarily resulting from income from operations and the reduction of working capital, excluding cash and cash equivalents and the current portion of long-term debt. Also contributing to the increase in cash and cash equivalents during the first half of 2009 was the issuance of \$387.5 million of convertible debentures and notes and net proceeds of \$220.1 million from the issuance of common stock. These increases were partially offset by principal payments of \$581.8 million on our senior secured term loans and \$175.5 million disbursed to redeem the outstanding 1% convertible senior subordinated debentures.

The decrease in long-term debt was primarily the result of the principal payments made on our senior secured term loans, redemption of the outstanding 1% convertible senior subordinated debentures and the conversion of \$124.0 million of 1% and 3.5% convertible senior subordinated debentures into common stock. These decreases in long-term debt were partially offset by the issuance of \$287.5 million of 3.25% senior subordinated convertible notes and \$100.0 million of 3.5% convertible senior subordinated debentures. The decline in total capitalization was driven by the repayment of long-term debt, which was partially offset by the issuance of common stock.

**Cash Flow Overview**

|   | Nine Months Ended<br>September 30, |          | Dollar<br>Change      | %<br>Change |
|---|------------------------------------|----------|-----------------------|-------------|
|   | 2009                               | 2008     | (dollars in millions) |             |
| Net cash provided by operating activities | \$ 361.4                           | \$ 253.5 | \$ 107.9              | 42.6%       |
| Net cash used in investing activities     | (24.6)                             | (86.0)   | 61.4                  | (71.4)      |
| Net cash used in financing activities     | (164.4)                            | (310.2)  | 145.8                 | (47.0)      |

**Operating Activities**

During the nine months ended September 30, 2009, operating activities generated \$361.4 million in cash compared to \$253.5 million during the nine months ended September 30, 2008. During the nine months ended September 30, 2009, net income of \$40.7 million, depreciation and amortization of \$153.6 million, a reduction in net inventory of \$127.5 million and a reduction in net accounts receivable of \$96.5 million were partially offset by a reduction of \$90.4 million in accounts payable and other liabilities that included payments under annual bonus plans for 2008 and payments of restructuring costs.

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The level of net cash flow from operations that we will be able to generate during the balance of 2009 will depend on the timing and extent to which sales volumes increase and the level of working capital funding (primarily accounts receivable and inventory) that is required to support the sales levels achieved. Cash flow from operations in 2009 is expected to continue to benefit from cost reduction efforts and from maintaining lower inventory levels.

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### *Investing Activities*

Investment in property, plant and equipment during the nine months ended September 30, 2009 decreased by \$4.2 million year over year to \$31.7 million. We currently expect total capital expenditures of \$45 million to \$50 million in 2009 compared to \$57.8 million in 2008. The expected capital spending during 2009 is primarily for expanding and upgrading production capability in certain facilities, cost reduction efforts, software capitalization and investments in information technology.

During the nine months ended September 30, 2009, we received proceeds of \$4.1 million from the sale of our auction rate securities.

During the nine months ended September 30, 2008, we paid \$61.0 million in connection with acquisition activities, primarily related to substantially completing the Andrew acquisition.

### *Financing Activities*

During the nine months ended September 30, 2009, we completed two senior subordinated convertible debt issuances and a common stock offering of 10.5 million shares of CommScope common stock. In March 2009, we issued \$100 million of 3.50% convertible senior subordinated debentures and in May 2009, we issued \$287.5 million of 3.25% senior subordinated convertible notes. During the nine months ended September 30, 2009, we paid \$175.5 million to redeem the remaining 1% convertible senior subordinated debentures. We also repaid \$581.8 million of our senior secured term loans during the nine months ended September 30, 2009, including \$171.6 million for the annual excess cash flow payment for 2008.

Also during the nine months ended September, 2009, we issued 1.7 million shares of CommScope common stock in connection with the negotiated conversion of \$24.0 million in face value of our 1% convertible senior subordinated debentures. In June 2009, the 3.50% convertible senior subordinated debentures were converted into 10.4 million shares of CommScope common stock (9.935 million shares related to the original conversion ratio and 0.443 million shares for the interest make-whole payment). Both of these conversions are reflected as non-cash transactions.

As of September 30, 2009, our remaining availability under the \$400 million revolving credit portion of the senior secured credit facilities was \$351.9 million, reflecting letters of credit issued and compliance with the leverage ratio under the terms of the senior secured credit facilities.

### *Future Cash Needs*

We expect that our primary future cash needs will be debt service (including the annual excess cash flow payment that is required during the first quarter of each year under our senior secured term loans), funding working capital requirements, capital expenditures, paying restructuring costs, disposition of new or pending litigation and funding pension and other postretirement benefit obligations. We made contributions of \$17.7 million to our pension and other postretirement benefit plans during the nine months ended September 30, 2009 and currently expect to make additional contributions of \$1.6 million during the balance of 2009. As of September 30, 2009, our Condensed Consolidated Balance Sheet reflects a significant unfunded obligation related to pension and other postretirement benefits. To achieve funding levels required under the Pension Protection Act of 2006 and similar requirements outside the U.S., we expect to make contributions in future years and these contributions could be material. We expect that our noncurrent employee benefit liabilities will be funded through cash flow from future operations. We may also pursue selected strategic acquisition opportunities.

In connection with our senior secured credit facilities, we are required to comply with two primary financial covenants: an interest coverage ratio for the preceding twelve months, which is tested at the end of each fiscal quarter, and a consolidated leverage ratio, with which we must comply at all times. As of September 30, 2009, the minimum interest coverage ratio and the maximum consolidated leverage ratio permitted under the senior secured credit facilities were both 3.75 to 1.0. The Company's estimated interest coverage ratio and consolidated leverage ratio as of September 30, 2009 were 4.64 to 1.0 and 3.05 to 1.0, respectively. Beginning with the quarter ending September 30, 2010, the minimum interest coverage ratio increases to 4.50 to 1.0 and the maximum consolidated leverage ratio decreases to 3.25 to 1.0. Beginning with the quarter ending September 30, 2011, the minimum interest coverage ratio increases further to 5.00 to 1.0 and the maximum consolidated leverage ratio decreases further to 2.50 to 1.0. Management believes the Company was in compliance with all of its covenants under the senior secured credit facilities as of September 30, 2009.

If we are unable to comply with these covenants, we will be in default under our senior secured credit facilities, which could result in, among other things, the outstanding balance of our loans becoming due and payable immediately, a material increase in the interest rate and further restrictions on our operational and financial flexibility.



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We believe that our existing cash and cash equivalents and cash flows from operations, combined with availability under our revolving credit facility, will be sufficient to meet our presently anticipated future cash needs. We may, from time to time, borrow under our revolving credit facility or issue securities, if market conditions are favorable, to meet our future cash needs or to reduce our borrowing costs.

**CONTRACTUAL OBLIGATIONS**

The following table summarizes our contractual obligations as of September 30, 2009 (in millions):

|   | Amount of Payments Due per Period |                         |                 |                 |                   |
|---|-----------------------------------|-------------------------|-----------------|-----------------|-------------------|
|   | Total<br>Payments<br>Due          | Remainder<br>of<br>2009 | 2010-2011       | 2012-2013       | Thereafter        |
| <b>Contractual Obligations</b>                          |                                   |                         |                 |                 |                   |
| Long-term debt, including current maturities(a)         | \$ 1,545.7                        | \$ 1.0                  | \$ 22.9         | \$ 426.9        | \$ 1,094.9        |
| Interest on long-term debt(a)(b)                        | 277.2                             | 22.8                    | 139.9           | 78.1            | 36.4              |
| Operating leases  | 138.6                             | 8.0                     | 44.4            | 27.9            | 58.3              |
| Purchase obligations(c)                                 | 35.8                              | 35.0                    | 0.8             |                 |                   |
| Pension and other postretirement benefit liabilities(d) | 55.0                              | 1.6                     | 10.4            | 10.9            | 32.1              |
| Foreign currency derivative(e)                          | 4.5                               | 4.5                     |                 |                 |                   |
| Unrecognized tax benefits(f)                            |                                   |                         |                 |                 |                   |
| <b>Total contractual obligations</b>                    | <b>\$ 2,056.8</b>                 | <b>\$ 72.9</b>          | <b>\$ 218.4</b> | <b>\$ 543.8</b> | <b>\$ 1,221.7</b> |

- (a) No prepayment (including the excess cash flow payment due in the first quarter of 2010) or redemption of any of our long-term debt balances has been assumed. Refer to Note 8 in the 2008 Form 10-K for information regarding the terms of our long-term debt agreements.
- (b) Interest on long-term debt includes the estimated impact of our interest rate swap. Interest on the variable rate portion of long-term debt is estimated based upon rates in effect as of September 30, 2009.
- (c) Purchase obligations include minimum amounts owed under take-or-pay or requirements contracts. Amounts covered by open purchase orders are excluded as there is no contractual obligation until goods or services are received.
- (d) Amounts reflect expected payments under the postretirement benefit plans through 2018 (see Note 11 in the 2008 Form 10-K). Although there is no contractual obligation to make pension contributions, expected contributions of \$0.4 million for the remainder of 2009 have been reflected above.
- (e) Estimated payments are based on foreign exchange rates in effect as of September 30, 2009.
- (f) Due to the uncertainty in predicting the timing of tax payments related to our unrecognized tax benefits, \$68.5 million has been excluded from the presentation. No payments are expected in the balance of 2009 that result from the settlement of liabilities arising from uncertain tax positions (see Note 12 in the 2008 Form 10-K).

**FORWARD-LOOKING STATEMENTS**

Certain statements in this Form 10-Q that are other than historical facts are intended to be forward-looking statements within the meaning of the Securities Exchange Act of 1934, the Private Securities Litigation Reform Act of 1995 and other related laws and include but are not limited to those statements relating to our business position, plans, outlook, revenues, earnings, margins, synergies and other financial items, restructuring plans, sales and earnings expectations, expected demand, cost and availability of key raw materials, internal and external production capacity and expansion, competitive pricing and relative market position. While we believe such statements are reasonable, the actual results and effects could differ materially from those currently anticipated. These forward-looking statements are identified by the use of certain terms and phrases including but not limited to intend, goal, estimate, expect, project, projections, plan, anticipate, should, designed to, foresee, think, scheduled, outlook, guidance and similar expressions.

These statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, continued global economic weakness and uncertainties and disruption in the credit and financial markets; changes in cost and availability of key raw materials and the potential effect on customer pricing; the challenges of achieving anticipated cost-reduction synergies; delays or challenges related to removing, transporting or reinstalling equipment; the ability to retain qualified employees; customer demand for our products and the ability to maintain existing business alliances with key customers or distributors; competitive pricing and acceptance of products; industry competition and the ability to retain customers through product innovation; concentration of sales among a limited number of customers or

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distributors; customer bankruptcy; the risk that internal production capacity and that of contract manufacturers may be insufficient to meet customer demand or quality standards for our products; the risk that customers might cancel orders placed or that orders currently placed may affect order levels in the future; continuing consolidation among customers; possible production disruption due to supplier or contract manufacturer bankruptcy, reorganization or restructuring; successful ongoing operation of our vertical integration activities; the possibility of further restructuring actions;



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possible future impairment charges for fixed or intangible assets, including goodwill; increased obligations under employee benefit plans; significant international operations and the impact of variability in foreign exchange rates; ability to fully realize anticipated benefits from prior or future acquisitions or equity investments; substantial indebtedness and maintaining compliance with debt covenants; capital structure changes; tax rate variability and ability to recover amounts recorded as value added tax receivables; changes in tax laws or regulations; product performance issues and associated warranty claims; ability to successfully implement major systems initiatives; realignment of global manufacturing capacity; cost of protecting or defending intellectual property; ability to obtain capital on commercially reasonable terms; adequacy and availability of insurance; costs and challenges of compliance with domestic and foreign environmental laws; fluctuations in interest rates; the ability to achieve expected sales growth and earnings goals; the outcome of pending litigations and proceedings; authoritative changes in generally accepted accounting principles by standard-setting bodies; political instability; and regulatory changes affecting us or the industries we serve. These and other factors are discussed in greater detail in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2008. The information contained in this Form 10-Q represents our best judgment at the date of this report based on information currently available. However, we do not intend, and are not undertaking any duty or obligation, to update this information to reflect developments or information obtained after the date of this report.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risks related to changes in interest rates, foreign currency exchange rates and commodity prices. We may utilize derivative financial instruments, among other methods, to hedge some of these exposures. We do not use derivative financial instruments for speculative or trading purposes.

**Interest Rate Risk**

The table below summarizes the combined interest and principal payments associated with our variable rate term loans and the interest rate swap. The principal payments presented below are based on the current scheduled maturities. The interest payments presented below assume the interest rate in effect as of September 30, 2009 and include the impact of the interest rate swap, which serves to fix a portion of the interest payments on our variable rate debt. The projected future payments on the interest rate swap reflected in the table below are based on the forward interest rate curve in effect as of September 30, 2009. Settlement of the fair value of this hedging instrument as of September 30, 2009 would have resulted in a loss of approximately \$33.0 million, net of tax. The unrealized loss on this cash flow hedge is included in accumulated other comprehensive income (loss). The impact of a 1% increase in interest rates on projected future interest payments related to the unhedged portions of the term loans is also included in the table below.

|   | For<br>the<br>balance of<br>2009 | For the year ended December 31, |         |          |          |                       | There-<br>after | Total |
|---|----------------------------------|---------------------------------|---------|----------|----------|-----------------------|-----------------|-------|
|   |                                  | 2010                            | 2011    | 2012     | 2013     | (dollars in millions) |                 |       |
| Principal and interest payments on variable rate term loans | \$ 21.5                          | \$ 84.2                         | \$ 59.9 | \$ 104.7 | \$ 381.6 | \$ 829.8              | \$ 1,481.7      |       |
| Average interest rate                                       | 6.5%                             | 5.8%                            | 3.9%    | 2.7%     | 2.7%     | 2.8%                  |                 |       |
| Interest rate swap payments                                 | 12.2                             | 32.9                            | 7.6     |          |          |                       | 52.7            |       |
| Impact of a 1% increase in interest rates                   | 0.2                              | 2.5                             | 8.4     | 12.0     | 9.8      | 8.1                   | 41.0            |       |

We also have \$287.5 million aggregate principal amount of fixed rate convertible notes outstanding. The fair value of these notes is subject to fluctuations as our stock price and interest rates change. The table below summarizes our expected interest and principal payments related to our fixed rate debt as well as the fair value of these instruments at September 30, 2009. We also assume in the table below that our 3.25% convertible notes will not be redeemed until their scheduled maturity in 2015, although the noteholders have an option to require us to repurchase them before their scheduled maturity under certain circumstances. The fair value of our 3.25% convertible notes is based on quoted market prices.

|  | For<br>the<br>balance of<br>2009 | For the year ended December 31, |      |      |      |                       | There-<br>After | Total | Fair<br>Value |
|--|----------------------------------|---------------------------------|------|------|------|-----------------------|-----------------|-------|---------------|
|  |                                  | 2010                            | 2011 | 2012 | 2013 | (dollars in millions) |                 |       |               |
|  |                                  |                                 |      |      |      |                       |                 |       |               |

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|  |        |        |        |        |        |          |          |          |
|--|--------|--------|--------|--------|--------|----------|----------|----------|
| Principal and interest payments on fixed rate debt | \$ 2.3 | \$ 9.3 | \$ 9.3 | \$ 9.3 | \$ 9.3 | \$ 301.7 | \$ 341.2 | \$ 376.8 |
| Average interest rate                              | 3.25%  | 3.25%  | 3.25%  | 3.25%  | 3.25%  | 3.25%    |          |          |

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Approximately 47% and 48% of our net sales for the three and nine months ended September 30, 2009, respectively, were to customers located outside the U.S. Significant changes in foreign currency exchange rates could adversely affect our international sales levels and the related collection of amounts due. In addition, a significant decline in the value of currencies used in certain regions of the world as compared to the U.S. dollar could adversely affect product sales in those regions because our products may become more expensive for those customers to buy in their local currency. Conversely, significant increases in the value of currencies as compared to the U.S. dollar could adversely affect profitability as certain raw material or production costs may increase relative to a U.S. dollar-denominated sales price. The foreign currencies to which we have the greatest exposure include the euro, Chinese yuan, Brazilian real and the Indian rupee. We continue to evaluate alternatives to help us reasonably manage the market risk related to foreign currency exposures.

As of September 30, 2009, we held a cross currency rate and forward foreign exchange swap agreement, which hedges a portion of our euro-denominated asset exposure. Under the swap agreement, we receive 4.0% interest in U.S. dollars and pay 4.5% interest in Euros. The notional amount of the agreement is \$7.0 million, the expected cash payments for the remainder of 2009 are \$4.5 million and the fair value as of September 30, 2009 was \$4.4 million. The agreement matures in December 2009.

We also use derivative instruments such as forward exchange contracts to manage the risk of certain foreign currency fluctuations. These instruments are not leveraged and are not held for trading or speculation. These contracts are not designated as hedges for accounting purposes and are marked to market each period through earnings and, as such, there were no unrecognized gains or losses as of September 30, 2009 or 2008.

***Commodity Price Risk***

Materials, such as copper tape, rods and wires, fabricated aluminum, steel, plastics and other polymers, bimetals and optical fiber, account for a large portion of our cost of sales. These materials are subject to changes in market price as they are influenced by commodity markets and supply and demand levels, among other factors. Management attempts to mitigate these risks through effective requirements planning and by working closely with key suppliers to obtain the best possible pricing and delivery terms. As of September 30, 2009, we evaluated our commodity pricing exposures and concluded that it was not currently practical to use derivative financial instruments to hedge our current commodity price risks. However, in response to volatility in the commodity markets, we have entered into forward purchase commitments for certain metals to be used in the normal course of business. As of September 30, 2009, we were obligated to purchase \$35.8 million of metals under take-or-pay contracts through the first quarter of 2010 that we expect to take and consume in the normal course of operations. Most of these commitments were at prices approximately equal to market prices as of September 30, 2009.

**ITEM 4. CONTROLS AND PROCEDURES**

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Our Chief Executive Officer and our Chief Financial Officer have reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report and have concluded that the disclosure controls and procedures are effective.

Other than the migration of one of our significant international subsidiaries to a different enterprise resource planning (ERP) system, as discussed below, there were no changes in our internal control over financial reporting during the three months ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the three months ended September 30, 2009, we completed the migration of the ERP system used by a significant international subsidiary to an ERP system used in other operations of the Company. This migration was not in response to any identified weakness or deficiency in our internal control over financial reporting.

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**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

The Company is involved in patent infringement litigation with TruePosition, Inc. related to Andrew's sale of certain mobile location products. In September of 2007, a jury returned a verdict in favor of TruePosition and awarded \$45.3 million in damages. Management believed the verdict was in error and sought to have it reversed.

The trial court has subsequently reduced the damages awarded by the jury, provided for a 25% enhancement on the reduced damages, awarded certain of TruePosition's legal costs and pre- and post-judgment interest, and, in the second quarter of 2009, awarded additional damages plus a 100% enhancement for an additional phase of the subject contract. The aggregate award by the trial court, including accrued interest, was \$48.4 million as of September 30, 2009. The trial court also granted a permanent injunction against further infringing sales. CommScope disagrees with the underlying verdict, the damages awarded, the enhancement of damages and the entry of an injunction and continues to believe that the products at issue do not infringe TruePosition's patent. A notice of appeal was filed with the U.S. Court of Appeals for the Federal Circuit on July 9, 2009 challenging the judgment and the injunction entered by the trial court.

As a result of the trial court rulings in the case, our estimate of the probable loss as of September 30, 2009 was \$48.4 million (including interest). The ultimate resolution of this litigation may be materially different than our current estimate, which does not include legal fees we may incur in appeals or other proceedings. This litigation may result in the loss of future revenue opportunities, including opportunities to manufacture and sell products using uplink time difference of arrival (U-TDOA) technology; however, we are not currently able to assess the likelihood or magnitude of such potential lost opportunities.

In September 2009, Andrew filed a complaint in the U.S. District Court for the District of Delaware seeking a declaratory judgment that its new multiple range estimation location (MREL) system for locating mobile devices does not infringe an existing U.S. patent held by TruePosition, Inc. The same patent was the subject of previous litigation between the two companies, including the judgment now under appeal, as described above. The parties have sought expedited treatment of this matter in order to obtain a prompt clarification of their respective rights.

In March 2008, TruePosition served Andrew with a complaint in a lawsuit filed in the Superior Court, New Castle County in Delaware. The suit alleges that Andrew breached certain patent license royalty obligations to TruePosition under a 2004 settlement agreement related to a prior lawsuit between the parties and alleges that Andrew owes TruePosition approximately \$30 million. The Company believes it has valid defenses and will vigorously defend itself in this action.

We are either a plaintiff or a defendant in other pending legal matters in the normal course of business. Management believes none of these other legal matters, other than that discussed above, will have a material adverse effect on our business or financial condition upon their final disposition.

**ITEM 6. EXHIBITS**

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).(1)
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).(1)
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32)(ii) of Regulation S-K).(1)

(1) Filed with this Form 10-Q.

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**SIGNATURES**

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.

COMMSCOPE, INC.

October 27, 2009

Date

/s/ JEARLD L. LEONHARDT

**Jearld L. Leonhardt**  
**Executive Vice President and Chief Financial Officer**

**signing both in his capacity as Executive Vice**

**President on behalf of the Registrant and as**

**Chief Financial Officer of the Registrant**