

Edgar Filing: COMMSCOPE INC - Form 10-K

COMMSCOPE INC
Form 10-K
March 27, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2001

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)

Delaware

36-4135495

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

1100 CommScope Place, S.E.

P.O. Box 339

Hickory, North Carolina

28602

(Address of principal executive offices)

(Zip Code)

(828) 324-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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 such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the shares of Common Stock held by

Edgar Filing: COMMScope INC - Form 10-K

non-affiliates of the Registrant was approximately \$1.1 billion as of March 22, 2002 (based on the closing price for the Common Stock on the New York Stock Exchange on that date). For purposes of this computation, shares held by affiliates and by directors and officers of the Registrant have been excluded. Such exclusion of shares held by directors and officers is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the Registrant. As of March 22, 2002 there were 61,717,159 shares of the Registrant's Common Stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement for the 2002 Annual Meeting of Stockholders are incorporated by reference in Part III hereof.

PART I

ITEM 1. BUSINESS

Unless the context otherwise requires, references to "CommScope, Inc.," or "we," "us," or "our" are to CommScope, Inc. and its direct and indirect subsidiaries, including CommScope Inc. of North Carolina, on a consolidated basis.

GENERAL

We are a leading worldwide designer, manufacturer and marketer of a broad line of coaxial, fiber optic, and other high-performance electronic cable products for cable television, telephony, Internet access and wireless communications. We believe that we supplied over 50% of all coaxial cable purchased in the United States in 2001 for broadband cable networks using Hybrid Fiber Coax (HFC) architecture. We believe we are also the largest manufacturer and supplier of coaxial cable for HFC cable networks in the world. We are also a leading supplier of fiber optic cables primarily for HFC cable networks and have developed specialized, proprietary fiber optic products for telecommunications applications. We are a leading supplier of coaxial cable for telephone central office switching and transmission applications, as well as video distribution applications such as satellite television and security surveillance. In addition, we have developed an innovative line of coaxial cables for wireless communication infrastructure applications that have superior performance characteristics compared to traditional cables. We are also a leading provider of high-performance premise wiring for local area networks. We sell our products to approximately 2,100 customers in more than 85 countries.

For the year ended December 31, 2001 our revenues were \$738 million and our net income was \$27.9 million. During this period, approximately 80% of our revenues were for HFC cable networks and other video applications, 8% were for wireless, central office and other telecommunications applications and 12% were for local area network premise wiring applications. International sales were approximately 23% of our revenues during this period. For further discussion of current and prior year domestic and international revenues, see Items 7 and 8 of this Form 10-K.

We believe that we are the world's most technologically advanced, low-cost provider of coaxial cable. With our leading product offerings, cost-efficient manufacturing and economies of scale, we believe we will

Edgar Filing: COMMScope INC - Form 10-K

benefit from the convergence of video, voice and high-speed Internet access and the resulting demand for enhanced HFC broadband networks.

We believe that the following industry trends will continue to drive demand for our products:

- o endorsement of the HFC architecture by major cable, telephone and technology companies;
- o increasing use of the Internet;
- o increasing need for additional bandwidth to accommodate new applications;
- o increasing maintenance requirements for HFC cable networks as operators improve reliability for telephony, data and other two-way services;
- o the continuing rapid deployment of wireless communications systems worldwide;
- o increasing demand for higher speed and bandwidth for local area networks;
- o regional clustering of cable systems that will facilitate the delivery of advanced services such as telephony; and
- o increased demand for high bandwidth optical fibers for metro and local access applications.

Effective November 16, 2001, we acquired, through our indirect wholly-owned subsidiary CommScope Optical Technologies, Inc. ("CommScope Optical"), an approximate 18.4% interest in OFS BrightWave, LLC, a Delaware limited liability company ("BrightWave") formed by us and The Furukawa Electric Co., Ltd. ("Furukawa") to acquire certain fiber cable and transmission fiber assets of the Optical Fiber Solutions Group ("OFS Group") of Lucent Technologies Inc. ("Lucent").

2

The joint venture investment will provide us with an interest in one of the world's largest producers of optical fiber and cable. We believe this investment and other arrangements with Furukawa:

- o Create a strategic partner in the manufacture of optical fiber and fiber optic cable
- o Enhance our technology platform with cross licenses for use of key intellectual property
- o Establish an attractive supply arrangement for optical fiber, including premium fiber
- o Provide an opportunity to expand our sales of fiber optic cable to cable television Multiple System Operators (MSOs)

We issued 10.2 million shares of our common stock to Lucent for an aggregate amount of \$203,388,000 in lieu of a portion of the cash purchase price payable by Furukawa to Lucent pursuant to an asset and stock purchase

Edgar Filing: COMMSCOPE INC - Form 10-K

agreement entered into in connection with the acquisition of a portion of Lucent's OFS Group. Of this amount, \$173,388,000 represents our capital contribution to BrightWave and the remaining \$30,000,000 is in the form of a revolving loan from CommScope Optical to BrightWave. An indirect wholly-owned subsidiary of Furukawa owns the remaining 81.6% equity interest in BrightWave.

BUSINESS STRATEGY

We have adopted a growth strategy to expand and strengthen our current market position as the leading worldwide supplier of coaxial cable for broadband communications. The principal elements of our growth strategy are:

BUILD UPON THE STRENGTHS OF BRIGHTWAVE AND ITS AFFILIATES TO EXPAND OUR PRODUCT OFFERINGS. Currently, we offer a broad range of cable products for the cable television, wireless and LAN markets, and access to the production of BrightWave and its affiliates will augment our coaxial cable product line with a full line of fiber optic cables. During 2001, we sold more than \$110 million of fiber optic cable products worldwide, primarily to broadband, cable television customers. We expect the addition of a broader line of fiber optic cable products provides us an opportunity to expand our sales of fiber optic cable to these customers.

BENEFIT FROM WORLDWIDE HFC PARADIGM SHIFT. A vast majority of video networks worldwide, such as cable service providers, have adopted the HFC cable network architecture for video service delivery.

We believe that the HFC cable network architecture provides the most cost-effective bandwidth for multi-channel video, voice and data into homes around the world. This architecture enables both cable and other telecommunications service providers to offer new services such as high-speed Internet access, video on demand, Internet protocol telephony, high-definition television and other interactive services. Further growth is expected as companies build-out and upgrade their networks in the global marketplace. We believe our ability to offer a complete suite of cable products, including optical fiber supplied by BrightWave and its affiliates, positions us to be the "supplier of choice" to developers and operators of HFC networks.

DEVELOP PROPRIETARY PRODUCTS AND EXPAND MARKET OPPORTUNITIES. We maintain an active program to identify new market opportunities and develop and commercialize products that use our core technology and manufacturing competencies. We have developed new products and entered new markets, including coaxial cable for wireless applications, satellite cables, local area network cables, specialized coaxial based telecommunication cables, broadcast audio and video cables and coaxial cables in conduit.

We have developed specialized coaxial (Power Feeder(R)) and fiber optic (Fiber Feeder(TM)) cables for distribution and telephony applications in HFC cable networks and have developed Cell Reach(R), a patented copper coaxial cable solution for the wireless antenna market and UltraPipe(TM), a high-end local area network cable product targeted for high-speed local area network applications. We have also developed a number of broadband cables for other wireless applications. Our ability to offer proprietary products, which is expected to be enhanced through access to the intellectual property and research and development expertise of BrightWave and its affiliates, allows us to maintain our leadership position in our existing markets and expand to serve new markets.

CONTINUOUSLY IMPROVE OPERATING EFFICIENCIES. We invested approximately \$250 million in the development and acquisition of state-of-the-art manufacturing facilities and new technologies during the past four fiscal years. These investments help to increase our capacity and operating efficiencies, improve management control and provide more consistent product quality. As a result, we believe we are one of the few manufacturers capable of satisfying volume production, time-to-market, and technology requirements of customers for coaxial cable in the communications industry. We believe that our breadth and scale permit us to cost-effectively invest in improving our operating efficiency through investments in engineering and cost-management programs. We intend to capture additional value in the supply chain through ongoing vertical integration projects. We have completed an aggressive three year capital expenditure program and expect future capital expenditures to be below depreciation and amortization for the next few years.

EXPAND OUR GLOBAL PLATFORM. We believe that the worldwide demand for video and data services, the large number of television households outside the United States and relatively low penetration rates for cable television in most countries provide significant long-term opportunities. We have become a major supplier of coaxial cable for the cable television and broadband services industries in international markets, principally Europe, Latin America and the Pacific Rim. In 2001 we had approximately 280 international customers in more than 85 countries, representing approximately \$173 million or approximately 23% of our 2001 revenue. We support our international sales efforts with sales representatives based in Europe, Latin America and the Pacific Rim. In 1999, we acquired the Alcatel Cable Benelux, S.A. coaxial cable business in Seneffe, Belgium. With this acquisition, we believe we became the largest manufacturer and supplier of coaxial cable for HFC cable networks in Europe. This acquisition strengthened our position as a supplier for the expected telecommunications upgrade and rebuild activity in Germany, Spain and other European countries. During 2001, we increased the capability and efficiency of our Belgium facility for HFC related products and established capabilities for the manufacture of products for wireless applications in late 2001.

During the fourth quarter of 2001, we completed the renovation of a purchased facility in Brazil, which currently provides approximately 283,000 square feet of manufacturing and office space. This facility manufactures products for both HFC and wireless applications, primarily for sale to the Latin American market.

Although there is current uncertainty in international markets, we believe that we are well positioned to benefit over the long term from future international growth opportunities. As broadband HFC networks expand globally, CommScope intends to acquire and open facilities in countries that we believe have strategic value, particularly in Asia/Pacific Rim. We believe in-country manufacturing is important because it moves us closer to international customers, it can lower taxes and tariffs and provides the opportunity to improve customer service.

LEVERAGE SUPERIOR CUSTOMER SERVICE. We believe that our coaxial cable manufacturing capacity is greater than that of any other manufacturer. This enables us to provide our customers with a unique high-volume service capability. As a result of our 24-hour, seven days per week continuous manufacturing operations, we are able to offer faster order turnaround services. In addition, we believe that our ability to offer rapid delivery services, materials management and logistics services to customers through our private truck fleet is an important competitive advantage.

Edgar Filing: COMMSCOPE INC - Form 10-K

PRODUCT GROUPS

We manufacture and sell cable for three broad product groups, which are similar in nature and share similar production processes, customers, distribution channels and regulatory environments:

- o Broadband (cable television) and Other Video applications;
- o Local Area Network applications; and
- o Wireless and Other Telecommunications applications.

DOMESTIC HFC CABLE TV MARKET. We design, manufacture and market primarily coaxial cable, most of which is used in the cable television industry. We manufacture two primary types of coaxial cable:

- o semi-flexible, which has an aluminum or copper outer tubular shield or outer conductor; and

4

- o flexible, which is typically smaller in diameter than semi-flexible coaxial cable and has a more flexible outer conductor typically made of metallic tapes and braided fine wires.

Semi-flexible coaxial cables are typically used in the trunk and feeder distribution portion of cable television systems, and flexible coaxial cables, also known as drop cables, are typically used for connecting the feeder cable to a residence or business or for some other communications applications. We also manufacture fiber optic cable for the cable television industry and others.

Cable television service traditionally has been provided primarily by cable television system operators that have been awarded franchises from the municipalities they serve. In response to increasing competitive pressures and expanding revenue opportunities, cable television system operators have been expanding the variety of their service offerings not only for video, but for Internet access and telephony, which generally requires increasing amounts of cable and system bandwidth. Cable television system operators have generally adopted, and we believe that for the foreseeable future will continue to adopt, HFC cable system designs when seeking to increase system bandwidth. These systems combine the advantages of fiber optic cable in transmitting clear signals over a long distance without amplification, and the advantages of high-bandwidth coaxial cable in ease of installation, low cost and compatibility with the receiving components of the customer's communications devices. We believe that:

- o cable television system operators are likely to increase their use of fiber optic cable for the trunk and feeder portions of their cable systems;
- o there will be an ongoing need for high-capacity coaxial cable for the local distribution and street-to-the-home portions of the cable system; and
- o coaxial cable will remain the most cost effective means for the transmission of broadband signals to the home or business over

Edgar Filing: COMMSCOPE INC - Form 10-K

shorter distances in cable networks.

For local distribution purposes, coaxial cable has the necessary signal carrying capacity or bandwidth to handle upstream and downstream signal transmission.

The construction, expansion and upgrade of cable systems require significant capital investment by cable operators. Cable television system operators have been significant borrowers from the credit and capital markets. Therefore, capital spending within the domestic cable television industry has historically been cyclical, depending to a significant degree on the availability of credit and capital. The cable television industry has also been subject to varying degrees of both national and local government regulation, most recently the Telecom Act and the 1992 Cable Act, and their implementing regulations adopted in 1993 and 1994 and thereafter. The regional Bell operating companies and other telephone service providers have generally been subject to regulatory restrictions which prevented them from offering cable television service within their franchise telephone areas. However, the Telecom Act removes or phases out many of the regulatory and sale restrictions affecting cable television system operators and telephone operating companies in the offering of video and telephone services. We believe that the Telecom Act, the implementing regulations and case-law decisions will generally encourage competition among cable television system operators, telephone operating companies and other communications companies in offering video, telephone and data services such as Internet access to consumers, and that providers of such services will upgrade their present communications delivery systems.

INTERNATIONAL MARKETS. Cable system designs using HFC technology are increasingly being used in international markets with low cable television penetration. Based on industry trade publications and reports from telecommunications industry analysts, we estimate that there are more than 800 million television households worldwide, including roughly 490 million in the Asia/Pacific Rim region, roughly 250 million in Europe and nearly 100 million in the Latin America/Caribbean region, among others. This compares to approximately 100 million television households in the United States. We estimate that roughly 45% of the television households in Europe subscribe to some form of multichannel television service compared to subscription rates of nearly 85% in the United States. Based upon such sources, we estimate that subscription rates in the Asia/Pacific Rim and Latin America/Caribbean markets are even lower at roughly 35% and 20%, respectively.

5

As of December 31, 2001 we had sales in more than 95 countries. We have penetrated the international marketplace through a field sales organization and through a network of distributors and agents located in major countries where we do business. In addition to new customers developed by our network of distributors and sales representatives, many large U.S. cable television operators, with whom we have had long established business relationships, are active investors in cable television systems outside the United States.

OTHER VIDEO MARKETS (NON-CABLE TELEVISION). Many specialized markets or applications are served by multiple cable media such as coaxial, twisted pair, fiber optic or combinations of each. We are a leading producer of composite cables made of flexible coaxial and twisted copper pairs for full service communications providers worldwide. In the satellite direct-to-home

Edgar Filing: COMMSCOPE INC - Form 10-K

cable market, where specialized cables transmit satellite-delivered video signals and antenna positioning/control signals, we have developed a leading market position. We market an array of premium metallic and optical cable products directed at the broadcasting and video production studio market.

WIRELESS COMMUNICATIONS MARKET. We believe that the deployment of wireless communications systems throughout the United States and the rest of the world presents a growth opportunity for us. Semi-flexible coaxial cables are used to connect the antennae located at the top of wireless antenna towers to the radios and power sources located adjacent to or near the antenna site. Over the past few years, we developed the patented Cell Reach(R) products, a line of copper shielded semi-flexible coaxial cable and related connectors and accessories to address this market. Cell Reach has been installed in thousands of wireless base stations with leading service providers such as Nextel Communications, Inc., Sprint Corporation and certain Sprint affiliates and certain AT&T affiliates.

We have expanded manufacturing capacity for this product line and are in the process of establishing further international sales capabilities. During 2001, we expanded our global capacity in the wireless market and now have production capability in Latin America and Europe.

CommScope also manufactures other broadband coaxial cables, fiber optic cables and twisted pair cables that are used for various wireless applications, including Third Generation Wireless (3G), Personal Communications Systems (PCS), Global System for Mobile Communications (GSM), Universal Mobile Telecommunications (UMTS), Cellular, Multichannel Multipoint Distribution Service (MMDS), Local Multipoint Distribution System (LMDS), land mobile radio, paging and in-building wireless applications. During 2001, we continued to develop specialized coaxial cables for these applications, including the Extremeflex™ product line which are highly flexible low loss 50 ohm coaxial cables adapted from CommScope's patented, highly successful digital BroadBand QR(R) product line. In addition, we achieved TL 9000 registration for our wireless products at our Cable Technology Center in Newton, North Carolina. The TL 9000 certification is an internationally recognized quality system standard, which we believe demonstrates our quality commitment to our wireless customers.

However, we expect ongoing aggressive competition from larger, well-established companies with significant financial resources, brand recognition in the cellular market and established marketing channels for coaxial cable and accessories.

LOCAL AREA NETWORK MARKET. The proliferation of personal computers, and more broadly the practice of distributed computing, has created a need for products which enable users to share files, applications and peripheral equipment such as printers and data storage devices. Local area networks, typically consisting of at least one dedicated computer (a "server"), peripheral devices, network software and interconnecting cables, were developed in response to this demand. We manufacture a variety of twisted pair, coaxial and fiber optic cables to transmit data for local area network applications. The most widely used cable design for this application consists of four high-performance twisted pairs that are capable of transmitting data at rates in excess of 100 mbps. We focus our products and marketing on cables with enhanced electrical and physical performance such as our UltraPipe (TM) unshielded twisted pair. We believe that UltraPipe cable is among the highest performing unshielded twisted pair cables in the industry. During 2001, we expanded our presence as a fiber optic supplier to the LAN market. We believe that access to fiber optic products from BrightWave and its affiliates will provide us an

Edgar Filing: COMMSCOPE INC - Form 10-K

opportunity to increase our sales of fiber optic cable to LAN customers. Copper and fiber optic composite cables are frequently combined in a single cable to reduce installation costs and support multimedia applications.

6

OTHER MARKETS. We have developed a strategy for addressing additional cable consuming markets. By combining narrowly focused product and market management with our cable manufacturing and operational skills, we are entering new markets for broadcast, home automation, telephone central office switching and transmission, and other high-performance communications applications.

MANUFACTURING

We employ advanced cable manufacturing processes, the most important of which are:

- o thermoplastic extrusion for insulating wires and cables;
- o high-speed welding and swaging of metallic shields or outer conductors;
- o braiding;
- o cabling; and
- o automated testing.

Many of these processes, some of which are proprietary and/or trade secret information, are performed on equipment that has been modified for our purposes or specifically built to our specifications, often internally in our own machine shop facilities. We do not fabricate all of the raw material components used in making most of our cables, such as certain wires, tapes, tubes and similar materials. We believe, however, that fabrication, to the extent economically feasible, could be done by us instead of being outsourced.

For example, during 2001 we substantially completed certain aspects of strategic vertical integration projects for bimetallic wire fabrication and fine wire drawing and currently produce a significant portion of our needs internally.

The manufacturing processes of the three principal types of cable we manufacture are further described below.

COAXIAL CABLES. We employ a number of advanced plastic and metal forming processes in the manufacture of coaxial cable. Three fundamental process sequences are common to almost all coaxial cables:

- o First, a plastic insulation material, called the dielectric, is melt extruded around a metallic wire or center conductor. Current state-of-the-art dielectrics consist of foamed plastics to enhance the electrical properties of the cable. Precise control of the foaming process is critical to achieve the mechanical and electrical performance required for broadband services and cellular communications applications. We believe that plastic foam extrusion, using proprietary materials, equipment and control systems, is one of our core competencies.

- o The second step involves sheathing the dielectric material with a metallic shield or outer conductor. Three basic shield designs and processes are used. For semi-flexible coaxial cables, we apply solid aluminum or copper shields over the dielectric by either pulling the dielectric insulated wire into a long, hollow metallic tube or welding the metallic tube directly over the dielectric. Welding allows the use of thinner metal, resulting in more flexible products. We use a proprietary welding process that achieves significantly higher process speeds than those achievable using other cable welding methods. The same welding process has led to extremely efficient manufacturing processes of copper shielded products for cellular communications. For both hollow and welded tubes, the cable is passed through tools that form the metallic shield tightly around the dielectric.
- o Flexible coaxial cables, which are usually smaller in diameter than semi-flexible coaxial cables, generally are made with the third shield design. Flexible outer shield designs typically involve laminated metallic foils and braided fine wires which are used to enhance flexibility which is more desirable for indoor wiring or for connecting subscribers in drop cable applications.

7

- o The third and usually final process sequence is the melt extrusion of thermoplastic jackets to protect the coaxial cable. A large number of variations are produced during this sequence including: incorporating an integral strength member; customer specified extruded stripes and printing for identification; abrasion and crush resistant jackets; and adding moisture blocking fillers.

TWISTED COPPER PAIRS. We insulate single copper wires using high-speed thermoplastic extrusion techniques. Two insulated copper singles are then twinned by twisting them into an electrically balanced pair unit in a separate process. They are then bunched or cabled by grouping two or more pair units into larger units for further processing in one or more further processes depending on the number of pairs desired within the completed cable. The cabled units are then shielded and jacketed or simply jacketed without applying a metallic shield in the jacketing process. The jacketing process involves extrusion of a plastic jacket over a shielded or unshielded cable core. The majority of sales of our twisted copper pairs come from plenum rated unshielded twisted pair cables for local area network applications. Plenum cables are cables rated under the National Electrical Code as safe for installation within the air plenum areas of office buildings due to their flame retarding and low smoke generating characteristics when heated. Plenum cables are made from more costly thermoplastic insulating materials, such as FEP. These materials have significantly higher extrusion temperature profiles that require more costly extrusion equipment than non-plenum rated cables. We believe that the processing of plenum rated materials is one of our core competencies.

FIBER OPTIC CABLES. We manufacture fiber optic cables by purchasing bulk uncabled optical fiber singles and buffering them before cabling them into unjacketed core units. We then apply protective outer jackets and, sometimes, shields and jackets in a final process before testing. The manufacturing and test equipment for fiber optic cables are different from those used to manufacture coaxial and copper twisted pair cables. Most of

Edgar Filing: COMMSCOPE INC - Form 10-K

the fiber optic cables we produce are sold to the cable television and local area network industry. Some of these fiber optic cables are produced under licenses acquired from other fiber and fiber optic cable manufacturers.

COMPOSITE CABLES. We also produce cables that are combinations of some or all of coaxial cables, copper singles or twisted copper pairs and fiber optic cables within a single cable for a variety of applications. The most significant of the composite cables we manufacture are combination coaxial and copper twisted pairs within a common outer jacket which are being used by some telephone companies and cable operators to provide both cable television services and telephone services to the same households over HFC cable networks. Nearly all of our current markets have applications for composite cables which we can manufacture.

BRIGHTWAVE OPTICAL FIBER AND FIBER OPTIC CABLE. Our equity-method investee, BrightWave, is one of the world's largest manufacturers of optical fiber and fiber optic cable. Brightwave produces application-specific fiber and fiber optic cable for voice, data and video transmission deployed in both long-haul and short-haul communications networks. BrightWave sells cable primarily to large telecommunications service providers including certain Regional Bell Operating Companies (RBOCs). BrightWave manufactures fiber under a contract manufacturing agreement for OFS Fitel, LLC ("Fitel") a wholly owned subsidiary of Fitel USA. Fitel USA's ultimate parent is Furukawa.

BrightWave is headquartered in Norcross, Georgia and operates production facilities in the United States, Brazil and Germany. While a majority of sales are expected to be generated in North America, BrightWave markets and sells its products in Asia/Pacific Rim, Latin America, and the Europe.

As a contract manufacturer to Fitel, BrightWave produces application-specific fibers, such as TrueWave, AllWave, and UltraWave, which are used in terrestrial long haul, metro and LAN applications. BrightWave has a worldwide reputation for high capacity and industry-leading fiber designs. The combined optical fiber production capabilities of BrightWave and Fitel, together, rank them as the world's second largest producer of optical fiber and cable.

Manufacturing fiber optic cable consists of two basic steps: creating a rod, also called a core preform or a blank, of very pure glass and then heating the preform and drawing it into a thin fiber. After drawing, the fiber is coated with a protective jacket and wound on a spool. Individual fibers are often wrapped or packaged with other fibers to form cables consisting of up to 864 stands of fiber. After manufacturing the fiber itself, the fiber is packaged in a cable in various combinations of fiber types and quantities to form a fiber optic cable that is sold to customers.

BrightWave produces fiber optic cables in a broad range of fiber types, fiber bundling, fiber counts and sheath designs. These cable products provide state of the art terabit transport in configurations up to 864 fibers in ribbons for dense metro and long haul routes and smaller ribbons or loose fiber bundles for last mile applications.

BrightWave's customers compete in markets characterized by rapid technological changes, decreasing product life cycles, price competition

Edgar Filing: COMMSCOPE INC - Form 10-K

and increased user applications. These markets have experienced significant expansion in the number and types of products and services they offer to end-users, particularly in personal computing, portable access communication devices and expanded networking capability.

BrightWave's primary competitors include Corning, Pirelli, Alcatel and several Japanese-based competitors. While the optical fiber industry has major barriers to entry, including capital and intellectual property, current market conditions are extremely difficult. Due primarily to the difficult market environment for certain telecommunications products and challenging global economic conditions, we expect ongoing pricing pressure and weak demand industry wide for fiber optic cable products during 2002. Based on these factors, we expect that BrightWave will incur losses for 2002.

RESEARCH AND DEVELOPMENT

Our research, development and engineering expenditures for the creation and application of new and improved products and processes were \$7 million, \$18 million and \$8 million for the years ended December 31, 2001, 2000, and 1999, respectively. We focus our research and development efforts primarily on two areas:

- o those product areas that we believe have the potential for broad market applications and significant sales within a one-to-three year period; and
- o new manufacturing technologies to achieve cost reductions.

During 2001, our major projects consisted primarily of research and engineering activity related to the production of copper clad metals required to advance the design of those materials and related processes to the point that they meet specific functional and economic requirements and are ready for full scale manufacturing. We have undertaken these projects in an effort to reduce materials costs and reliance on limited sources of key raw materials. In addition, we entered into cross-licensing arrangements with Furukawa in 2001, providing us with access to key technology for communications cable, especially fiber optic cable, that has taken years to develop.

The widespread deployment of broadband services and HFC cable systems is expected to provide opportunities for us to enhance our coaxial cable product lines and to improve our manufacturing processes.

SALES AND DISTRIBUTION

We market our products worldwide through a combination of more than 140 direct sales, territory managers and manufacturers' representative personnel. We support our sales organization with regional service centers in: Alabama; Nevada; North Carolina; Puerto Rico; Australia; Belgium; Brazil and England. In addition, we utilize local inventories, sales literature, internal sales service support, design engineering services and a group of product engineers who travel with sales personnel and territory managers and assist in product application issues, and conduct technical seminars at customer locations to support our sales organization. We have expanded our global presence through our acquisition of Europe's largest manufacturer of cable television coaxial cable and our establishment of a manufacturing and distribution facility in Brazil.

Edgar Filing: COMMSCOPE INC - Form 10-K

A key aspect of our customer support and distribution chain is the use of our private truck fleet. We believe that the ability to offer rapid delivery services, materials management and logistics services to customers through our private truck fleet is an important competitive advantage.

Our products are sold and used in a wide variety of applications. Our products primarily are sold directly to cable system operators, telecommunications companies, original equipment manufacturers and indirectly through distributors. There has been a trend on the part of larger customers to consolidate their lists of qualified suppliers to companies that have a global presence, can meet quality and delivery standards, have a broad product portfolio and design capability, and have competitive prices. We have concentrated our efforts on service and productivity improvements including advanced computer aided design and manufacturing systems, statistical process controls and just-in-time inventory programs to increase product quality and shorten product delivery schedules. Our strategy is to provide a broad selection of products in the areas in which we compete. We have achieved a preferred supplier designation from many of our cable television, telephone and original equipment manufacturer customers. We have also strengthened our information technology infrastructure and implemented an integrated information management system, which we believe will help us improve business practices.

Cable television services in the United States are provided primarily by cable television system operators. It is estimated that the six largest cable television system operators account for more than 70% of the cable television subscribers in the United States. The major cable television system operators include such companies as AT&T, AOL Time Warner, Comcast, Charter Communications, Cox Communications and Adelphia Communications. Many of the major cable television system operators are our customers, including those listed above. During the years ended December 31, 2001 and 2000 no customer accounted for 10% or more of our net sales. During the year ended December 31, 1999, AT&T and its affiliates accounted for approximately 10% of our net sales. No other customer accounted for 10% or more of our net sales in 1999.

PATENTS

We pursue an active policy of seeking intellectual property protection, namely patents, for new products and designs. We hold 70 patents worldwide and have 93 pending applications. We consider our patents to be valuable assets, but no single patent is material to our operations as a whole. We intend to rely on our proprietary knowledge, trade secrets and continuing technological innovation to develop and maintain our competitive position.

We have entered into cross-licensing arrangements with Furukawa in 2001, providing us with access to key technology for communications cable, especially fiber optic cable.

BACKLOG

At December 31, 2001, 2000, and 1999, we had an order backlog of approximately, \$22 million, \$156 million, and \$104 million, respectively. Orders typically fluctuate from quarter to quarter based on customer demand and general business conditions. Backlog includes only orders for products scheduled to be shipped within six months. In some cases, unfilled orders may be canceled prior to shipment of goods; but cancellations historically have not been material. However, our current order backlog may not be

Edgar Filing: COMMSCOPE INC - Form 10-K

indicative of future demand.

COMPETITION

We encounter competition in substantially all areas of our business. We compete primarily on the basis of product specifications, quality, price, engineering, customer service and delivery time. Competitors include large, diversified companies, some of which have substantially greater assets and financial resources than we do, as well as medium to small companies. We also face competition from certain smaller companies that have concentrated their efforts in one or more areas of the coaxial cable market. We believe that we enjoy a strong competitive position in the coaxial cable market due to our position as a low-cost, high-volume coaxial cable producer and reputation as a high-quality provider of state-of-the-art cables with a strong orientation toward customer service. We also believe that we enjoy a strong competitive position in the electronic cable market due to our large direct field sales organization within the local area network group, the comprehensive nature of our product line and our long established reputation for quality.

10

RAW MATERIALS

In the manufacture of coaxial and twisted pair cables, we process metal tubes, tapes and wires including bimetallic center conductors (wires made of aluminum or steel with thin outer skins of copper) that are fabricated from high-grade aluminum, copper and steel. Most of these fabricated metal components are purchased under supply arrangements with some portion of the unit pricing indexed to commodity market prices for these metals. We have adopted a hedging policy pursuant to which we may, from time to time, attempt to match futures contracts or option contracts for a specific metal with some portion of the anticipated metal purchases for the same periods. Other major raw materials we use include polyethylenes, polyvinylchlorides, FEP and other plastic insulating materials, optical fibers, and wood and cardboard shipping and packaging materials (some of which are available only from limited sources).

In 2001, approximately 7% of our raw material purchases were for bimetallic center conductors for coaxial cables, nearly all of which were purchased from Copperweld Corporation. We are working toward a long term supply arrangement with Copperweld for certain bimetallic center conductors for 2002 and 2003. If we are unable to continue to purchase the necessary quantities of bimetallic center conductors, we may be unable to obtain these raw materials on commercially acceptable terms from another source. During 2001, we produced a significant portion of our bimetallic center conductor requirements internally. However, there are few, and limited, alternative sources of supply for these raw materials. Management believes that our expected supply arrangement with Copperweld, together with our increasing internal production of bimetallic center conductors, addresses concerns regarding the continuing availability of these key materials and enhances our ability to support the demand for broadband cable. Although the parent of Copperweld has filed for Chapter 11 debtor-in-possession reorganization, management does not believe this will affect the Company's supply arrangement with Copperweld. However, the loss of Copperweld as a supplier of bimetallic center conductors, Copperweld's inability to supply, and/or our failure to manufacture or adequately expand our internal production of these products, could have a material adverse effect on our business and financial condition.

Edgar Filing: COMMSCOPE INC - Form 10-K

In addition, we purchase fine aluminum wire from a limited number of suppliers. Fine aluminum wire is a smaller raw material purchase than bimetallic center conductors and we produced a significant portion of our requirements internally. However, neither of these major raw materials could be readily replaced in sufficient quantities if all supplies from the respective primary sources were disrupted for an extended period and we were unable to expand production of these products internally. In such event, there could be a materially adverse impact on our financial results.

Additionally, FEP is the primary raw material used throughout the industry for producing flame retarding cables for local area network applications. There are few worldwide producers of FEP and market supplies have been periodically limited over the past several years. Availability of adequate supplies of FEP will be critical to future local area network cable sales growth.

Optical fiber is a primary material used for making fiber optic cables. There are few worldwide suppliers of optical fiber. Availability of adequate supplies of optical fiber will be critical to future fiber optic cable sales growth. We believe that our ownership in BrightWave and the optical fiber supply arrangement with a BrightWave affiliate address concerns about continuing availability of these materials and enhances our ability to support the demand for broadband cable.

Alternative sources of supply or access to alternative materials are generally available for all other major raw materials we use. We believe supplies of all other major raw materials we use are generally adequate and we expect them to remain so for the foreseeable future.

ENVIRONMENT

We use some hazardous substances and generate some solid and hazardous waste in the ordinary course of our business. As a result, we are subject to various federal, state, local and foreign laws and regulations governing the use, discharge and disposal of hazardous materials. Because of the nature of our business, we have incurred, and will continue to incur, costs relating to compliance with these environmental laws. Although we believe that we are in substantial compliance with such environmental requirements, and we have not in the past been required to incur material costs in connection with this compliance, there can be no assurance that our cost to comply with these requirements will not increase in the future. Although we are unable to predict what legislation or regulations may be adopted in the future with respect to environmental protection and waste disposal, compliance with existing legislation and regulations has not had and is not expected to have a materially adverse effect on our operations or financial condition.

11

EMPLOYEES

At December 31, 2001, we employed approximately 3,100 people. Substantially all employees are located in the United States. We also have employees in foreign countries, including those located in Belgium and Brazil. We believe that our relations with our employees are satisfactory.

ITEM 2. PROPERTIES

Our principal administrative, production and research and development

Edgar Filing: COMMScope INC - Form 10-K

facilities are located in the following locations:

The Hickory, North Carolina facility occupies approximately 85,000 square feet under a lease expiring in 2005 with up to two additional five-year renewal terms, which may be granted at the option of the lessor. We recently consolidated our executive offices, sales office and customer service department and certain corporate and administrative functions in this new leased facility.

The Catawba, North Carolina facility occupies approximately 1,000,000 square feet and is owned by us. The Catawba facility manufactures coaxial cables, is the major distribution facility for our products and houses certain administrative and engineering activities.

The Claremont, North Carolina facility occupies approximately 587,500 square feet and is owned by us. The Claremont facility manufactures coaxial, copper twisted pair and fiber optic cables and houses certain of our administrative, sales and engineering activities.

The Scottsboro, Alabama facility occupies approximately 150,000 square feet and is owned by us. The Scottsboro facility manufactures coaxial cables.

The Statesville, North Carolina facility occupies approximately 315,000 square feet and is owned by us. The Statesville facility houses certain cable-in-conduit manufacturing, wire fabrication, recycling, research and development, and engineering activities.

The Seneffe, Belgium, facility occupies approximately 134,000 square feet, including a warehouse, and is owned by us. The Seneffe facility houses certain coaxial cable manufacturing and sales activities for HFC, wireless and other applications.

The Newton, North Carolina facility occupies approximately 455,000 square feet of wireless cable manufacturing, office and warehouse space and is owned by us. This facility houses some of our administrative, engineering, and research and development functions as well as manufacturing and sales activities for our wireless products group.

The Sparks, Nevada facility occupies approximately 225,500 square feet under a lease expiring in 2003 with additional renewal terms available. The Sparks facility manufactures cable-in-conduit products and houses regional service and distribution activities.

The Jaguariuna, Brazil facility occupies approximately 283,000 square feet of manufacturing and office space and is owned by us. The Jaguariuna facility houses certain coaxial cable manufacturing and sales activities for HFC, wireless and other applications.

We own a 259,000 square-foot facility in Kings Mountain, North Carolina that we recently constructed, but are currently not using. This property is currently being offered for sale.

We do not believe there is any material long-term excess capacity in our facilities, although utilization is subject to change based on customer demand. We believe that our facilities and equipment generally are well maintained, in good operating condition and suitable for our purposes and adequate for our present operations.

ITEM 3. LEGAL PROCEEDINGS

We are not involved in any pending legal proceedings other than

Edgar Filing: COMMSCOPE INC - Form 10-K

various claims and lawsuits arising in the normal course of business. We do not believe that any such claims or lawsuits will have a materially adverse effect on our financial condition and results of operations.

12

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the three months ended December 31, 2001.

13

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the New York Stock Exchange under the symbol "CTV." The following table sets forth the high and low sale prices as reported by the New York Stock Exchange for the periods indicated.

	Common Stock Price Range	
	High	Low
2000		
First Quarter	\$ 49.38	\$ 30.75
Second Quarter	\$ 50.13	\$ 32.63
Third Quarter	\$ 40.31	\$ 22.63
Fourth Quarter	\$ 26.88	\$ 15.25
2001		
First Quarter	\$ 22.50	\$ 14.75
Second Quarter	\$ 26.80	\$ 15.00
Third Quarter	\$ 24.45	\$ 15.66
Fourth Quarter	\$ 22.91	\$ 16.50

As of March 22, 2002, the approximate number of registered stockholders of record of our common stock was 669.

We have never declared or paid any cash dividends on our common stock. We do not currently intend to pay cash dividends in the foreseeable future, but intend to reinvest earnings in our business. Certain of our debt and lease agreements contain limits on our ability to pay cash dividends on our common stock.

Edgar Filing: COMMScope INC - Form 10-K

14

ITEM 6. SELECTED FINANCIAL DATA

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA (IN THOUSANDS, EXCEPT RATIOS AND PER SHARE AMOUNTS)

	Year Ended December 31,			
	2001	2000	1999	1998
RESULTS OF OPERATIONS:				
Net sales	\$738,498	\$950,026	\$748,914	\$571,733
Gross profit	179,644	251,054	200,106	134,593
Operating income	62,874	146,051	117,517	72,843
Net income	27,865	84,887	68,077	39,231
Pro forma net income (1)	--	--	--	--
NET INCOME PER SHARE				
INFORMATION (1):				
Weighted average number of shares outstanding:				
Basic	52,692	51,142	50,669	49,221
Assuming dilution	53,500	56,047	52,050	49,521
Net income per share:				
Basic	\$ 0.53	\$ 1.66	\$ 1.34	\$ 0.80
Assuming dilution	\$ 0.52	\$ 1.60	\$ 1.31	\$ 0.79
BALANCE SHEET DATA:				
Cash and cash equivalents	\$ 61,929	\$ 7,704	\$ 30,223	\$ 4,129
Property, plant and equipment, net	277,169	251,356	181,488	135,082
Total assets	889,005	721,182	582,535	465,327
Working capital	199,125	209,104	146,952	93,982
Long-term debt, including current maturities	194,569	227,436	198,402	181,800
Stockholders' equity	606,514	374,520	281,344	203,972
OTHER INFORMATION:				
Operating cash flows	\$158,168	\$ 44,924	\$ 79,419	\$ 82,971
Depreciation and amortization	40,529	35,799	29,295	24,662
Capital expenditures	70,841	98,640	57,149	22,784

15

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPANY BACKGROUND

CommScope, Inc., through its wholly owned subsidiaries and equity method investee, operates in the cable manufacturing business with manufacturing facilities located in the United States, Europe and Latin America. We are a leading worldwide designer, manufacturer and marketer of a wide array of broadband coaxial cables and other high-performance

Edgar Filing: COMMSCOPE INC - Form 10-K

electronic and fiber optic cable products for cable television, telephony, Internet access and wireless communications. We believe we are the world's largest manufacturer of coaxial cable for hybrid fiber coax (HFC) broadband networks. We are also a leading supplier of coaxial, twisted pair and fiber optic cables for premise wiring (local area networks), wireless and other communication applications.

Effective November 16, 2001, we acquired an 18.4% ownership interest in OFS BrightWave, LLC ("OFS BrightWave"), an optical fiber and fiber cable venture between us and The Furukawa Electric Co., Ltd. ("Furukawa"). OFS BrightWave was formed to operate a portion of the optical fiber and fiber cable business ("OFS Group") acquired from Lucent Technologies Inc. ("Lucent"). We issued 10.2 million shares of CommScope, Inc. common stock, valued at \$203.4 million, to Lucent in lieu of a portion of the purchase price payable by Furukawa for the acquisition of a portion of Lucent's OFS Group. Of the amount paid by us, \$173.4 million represented a capital contribution in exchange for our 18.4% equity interest in OFS BrightWave and \$30 million represented a loan from one of our wholly owned subsidiaries to OFS BrightWave. The remaining 81.6% equity interest in OFS BrightWave is owned by an indirect wholly owned subsidiary of Furukawa. The businesses acquired include transmission fiber and cable manufacturing capabilities at a 2.9 million square foot facility in Norcross, Georgia, as well as facilities in Germany and Brazil and an interest in a joint venture in Carrollton, Georgia. We expect our investment in OFS BrightWave and other arrangements with Furukawa to provide access to optical fiber, including premium fiber, under a supply agreement, enhance our technology platform with access to key intellectual property, and create a strategic partner in optical fiber and fiber cable manufacturing.

CRITICAL ACCOUNTING POLICIES

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes discussion and analysis of our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and their underlying assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other

16

objective sources. Management bases its estimates on historical experience and on assumptions that are believed to be reasonable under the circumstances and revises its estimates, as appropriate, when changes in events or circumstances indicate that revisions may be necessary. Significant accounting estimates reflected in our financial statements include the allowance for doubtful accounts, inventory excess and obsolescence reserves, warranty and distributor price protection reserves, reserves for sales returns, discounts, allowances, and rebates, income tax valuation allowances, and impairment reviews for investments, fixed assets, goodwill and other intangibles. Although these estimates are based on management's knowledge of and experience with past and current events and on management's assumptions about future events, it is at least reasonably possible that they may ultimately differ materially from actual results.

Management believes the following critical accounting policies require its more significant judgments and estimates used in the preparation of its

Edgar Filing: COMMSCOPE INC - Form 10-K

consolidated financial statements. We maintain allowances for doubtful accounts for estimated losses expected to result from the inability of our customers to make required payments. These estimates are based on management's evaluation of the ability of our customers to make payments, focusing on customer financial difficulties and age of receivable balances. An adverse change in financial condition of a significant customer or group of customers could materially affect management's estimates related to doubtful accounts. We record estimated reductions to revenue for customer programs and incentive offerings, such as discounts, allowances, rebates and distributor price protection programs. These estimates are based on contract terms, historical experience, inventory levels in the distributor channel, and other factors. Management believes it has sufficient historical experience to allow for reasonable and reliable estimation of these reductions to revenue. However, declining market conditions could result in increased estimates of sales returns and allowances and potential distributor price protection incentives, resulting in incremental reductions to revenue. We maintain allowances for excess and obsolete inventory. These estimates are based on management's assumptions about and analysis of relevant factors including current levels of orders and backlog, shipment experience, forecasted demand and market conditions. We do not believe our products are subject to a significant risk of obsolescence in the short term and management believes it has the ability to adjust production levels in response to declining demand. However, if actual market conditions become less favorable than anticipated by management, additional allowances for excess and obsolete inventory could be required. Management reviews goodwill, intangible assets, investments, and other long-lived assets for impairment when events or changes in circumstances indicate that their carrying values may not be fully recoverable. Management assesses potential impairment of the carrying values of these assets based on market prices, if available, or assumptions about and estimates of future cash flows expected to arise from these assets. Future cash flows may be adversely impacted by operating performance, market conditions, and other factors. If an impairment is indicated by this analysis, the impairment charge to be recognized, if any, would be measured as the amount by which the carrying value exceeds fair value, estimated by management based on market prices, if available, or forecasted cash flows, discounted using a discount rate commensurate with the risks involved. Assumptions related to future cash flows and discount rates involve management judgment and are subject to significant uncertainty. If future cash flows, discount rates and other assumptions used in the assessment and measurement of impairment differ from management's estimates and forecasts, additional impairment charges could be required. Discussion of 2001 impairment charges is located under the heading "Impairment charges for fixed assets and investments" within the "Comparison of results of operations for the year ended December 31, 2001 with the year ended December 31, 2000." See also discussion of new standards for testing goodwill and other identifiable intangible assets for impairment under "Newly Issued Accounting Standards."

FINANCIAL HIGHLIGHTS

For the three-year period 1999-2001, we reported the following results (in thousands, except per share amounts):

Year Ended December 31,		
2001	2000	1999

Edgar Filing: COMMSCOPE INC - Form 10-K

Net income	\$ 27,865	\$ 84,887	\$ 68,077
Net income per share - assuming dilution	0.52	1.60	1.31

Net income for the year ended December 31, 2001 included pretax charges of \$13 million, or \$0.18 per diluted share, net of tax, related to impairment of certain fixed assets, including our Kings Mountain facility and an investment in a wireless infrastructure project management company, now in the process of being liquidated. The tax benefit of the capital loss arising from impairment of this investment has been offset by a valuation allowance due to uncertainty about our ability to utilize this tax deduction. These impairment charges were primarily the result of challenging industry conditions which prompted management to make certain estimates and assumptions in order to determine if the carrying values of these assets may not be fully recoverable.

Also included in net income for the year ended December 31, 2001 were pretax charges of approximately \$8 million, or \$0.09 per diluted share, net of tax, representing financing and formation costs related to our

17

investment in OFS BrightWave. These pretax charges were incurred prior to restructuring the joint venture arrangements with Furukawa related to the acquisition of Lucent's OFS Group and are not capitalizable as part of our investment in the restructured venture. See further discussion under "Terminated acquisition costs."

Net income for the year ended December 31, 2000 included a pretax gain of \$517 thousand related to the final liquidation of a closed Australian joint venture. This joint venture was completely dissolved as of December 29, 2000, when the deregistration period required by Australian legal authorities expired.

Our consolidated financial statements and related notes, included in Item 8, should be read as an integral part of the financial highlights and the following financial review.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2001 WITH THE YEAR ENDED DECEMBER 31, 2000

NET SALES

Net sales for the year ended December 31, 2001 decreased \$211.5 million or 22% to \$738.5 million, from 2000. The decrease in net sales was mainly due to deteriorating global economic conditions which resulted in declining demand and competitive pricing pressures for some product lines both domestically and internationally.

The following table presents (in millions) our revenues by broad product group as well as domestic versus international sales for the years ended December 31, 2001 and 2000:

	2001 Net Sales	% of 2001 Net Sales	2000 Net Sales	% of Net
--	-------------------	------------------------	-------------------	-------------

Edgar Filing: COMMSCOPE INC - Form 10-K

Broadband/Video Products	\$588.3	79.7 %	\$ 723.8	
LAN Products	88.3	12.0	85.3	
Wireless & Other Telecom Products	61.9	8.3	140.9	
Total worldwide sales	\$738.5	100.0 %	\$ 950.0	1
Domestic sales	\$565.2	76.5 %	\$ 717.6	
International sales	173.3	23.5	232.4	
Total worldwide sales	\$738.5	100.0 %	\$ 950.0	1

For the year ended December 31, 2001, international sales decreased \$59.1 million, or 25%, to \$173.3 million, from 2000, with sales down year over year in all regions primarily due to the difficult global environment. While we believe that near term international sales will be depressed until the global economy improves, we remain optimistic about the long-term global opportunities for broadband cable. During 2001, we opened a new manufacturing facility in Brazil, which we expect will enhance our competitive position in Latin America, especially when this region's economy improves.

Net sales of broadband and other video distribution products ("Broadband/Video Products") for the year ended December 31, 2001 decreased \$135.5 million, or 19%, to \$588.3 million, from 2000. The decrease was primarily attributable to lower sales volumes, and was significantly affected by the downturn in international demand. Increases in sales to most of the large domestic broadband service providers were more than offset by substantial decreases in sales to alternate service providers and to AT&T Broadband. Domestic Broadband/Video sales decreased approximately

18

16% year over year. The decrease in Broadband/Video Products sales volume was somewhat offset by modest price increases for certain HFC products. Sales were also positively affected by a favorable shift in product mix resulting from sales of fiber optic cable, primarily for broadband applications, which represented approximately 15% of total sales in 2001. However, sales of fiber optic cable slowed during the second half of 2001 as a result of challenging market conditions and competitive pricing pressures. While we expect the market for fiber optic cable to remain difficult during 2002, we believe that our ability to offer both coaxial and fiber optic cable, as well as other types of communications cables, continues to be an important competitive advantage. We also believe that we will benefit in 2002 from the anticipated increase in infrastructure spending announced by AT&T Broadband.

Net sales of local area network and other data application products ("LAN Products") for the year ended December 31, 2001 increased \$3.0 million, or 4%, to \$88.3 million, from 2000. The increase was primarily due to a favorable shift to more enhanced products at higher unit prices, offset by a decline in unit volume. Net pricing was not a significant factor in the year-over-year increase in sales of LAN Products. We began implementing a comprehensive performance improvement plan for our LAN Products group during the fourth quarter of 2000. This plan included, among

Edgar Filing: COMMSCOPE INC - Form 10-K

other things, reorganizing LAN sales and operational management as well as ongoing efforts to reduce distribution channel inventory, improve efficiency, and increase the velocity of the manufacturing and distribution cycle. This reorganization resulted in growth in both sales and profitability of our LAN Products and we believe it has improved our ability to provide world-class network cabling solutions to our domestic customers.

Net sales of wireless and other telecommunications products ("Wireless and Other Telecom Products") for the year ended December 31, 2001 decreased \$79.0 million, or 56%, to \$61.9 million, from 2000, primarily due to lower sales of Other Telecom Products related to telephone central office applications. The decrease in sales of Other Telecom Products was primarily driven by lower volumes, offset somewhat by a favorable shift in product mix. We expect ongoing softness and significant competitive pressures for these Other Telecom Products. Sales of Wireless Products were down significantly year over year primarily due to the general slowdown in telecommunications capital spending and the inability of certain customers to get financing for their projects. The decrease in sales of Wireless Products was primarily driven by lower volumes, and was impacted somewhat by an unfavorable shift in product mix. During 2001 we expanded our global capacity in the wireless market and now have production capability in Latin America and Europe. We continue to experience aggressive competition in the wireless market.

GROSS PROFIT (NET SALES LESS COST OF SALES)

Gross profit for the year ended December 31, 2001 was \$179.6 million, compared to \$251.1 million for 2000, a decrease of 28%. Gross profit margin decreased over 200 basis points to 24.3% for the year ended December 31, 2001, compared to 26.4% for 2000. The decreases in gross profit and gross profit margin were primarily due to lower sales volumes. Changes in material costs did not have a significant impact on 2001 gross profit margin.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative ("SG&A") expense for the year ended December 31, 2001 increased \$2.3 million, or 3%, to \$83.5 million, from 2000. The year-over-year increase in SG&A expense was primarily due to increased charges for doubtful accounts and ongoing investment in our information technology infrastructure. We recorded charges for doubtful accounts in the amount of approximately \$6.5 million in 2001 compared to \$4.5 million in 2000. We believe we have taken appropriate charges for doubtful accounts as a result of the difficult market environment based on our analysis of customer financial difficulties, age of receivable balances, and other relevant factors. We plan to continue investing in our information technology infrastructure in order to further differentiate our service model through technology.

As a percentage of net sales, SG&A expense was 11.3% for the year ended December 31, 2001 compared to 8.5% for the year ended December 31, 2000. The increase in SG&A expense as a percentage of net sales was primarily due to sales declining faster than sales and marketing expenses, as well as the factors discussed above. We intend to continue to fund domestic and international sales and marketing efforts in order to enhance our competitive position around the world in anticipation of improving global economic conditions.

RESEARCH AND DEVELOPMENT

Research and development expense as a percentage of net sales decreased to 1.0% for the year ended December 31, 2001, compared to 1.9% for the year ended December 31, 2000. This decrease was primarily due to the substantial completion of certain aspects of our vertical integration projects for bimetallic wire fabrication and fine wire drawing in 2001. During 2001, our major projects consisted primarily of research and engineering activity related to the production of copper clad metals required to advance the design of those materials and related processes to the point that they meet specific functional and economic requirements and are ready for full-scale manufacturing. We have undertaken these projects as part of our vertical integration strategy in an effort to reduce materials costs and reliance on limited sources of key raw materials. These projects were in process as of December 31, 2001 and are expected to continue into 2002. In addition, we entered into cross-licensing arrangements with Furukawa in 2001, providing us with access to key technology for communications cable, especially fiber optic cable, that has taken years to develop.

TERMINATED ACQUISITION COSTS

Our acquisition of an 18.4% ownership interest in OFS BrightWave as of November 16, 2001 was restructured from a previously contemplated joint venture arrangement announced July 24, 2001. Under the originally contemplated arrangement, we would have formed two joint ventures with Furukawa to acquire certain fiber cable and transmission fiber assets of Lucent's OFS Group. Given the uncertain economic environment and severe downturn in the telecommunications market as well as associated difficulties in the financing markets following the September 11, 2001 tragedy, we agreed with Furukawa to restructure the joint venture arrangements, resulting in a reduced ownership participation for us. As a result of the restructuring of this venture, we recorded pretax charges of approximately \$8 million, or \$0.09 per diluted share, net of tax, during 2001, related to financing and formation costs of the original joint venture arrangements, which are not capitalizable as part of our investment in the restructured venture.

IMPAIRMENT CHARGES FOR FIXED ASSETS AND INVESTMENTS

During 2001, we took a number of steps to manage costs and evaluated all aspects of our business in response to challenging industry conditions. As a result of our review, we recorded pretax charges of approximately \$13 million, or \$0.18 per diluted share, net of tax, during the year ended December 31, 2001 related to the impairment of certain assets. Management identified specific assets that were determined to have no future use in our operations and assets whose anticipated undiscounted future cash flows were less than their carrying values. These impairment adjustments included equipment charges and a write-down of our Kings Mountain facility, which was under construction. Equipment that was intended for the Kings Mountain facility is expected to be redeployed overseas. The impairment charges also included the write-off of an investment in a wireless infrastructure project management company, now in the process of being liquidated, whose fair value was determined to be zero. The tax benefit of the capital loss arising from impairment of this investment has been offset by a valuation allowance due to uncertainty about our ability to utilize this tax

Edgar Filing: COMMScope INC - Form 10-K

deduction.

20

OTHER INCOME (EXPENSE), NET

Other income (expense), net for the year ended December 31, 2000 included a pretax gain of \$517 thousand related to the final liquidation of a closed Australian joint venture. This joint venture was completely dissolved as of December 29, 2000, when the deregistration period required by the Australian legal authorities expired.

NET INTEREST EXPENSE

Net interest expense for the year ended December 31, 2001 was \$7.5 million, compared to \$9.7 million for 2000. Our weighted average effective interest rate on outstanding borrowings, including amortization of associated loan fees, was 4.61% as of December 31, 2001, compared to 5.14% as of December 31, 2000. The decrease in net interest expense was primarily due to lower average outstanding balances on long-term debt and lower variable interest rates.

INCOME TAXES

Our effective income tax rate was 37% for the year ended December 31, 2001 compared to 38% for 2000. The decrease in our effective income tax rate was primarily a result of certain tax savings strategies. The benefit of these strategies was offset by valuation allowances established for deferred tax assets related to a capital loss carryforward on an investment and a foreign net operating loss carryforward, the realization of which is considered to be uncertain. We expect the effective income tax rate for 2002 to remain at approximately 37%.

EQUITY IN LOSSES OF OFS BRIGHTWAVE, LLC

For the six week period from November 17, 2001 to December 31, 2001, our 18.4% equity interest in the losses of OFS BrightWave was approximately \$11 million, pretax. Since OFS BrightWave has elected to be taxed as a partnership, we have recorded a tax benefit of approximately \$4 million related to our 18.4% equity interest in the flow-through losses. The losses of approximately \$61 million incurred by OFS BrightWave during the six-week period ended December 31, 2001 were impacted by nonrecurring startup and organizational costs of approximately \$15 million, related to the write-off of in-process research and development, separation from Lucent and commencement of independent operations. OFS BrightWave operates in the same markets we do and its financial results were also adversely affected by the downturn in the global economy and the telecommunications industry. In addition, OFS BrightWave is party to manufacturing and supply agreements with OFS Fitel, LLC, which is wholly owned by Furukawa. As a result of Furukawa's controlling interest in both ventures, it has significant influence over the structure and pricing of these agreements. Future changes in these terms, over which we have limited influence, could have a material impact on the profitability of OFS BrightWave and ultimately on our results of operations and financial condition. Due primarily to the difficult market environment for certain telecommunications products and challenging global economic conditions, we expect ongoing pricing pressure and weak demand industry wide for fiber optic cable products during 2002. Based on these expectations, we expect that OFS BrightWave will incur losses for 2002.

Edgar Filing: COMMSCOPE INC - Form 10-K

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2000
WITH THE YEAR ENDED DECEMBER 31, 1999

NET SALES

Net sales for the year ended December 31, 2000 increased \$201.1 million or 27% to \$950.0 million, from 1999. The increase in net sales was primarily driven by strong sales of broadband and fiber optic cable for HFC applications. Higher sales volume, combined with price increases on certain HFC products, accounted for the majority of the year-over-year sales increase.

21

The following table presents (in millions) our revenues by broad product group as well as domestic versus international sales for the years ended December 31, 2000 and 1999:

	2000 Net Sales	% of 2000 Net Sales	1999 Net Sales	% of 1999 Net Sales
Broadband/Video Products	\$ 723.8	76.2 %	\$ 557.4	74.4 %
LAN Products	85.3	9.0	87.3	11.7
Wireless & Other Telecom Products	140.9	14.8	104.2	13.9
Total worldwide sales	\$ 950.0	100.0 %	\$ 748.9	100.0 %
Domestic sales	\$ 717.6	75.5 %	\$ 571.2	76.3 %
International sales	232.4	24.5	177.7	23.7
Total worldwide sales	\$ 950.0	100.0 %	\$ 748.9	100.0 %

For the year ended December 31, 2000, international sales increased 31% compared to 1999, mainly due to robust demand for HFC products around the world, with particular strength in the Latin American region.

Net sales of Broadband/Video Products for the year ended December 31, 2000 increased \$166.4 million or 30% to \$723.8 million, from 1999. The increase in sales of Broadband/Video Products resulted primarily from strong sales of broadband cable to domestic telecommunications companies and cable television system operators. Most of the increase was attributable to volume with modest price increases on certain products and slight improvement in product mix. Domestic Broadband/Video sales grew approximately 29% year over year, led by strong sales of fiber optic cable.

Net sales of LAN Products for the year ended December 31, 2000 decreased \$2 million or 2% to \$85.3 million, from 1999. The decrease in sales of LAN Products was primarily driven by declining unit volume and some decline in prices, offset partially by a favorable shift to more

Edgar Filing: COMMSCOPE INC - Form 10-K

enhanced products with higher average selling prices. The year-over-year unit volume decline in sales of LAN Products was primarily due to a buildup of distribution channel inventory in the first half of 2000, which slowed sales in the second half of the year. We began implementing a comprehensive performance improvement plan for our LAN Products group during the fourth quarter of 2000. This plan included, among other things, reorganizing LAN sales and operational management as well as ongoing efforts to reduce distribution channel inventory, improve efficiency, and increase the velocity of the manufacturing and distribution cycle.

Net sales of Wireless and Other Telecom Products for the year ended December 31, 2000 increased \$36.7 million or 35% to \$140.9 million, from 1999. This increase was primarily due to growth in sales of both telephone central office products and our newest-generation wireless cables. Other Telecom Products declined in terms of volume, but this decline was more than offset by improved product mix. The volume of Wireless Products sold increased year over year, but this increase was somewhat reduced by an unfavorable shift in product mix and declining prices.

GROSS PROFIT (NET SALES LESS COST OF SALES)

Gross profit for the year ended December 31, 2000 was \$251.1 million, compared to \$200.1 million for 1999, an increase of 25%. Gross profit margin decreased slightly to 26.4% for the year ended December 31, 2000, compared to gross profit margin of 26.7% for 1999.

22

While price increases for HFC products had a positive effect on gross profit margin during 2000, they were more than offset by the combination of lower prices for LAN Products, the rising cost of key materials, and reduced manufacturing efficiency resulting from capacity expansions.

During 2000, supplies of key materials, such as bimetallic center conductors and optical fiber were tight. A major focus for us in 2000 was the acceleration of internal production of bimetallic center conductors for coaxial cables. While the ramp up of production progressed slower than anticipated, we made significant progress improving output in this project in the second half of 2000.

SELLING, GENERAL AND ADMINISTRATIVE

SG&A expense for the year ended December 31, 2000 was \$81.2 million, compared to \$68.9 million for 1999. As a percentage of net sales, SG&A expense was 8.5% for the year ended December 31, 2000 and 9.2% for the year ended December 31, 1999. The absolute amount of SG&A expense increased over the prior period as a result of the expansion of sales and marketing efforts to support developing products and sales growth targets. However, as a percentage of net sales, SG&A expense decreased in 2000 compared to 1999, as a result of increased sales levels and effective cost management efforts.

RESEARCH AND DEVELOPMENT

Research and development expense as a percentage of net sales increased to 1.9% for the year ended December 31, 2000, compared to 1.1% for the year ended December 31, 1999. This increase was primarily due to

Edgar Filing: COMMSCOPE INC - Form 10-K

our vertical integration projects for bimetallic wire fabrication and fine wire drawing. We have undertaken these projects as part of our vertical integration strategy in an effort to reduce materials costs and reliance on limited sources of key raw materials.

OTHER INCOME (EXPENSE), NET

Other income (expense), net for the year ended December 31, 2000 included a pretax gain of \$517 thousand related to the final liquidation of a closed Australian joint venture. This joint venture was completely dissolved as of December 29, 2000, when the deregistration period required by the Australian legal authorities expired.

NET INTEREST EXPENSE

Net interest expense for the year ended December 31, 2000 was \$9.7 million, compared to \$9.6 million for 1999. Our weighted average effective interest rate on outstanding borrowings, including amortization of associated loan fees, was 5.14% as of December 31, 2000, compared to 4.82% as of December 31, 1999.

INCOME TAXES

Our effective income tax rate was 38% for the year ended December 31, 2000 and 37% for 1999. This slight increase was primarily due to the dilution of our foreign sales corporation tax benefit, a result of strong domestic sales and increasing sales from our Belgium facility, and higher tax rates in foreign jurisdictions, particularly Belgium.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity both on a short-term and long-term basis are cash flows provided by operations and borrowing capacity under credit facilities. Reduced sales and profitability could reduce the availability of cash provided by operations. In addition, increases in sales and accounts receivable could reduce our operating cash flows in the short term until cash collections catch up to the higher level of billings.

23

Cash provided by operations increased \$113.2 million, or 252%, to \$158.2 million for the year ended December 31, 2001, from 2000. This increase in operating cash flow was primarily due to reduced working capital on lower sales. The most significant impact on operating cash flow during 2001 was derived from collections of accounts receivable in excess of billings.

Working capital decreased 5% to \$199.1 million at December 31, 2001, from \$209.1 million at December 31, 2000. The decrease in working capital was primarily due to lower accounts receivable, resulting from collections in excess of billings due to declining sales. Lower inventory levels resulting from reduced demand for our products also contributed to reduced working capital. The decrease in other accrued liabilities in 2001, which increased working capital, was primarily due to lower accrued compensation costs related to employee incentive plans.

During the year ended December 31, 2001, we invested \$70.8 million in

Edgar Filing: COMMScope INC - Form 10-K

equipment and facilities compared to \$98.6 million in 2000. The capital spending during 2001 and 2000 was primarily for projects related to vertical integration, capacity expansion, and equipment upgrades. We have completed an aggressive three-year capacity expansion program that increased our overall production capability in order to position ourselves to meet anticipated worldwide demand for HFC products. While we may place additional production capability in important international markets, we expect capital expenditures to remain at a level below depreciation and amortization expense for the next several years. We currently expect capital expenditures to be in the range of \$25 to \$30 million in 2002, primarily for global capacity expansion and information technology initiatives, depending upon business conditions.

As of December 31, 2001, we had committed funds of approximately \$3.1 million under purchase orders and contracts related to vertical integration projects and equipment and capacity upgrades to meet current and anticipated future business demands.

During the fourth quarter of 2001, we made a strategic investment by joining with Furukawa to acquire an interest in a portion of the optical fiber and fiber cable business of Lucent's OFS Group. We acquired an 18.4% ownership interest, valued at \$173.4 million in OFS BrightWave, which includes transmission fiber and fiber cable manufacturing capabilities at a 2.9 million square foot facility in Norcross, Georgia, as well as facilities in Germany and Brazil and an interest in a joint venture in Carrollton, Georgia. The acquisition of our \$173.4 million ownership interest and a \$30 million note receivable was financed in a noncash transaction by issuing 10.2 million shares of CommScope, Inc. common stock valued at \$203.4 million to Lucent. We also incurred direct costs of acquisition of \$4.8 million in 2001, which were capitalized in our investment balance as of December 31, 2001. Although we are not required to make any additional cash investments in the form of loans or capital contributions to OFS BrightWave, our failure to do so could result in the dilution of our ownership percentage. In addition, we have a contractual right to sell our ownership interest to Furukawa in 2004 for a cash payment to us of our original \$173.4 million capital investment and an acceleration of repayment of the note receivable.

OFS BrightWave is party to manufacturing and supply agreements with OFS Fitel, LLC, which is wholly owned by Furukawa. As a result of Furukawa's controlling interest in both ventures, it has significant influence over the structure and pricing of these agreements. Future changes in these terms, over which we have limited influence, could have a material impact on the profitability of OFS BrightWave and ultimately on the results of our operations and financial condition.

In addition, we are party to an optical fiber supply agreement with OFS Fitel, LLC which provides us with another source for our optical fiber requirements. The pricing under this arrangement is based on market prices, adjusted periodically as agreed upon by the parties. We made no purchases under this supply agreement during 2001.

During 2000, we made an investment of approximately \$3.8 million in a wireless infrastructure project management company. Our investment in this company, now in the process of being liquidated, was determined to have no realizable value by the end of 2001, and was completely written off as an impaired asset.

Our revolving credit agreement, which expires in December 2002, provides a total of \$350 million in revolving credit commitments in the form of loans and letters of credit. Our available borrowing capacity under the revolving credit agreement, determined on a quarterly basis, is based

Edgar Filing: COMMSCOPE INC - Form 10-K

on certain financial ratios which are affected by the level of long-term debt outstanding and our profitability. As of December 31, 2001, we had no outstanding indebtedness under this revolving credit agreement and our available borrowing capacity was approximately \$269 million. We owed total long-term debt of \$194.6 million, or 24% of our book capital structure, defined as long-term debt and total stockholders' equity, as of December 31, 2001, compared to \$227.4 million, or 38% of our book capital structure, as of December 31, 2000. The decrease in long-term debt during 2001 was primarily due to the repayment of \$30 million under our revolving credit agreement, in addition to repayments of \$2 million and favorable foreign currency transaction gains on our Eurodollar Credit Agreement of approximately \$1 million, which were recorded to accumulated other comprehensive loss.

24

Our revolving credit agreement contains covenants requiring us to maintain a total debt to EBITDA ratio, a net worth maintenance ratio, and an interest expense ratio. Our performance under these covenants could impact our cost of funds and our noncompliance with these covenants could negatively impact our access to funds available under that facility. We were in compliance with these covenants as of December 31, 2001. However, we expect the market for fiber optic cable to remain difficult during 2002, and if our share of losses in OFS BrightWave is significant, we may be at risk of noncompliance with these covenants. This revolving credit agreement expires in December 2002 and we do not currently anticipate difficulty securing new financing on acceptable terms.

MARKET RISK

We have established a risk management strategy that includes the reasonable use of derivative and nonderivative financial instruments primarily to manage our exposure to market risks resulting from adverse fluctuations in commodity prices, interest rates and foreign currency exchange rates. Derivative financial instruments which may be used by us, include commodity pricing contracts, foreign currency exchange contracts, and contracts hedging exposure to interest rates. Our policy is to designate all derivatives as hedges. We do not use derivative financial instruments for trading purposes, nor do we engage in speculation.

Materials, in their finished form, account for a large portion of our cost of sales. These materials, such as fabricated aluminum, plastics, bimetals, copper and optical fiber, are subject to changes in market price as they are linked to the commodity markets. Management attempts to mitigate these risks through effective requirements planning and by working closely with our key suppliers to obtain the best possible pricing and delivery terms. However, increases in the prices of certain commodity products could result in higher overall production costs.

Approximately 23% of our 2001 sales were to customers located outside the United States. Although we primarily bill customers in foreign countries in US dollars, a portion of our sales are denominated in currencies other than the US dollar, particularly sales from our foreign subsidiaries. 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 US dollar could adversely affect product sales in those regions because our products may become more expensive for those customers to pay for in their

Edgar Filing: COMMScope INC - Form 10-K

local currency. The 1999 acquisition of our Belgian subsidiary created a specific market risk that a decline in the value of the euro compared to the US dollar could adversely affect our net investment in that subsidiary. Our Eurodollar Credit Agreement, which is denominated in euros, serves as a partial hedge of our net investment in the Belgian subsidiary. Our investment in Brazil during 2000 created a new foreign subsidiary and a specific market risk that a decline in the value of the Brazilian real compared to the US dollar could adversely affect our net investment in that subsidiary. We continue to evaluate alternatives to help us reasonably manage the market risk of our net investment in the Brazilian subsidiary.

25

As of December 31, 2001 and 2000, the only derivative financial instrument outstanding was an interest rate swap agreement that serves as a fixed-rate hedge of the variable-rate borrowings under our Eurodollar Credit Agreement, as required under the covenants of this term loan. The fair value of the interest rate swap agreement outstanding at December 31, 2001 and 2000 was not material to our financial position. At December 31, 2001, we were continuing to evaluate hedging alternatives related to foreign currency exposures. In addition, 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.

Our nonderivative financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, and debt instruments. At December 31, 2001 and 2000, the carrying values of each of the financial instruments recorded on our balance sheet were considered representative of their respective fair values due to their variable interest rates and / or short terms to maturity, with the exception of our convertible debt, which was recorded in the financial statements at \$172.5 million, but had a fair value of \$136.7 million at December 31, 2001 and \$122.5 million at December 31, 2000. Fair value of our debt is estimated using discounted cash flow analysis, based on our current incremental borrowing rates for similar types of arrangements, or quoted market prices whenever available.

The following tables summarize our market risks associated with long-term debt and foreign currency exposure as of December 31, 2001 and 2000. The tables present principal and interest cash outflows and related interest rates by year of maturity. Variable interest rates for each year represent the interest rate effective for the related loan as of December 31, 2001 for the first table and as of December 31, 2000 for the second table. However, the interest rate on the Eurodollar Credit Agreement for both years is fixed at 4.53%, since we have designated an interest rate swap agreement as a fixed-rate hedge of the variable rate borrowings under this agreement, as required by its terms. The interest cash outflows for the Eurodollar Credit Agreement, disclosed below, include the effect of the interest rate swap agreement, which effectively converts the variable interest payments to a fixed-rate basis. In addition, foreign currency exchange rates on our Eurodollar Credit Agreement, for both principal and interest payments, are based on the exchange rate as of December 31, 2001 for the first table and as of December 31, 2000 for the second table. The tables assume payments will be made in accordance with due dates in the respective agreements and no prepayment of any amounts due, with the exception of the prepayment of \$30 million under our revolving credit agreement in early 2001.

The tabular format used below does not reflect our option to redeem all or a portion of the \$172.5 million convertible notes at any time on or after December 15, 2002 at redemption prices specified in the indenture, or our option to prepay the Eurodollar Credit Agreement in whole or in part at any time prior to the due date of March 1, 2006.

Long-term Debt Principal and Interest Payments by Year
(\$ in millions)

As of December 31, 2001

	2002	2003	2004	2005	2006	There- after	Total
Fixed rate (\$US)	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$179.4	\$ --	\$207.0
Average interest rate	4.00%	4.00%	4.00%	4.00%	4.00%	--	
Variable rate (\$US)	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 12.4	\$13.4
Average interest rate	2.13%	2.13%	2.13%	2.13%	2.13%	2.13%	
Fixed rate (EUR)	\$ 3.1	\$ 3.0	\$ 2.9	\$ 2.7	\$ 0.7	\$ --	\$12.4
Average interest rate	4.53%	4.53%	4.53%	4.53%	4.53%	--	

As of December 31, 2000

	2001	2002	2003	2004	2005	There- after	Total
Fixed rate (\$US)	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 179.4	\$213.0
Average interest rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Variable rate (\$US)	\$30.2	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 30.2
Average interest rate	7.02%	--	--	--	--	--	
Variable rate (\$US)	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 17.3	\$ 20.0
Average interest rate	6.66%	6.66%	6.66%	6.66%	6.66%	6.66%	
Fixed rate (EUR)	\$ 2.7	\$ 3.2	\$ 3.2	\$ 3.1	\$ 2.9	\$ 0.7	\$ 15.0
Average interest rate	4.53%	4.53%	4.53%	4.53%	4.53%	4.53%	

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of December 31, 2001 (in millions):

Edgar Filing: COMMSCOPE INC - Form 10-K

Contractual Obligations	Amount of Payments Due per Period				
	Total Payments Due	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	\$ 194.6	\$ 2.7	\$ 5.4	\$ 175.7	\$ 10.8
Operating leases (a)	29.1	3.9	6.1	3.8	15.3
Total contractual cash obligations	\$ 223.7	\$ 6.6	\$ 11.5	\$ 179.5	\$ 26.1

(a) The contractual obligations related to operating leases include payments due under a five-year tax-advantaged operating lease for our corporate office building. At the end of the initial lease term, or renewal term(s) if renewed, if we should decide not to purchase the facility for the total construction cost of \$12.8 million, we are obligated to pay a final lease payment of approximately \$11 million and to market the facility on behalf of the lessor. Any proceeds received from the sale of the facility would first be used to reimburse the lessor for the difference between the total construction cost of the facility and the final lease payment. Any remaining sales proceeds would be retained by us.

EFFECTS OF INFLATION

We continually attempt to minimize any effect of inflation on earnings by controlling our operating costs and selling prices. During the past few years, the rate of inflation has been low and has not had a material impact on our results of operations.

The principal raw materials purchased by us (fabricated aluminum, plastics, bimetals, copper and optical fiber) are subject to changes in market price as these materials are linked to the commodity markets. To the extent that we are unable to pass on cost increases to customers, the cost increases could have a significant impact on the results of our operations.

OTHER

We are either a plaintiff or a defendant in pending legal matters in the normal course of business; however, we believe none of these legal matters will have a materially adverse effect on our financial statements upon final disposition. In addition, we are subject to various federal, state, local and foreign laws and regulations governing the use, discharge and disposal of hazardous materials. Our manufacturing facilities are believed to be in substantial compliance with current laws and regulations. Compliance with current laws and regulations has not had, and is not expected to have, a materially adverse effect on our financial statements.

NEWLY ISSUED ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Both statements are effective for us on January 1, 2002. SFAS No. 141

requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and broadens the criteria for recording intangible assets separate from goodwill. SFAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangible assets with indefinite useful lives and also requires at least an annual assessment for impairment by applying a fair-value-based test. Intangible assets with definite useful lives will continue to be amortized over their useful lives. The adoption of these statements will have a material impact on our results of operations and financial position after December 31, 2001 when goodwill will no longer be amortized. The pretax impact on our results of operations and financial position of adopting a nonamortization approach to accounting for goodwill under SFAS No. 142 is expected to be approximately \$5.4 million per year. We are currently assessing the impact of the other provisions of these two statements, which will be adopted in 2002.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." SFAS No. 143 will require the accrual, at fair value, of the estimated retirement obligation for tangible long-lived assets if we are legally obligated to perform retirement activities at the end of the related asset's life. We are currently assessing the impact of this statement, which will be effective for us on January 1, 2003.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," but retains many of its fundamental provisions. Additionally, this statement expands the scope of discontinued operations to include more disposal transactions. SFAS No. 144 is effective for us on January 1, 2002. The initial adoption is not expected to have a material impact on our financial statements.

EUROPEAN MONETARY UNION -- EURO

Effective January 1, 1999, 12 member countries of the European Monetary Union established fixed conversion rates between their existing sovereign currencies, and adopted the euro as their new common legal currency. As of that date, the euro began trading on currency exchanges. The legacy currencies of the participating countries remained legal tender for a transition period between January 1, 1999 and January 1, 2002. We conduct business in member countries.

During the transition period, cashless payments (for example, wire transfers) could be made in the euro, and parties to individual transactions could elect to pay for goods and services using either the euro or the legacy currency. Between January 1, 2002 and February 28, 2002, the participating countries introduced euro notes and coins and will eventually withdraw all legacy currencies so that they will no longer be available. European legislation provides that, unless otherwise agreed, the introduction of the euro will not, by itself, give any party to a contract the right to terminate the contract, or to demand renegotiation of the terms.

As of December 31, 2001, we believe we have adequately addressed the issues involved with the introduction of the euro. Among the issues which we faced were the assessment and conversion of information technology systems to allow for transactions to take place in both the legacy currencies and the euro and the eventual elimination of legacy currencies. We have also modified certain existing contracts, if required, and have revised our pricing/marketing strategies in the affected European markets

Edgar Filing: COMMScope INC - Form 10-K

to the extent necessary for the introduction of the euro. In addition, our Belgian subsidiary successfully completed the conversion of its financial systems and share capital to the euro. We do not believe the euro conversion has had or will have a materially adverse effect on our business, results of operations, cash flows or financial condition.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-K 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

29

statements relating to sales and earnings expectations, expected demand, cost and availability of key raw materials, internal production capacity and expansion, competitive pricing, relative market position and outlook. 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, including, without limitation, by their use of such terms and phrases as "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projects," "projected," "projections," "plans," "anticipates," "anticipated," "should," "designed to," "foreseeable future," "believe," "believes," "think," "thinks" and "scheduled" and similar expressions. These statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, industry excess capacity, financial performance of OFS BrightWave, pricing and acceptance of our products, ability of our customers to secure adequate financing or to pay, global economic conditions, expected demand from AT&T Broadband and others, cost and availability of key raw materials (including without limitation bimetallic center conductors, optical fibers, fine aluminum wire and fluorinated-ethylene-propylene which are available only from limited sources), successful operation of bimetal manufacturing and other vertical integration activities, successful expansion and related operation of our facilities, margin improvement, developments in technology, industry competition, achievement of sales, growth, and earnings goals, ability to obtain financing and capital on commercially reasonable terms, regulatory changes affecting our business, foreign currency fluctuations, technological obsolescence, the ability to achieve reductions in costs, the ability to integrate acquisitions, our participation in joint ventures, international economic and political uncertainties, possible disruption due to terrorist activity or armed conflict and other factors discussed. Actual results may also differ due to changes in communications industry capital spending, which is affected by a variety of factors, including, without limitation, general economic conditions, acquisitions of communications companies by others, consolidation within the communications industry, the financial condition of communications companies and their access to financing, competition among communications companies, technological developments, and new legislation and regulation of communications companies. These and other factors are discussed in greater detail in Exhibit 99.1 to this Form 10-K. The information contained in this Form 10-K 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.

Edgar Filing: COMMSCOPE INC - Form 10-K

30

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

PAG

Independent Auditors' Report.....	32
Consolidated Statements of Income for the Years ended	
December 31, 2001, 2000 and 1999.....	33
Consolidated Balance Sheets as of December 31, 2001 and 2000.....	34
Consolidated Statements of Cash Flows for the Years ended	
December 31, 2001, 2000 and 1999.....	35
Consolidated Statements of Stockholders' Equity and Comprehensive	
Income for the Years ended December 31, 2001, 2000 and 1999.....	36
Notes to Consolidated Financial Statements.....	37
Schedule II - Valuation and Qualifying Accounts.....	60

31

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of CommScope, Inc.

We have audited the accompanying consolidated balance sheets of CommScope, Inc. and subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We did not audit the financial statements of OFS BrightWave, LLC, the Company's investment in which is accounted for by use of the equity method. The Company's equity of \$161,640 thousand in OFS BrightWave, LLC's net assets at December 31, 2001 and of \$6,922 thousand in that company's net loss for the period from November 17, 2001 through December 31, 2001 are included in the accompanying consolidated financial statements. The financial statements of OFS BrightWave, LLC were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such company, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable

Edgar Filing: COMMSCOPE INC - Form 10-K

basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of CommScope, Inc. and subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

March 18, 2002

32

COMMSCOPE, INC. CONSOLIDATED STATEMENTS OF INCOME (IN THOUSANDS, EXCEPT NET INCOME PER SHARE AMOUNTS)

	Year Ended December 31	
	2001	2000
Net sales (Note 17)	\$ 738,498	\$ 950,026
Operating costs and expenses:		
Cost of sales (Note 17)	558,854	698,972
Selling, general and administrative	83,523	81,217
Research and development	7,117	18,419
Amortization of goodwill	5,365	5,367
Terminated acquisition costs (Notes 3 and 17)	7,963	-
Impairment charges for fixed assets and investments (Note 5)	12,802	-
Total operating costs and expenses	675,624	803,975
Operating income	62,874	146,051
Other income (expense), net (Note 4)	(191)	484
Interest expense	(8,497)	(10,214)
Interest income (Note 17)	1,027	559
Income before income taxes and equity in losses of OFS BrightWave, LLC	55,213	136,880
Provision for income taxes	(20,426)	(51,993)
Income before equity in losses of OFS BrightWave, LLC	34,787	84,887
Equity in losses of OFS BrightWave, LLC (Note 3)	(6,922)	-

Edgar Filing: COMMScope INC - Form 10-K

Net income	\$ 27,865	\$ 84,887
	=====	=====
Net income per share (Note 2):		
Basic	\$ 0.53	\$ 1.66
Assuming dilution	\$ 0.52	\$ 1.60
Weighted average shares outstanding (Note 2):		
Basic	52,692	51,142
Assuming dilution	53,500	56,047

See notes to consolidated financial statements.

33

COMMScope, INC. CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	2001
ASSETS	
Cash and cash equivalents	\$ 6
Accounts receivable, less allowance for doubtful accounts of \$12,599 and \$9,187, respectively	10
Inventories (Note 6)	4
Prepaid expenses and other current assets (Notes 5 and 17)	1
Deferred income taxes (Note 12)	1
Total current assets	24
Property, plant and equipment, net (Notes 5, 7 and 17)	27
Goodwill, net of accumulated amortization of \$59,493 and \$54,140, respectively	15
Other intangibles, net of accumulated amortization of \$37,421 and \$34,796, respectively	1
Investment in and advances to OFS BrightWave, LLC (Notes 3, 7 and 18)	19
Other assets (Notes 5, 9 and 10)	
Total Assets	\$ 88
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable	\$ 1
Other accrued liabilities (Note 8)	2
Current portion of long-term debt (Note 9)	

Edgar Filing: COMMSCOPE INC - Form 10-K

Total current liabilities	4
Long-term debt, less current portion (Note 9)	19
Deferred income taxes (Note 12)	2
Other noncurrent liabilities (Note 11)	2
Total Liabilities	28
Commitments and contingencies (Note 16)	
Stockholders' Equity (Notes 13 and 14):	
Preferred stock, \$.01 par value; Authorized shares: 20,000,000;	
Issued and outstanding shares: None at December 31, 2001 and 2000	
Common stock, \$.01 par value; Authorized shares: 300,000,000;	
Issued and outstanding shares: 61,688,256 at December 31, 2001;	
51,263,703 at December 31, 2000 (Note 3)	
Additional paid-in capital (Note 3)	38
Retained earnings	22
Accumulated other comprehensive loss (Notes 10 and 12)	(
Total Stockholders' Equity	60
Total Liabilities and Stockholders' Equity	\$ 88

See notes to consolidated financial statements.

34

COMMSCOPE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	Year End
	2001
OPERATING ACTIVITIES:	
Net income	\$ 27,865
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	40,529
Impairment charges for fixed assets and investments	12,802
Equity in losses of OFS BrightWave, LLC	11,290
Deferred income taxes	(2,262)
Tax benefit from stock option exercises	672
Changes in assets and liabilities:	
Accounts receivable	91,173
Inventories	16,157
Prepaid expenses and other current assets	(8,669)

Edgar Filing: COMMSCOPE INC - Form 10-K

Accounts payable and other accrued liabilities	(34,872)	
Other noncurrent liabilities	4,165	
Other	(682)	
	-----	-----
Net cash provided by operating activities	158,168	
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(70,841)	
Acquisition of business in Belgium	--	
Acquisition costs related to investment in OFS BrightWave, LLC	(4,763)	
Investment in unconsolidated affiliate	--	
Proceeds from disposal of fixed assets	1,071	
	-----	-----
Net cash used in investing activities	(74,533)	
FINANCING ACTIVITIES:		
Net borrowings (repayments) under revolving credit facility	(30,000)	
Principal payments on long-term debt	(1,996)	
Proceeds from term loan facility for acquisition of business in Belgium	--	
Proceeds from issuance of convertible notes	--	
Debt issuance costs	--	
Proceeds from exercise of stock options	2,914	
	-----	-----
Net cash provided by (used in) financing activities	(29,082)	
Effect of exchange rate changes on cash	(328)	
	-----	-----
Change in cash and cash equivalents	54,225	
Cash and cash equivalents, beginning of year	7,704	
	-----	-----
Cash and cash equivalents, end of year	\$ 61,929	
	=====	=====

See notes to consolidated financial statements.

35

COMMSCOPE, INC. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	Year End

	2001

Number of common shares outstanding:	
Balance at beginning of year	51,263,703
Issuance of shares to Lucent (Note 3)	10,200,000
Issuance of shares for stock option exercises	224,553
Issuance of shares to outside director	--

Edgar Filing: COMMScope INC - Form 10-K

Balance at end of year	61,688,256	
Common stock:		
Balance at beginning of year	\$ 513	
Issuance of shares to Lucent (Note 3)	102	
Issuance of shares for stock option exercises	2	
Balance at end of year	\$ 617	
Additional paid-in capital:		
Balance at beginning of year	\$ 175,803	
Issuance of shares to Lucent (Note 3)	202,436	
Issuance of shares for stock option exercises	2,912	
Tax benefit from stock option exercises	672	
Issuance of shares to outside director	--	
Balance at end of year	\$ 381,823	
Retained earnings:		
Balance at beginning of year	\$ 200,802	
Net income	27,865	
Balance at end of year	\$ 228,667	
Accumulated other comprehensive loss:		
Balance at beginning of year	\$ (2,598)	
Other comprehensive loss	(1,995)	
Balance at end of year	\$ (4,593)	
Total stockholders' equity	\$ 606,514	
Comprehensive income:		
Net income	\$ 27,865	
Other comprehensive loss, net of tax:		
Foreign currency translation loss - foreign subsidiaries	(761)	
Foreign currency transaction loss on long-term intercompany loans - foreign subsidiaries	(1,832)	
Hedging gain on nonderivative instrument (Notes 10 and 12)	571	
Effect of adopting SFAS No. 133 (Notes 10 and 12)	229	
Loss on derivative financial instrument designated as a cash flow hedge (Notes 10 and 12)	(202)	
Total other comprehensive loss, net of tax	(1,995)	
Total comprehensive income	\$ 25,870	

See notes to consolidated financial statements.

COMMScope, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, UNLESS OTHERWISE NOTED)

1. BACKGROUND AND DESCRIPTION OF THE BUSINESS

CommScope, Inc. ("CommScope" or the "Company"), through its wholly owned subsidiaries and equity method investee, operates in the cable manufacturing business, with manufacturing facilities located in the United States, Europe and Latin America. CommScope, Inc. was incorporated in Delaware in January 1997. CommScope is a leading worldwide designer, manufacturer and marketer of a wide array of broadband coaxial cables and other high-performance electronic and fiber optic cable products for cable television, telephony, Internet access and wireless communications. Management believes CommScope is the world's largest manufacturer of coaxial cable for hybrid fiber coax (HFC) broadband networks. CommScope is also a leading supplier of coaxial, twisted pair, and fiber optic cables for premise wiring (local area networks), wireless and other communication applications. In late 2001, CommScope acquired an equity interest in an optical fiber and fiber cable manufacturing business (see Note 3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include CommScope, its wholly owned subsidiaries, and its equity-method investee. All material intercompany accounts and transactions are eliminated in consolidation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent amounts on deposit in banks and cash invested temporarily in various instruments with a maturity of three months or less at the time of purchase.

INVENTORIES

Inventories are stated at the lower of cost, determined on a first-in, first-out ("FIFO") basis, or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including interest costs associated with qualifying capital additions. Provisions for depreciation are based on estimated useful lives of the assets using the straight-line and accelerated methods. Average useful lives are 10 to 35 years for buildings and improvements and three to 10 years for machinery and equipment. Expenditures for repairs and maintenance are charged to expense as incurred.

GOODWILL, OTHER INTANGIBLES AND OTHER LONG-LIVED ASSETS

Through December 31, 2001, goodwill was being amortized on a straight-line basis over 30 to 40 years. Other intangibles consist of patents and customer lists, which were being amortized on a straight-line

Edgar Filing: COMMScope INC - Form 10-K

basis over approximately 17 years. Effective January 1, 2002, the Company revised its amortization policies to comply with the relevant provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," which prohibits amortization of goodwill and provides new guidance on the amortization of intangible assets. See further discussion below under "Impact of Newly Issued Accounting Standards."

37

When events or changes in circumstances, such as significant forecasted operating losses or a significant adverse change in legal factors or business climate, indicate that the carrying amount of goodwill may not be recoverable, the asset is reviewed by management for impairment. An impairment loss would be recognized if the carrying value exceeds the forecasted, undiscounted operating cash flows of the operating assets related to the goodwill being evaluated. The impairment loss to be recognized, if any, would be measured as the amount by which the carrying value exceeds fair value, estimated based on forecasted operating cash flows, discounted using a discount rate commensurate with the risks involved. If an impairment loss is recognized, the reduced carrying amount would be accounted for as the new cost and amortized over the remaining useful life, which would also be revised, if appropriate. Management believes there were no events or changes in circumstances during the year ended December 31, 2001 that would indicate that the carrying amount of goodwill may not be recoverable. Effective January 1, 2002, the Company revised its goodwill impairment assessment policy to comply with the relevant provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," which provides new guidance on the evaluation of impairment of goodwill. See further discussion below under "Impact of Newly Issued Accounting Standards."

Management continually reassesses the appropriateness of both the carrying value and remaining life of intangibles and other long-lived assets by assessing recoverability based on forecasted operating cash flows, on an undiscounted basis, and other factors. Management believes that, as of December 31, 2001, the carrying value and remaining life of intangibles and other long-lived assets is appropriate. See further discussion below under "Impact of Newly Issued Accounting Standards" and Note 5 for discussion of impairment charges for fixed assets and investments.

LONG-TERM INVESTMENTS

The Company occasionally makes strategic investments in companies that complement CommScope's business in order to gain operational and other synergies. Investments in corporate entities with less than a 20% voting interest are generally accounted for using the cost method. The Company uses the equity method to account for investments in corporate entities in which it has a voting interest of 20% to 50% and an other than minor to 50% ownership interest in partnerships and limited liability companies, or in which it otherwise has the ability to exercise significant influence. Under the equity method, the investment is originally recorded at cost and adjusted to recognize the Company's share of net earnings or losses of the investee, limited to the extent of the Company's investment in and advances to the investee, in addition to financial guarantees that create additional basis in the investee. The Company regularly monitors and evaluates the realizable value of its investments. If events and circumstances indicate that a decline in the value of an investment has occurred and is other than

Edgar Filing: COMMScope INC - Form 10-K

temporary, the Company reduces the carrying amount of the investment to fair value (see Note 5 for discussion of impairment charges for fixed assets and investments).

INCOME TAXES

Deferred income taxes reflect the future tax consequences of differences between the financial reporting and tax bases of assets and liabilities. Investment tax credits are recorded using the flow-through method. The Company records a valuation allowance, when appropriate, to reduce deferred tax assets to an amount that is more likely than not to be realized.

No provision is made for income taxes which may be payable if undistributed earnings of foreign subsidiaries were to be paid as dividends to CommScope. CommScope currently intends that such earnings will continue to be invested in those foreign subsidiaries. In addition, the Company does not provide for taxes related to the foreign currency transaction gains and losses on its long-term intercompany loans with foreign subsidiaries. These loans are not expected to be repaid in the foreseeable future and the foreign currency gains and losses are therefore recorded pretax to accumulated other comprehensive income or loss on the balance sheet.

38

STOCK OPTIONS

Compensation cost for stock options is measured using the intrinsic value method of accounting. All stock options granted by the Company have option prices at least equal to the fair market value of the common stock at the date of grant, resulting in an intrinsic value of zero at the date of grant, and therefore no related compensation cost is recorded in the financial statements.

REVENUE RECOGNITION

The Company's primary source of revenues is from product sales to cable television system operators, telecommunications service providers, original equipment manufacturers and distributors. Service revenue from delivery of products shipped by Company owned trucks was not material to the Company's reported sales during 2001, 2000 or 1999.

Revenue from sales of the Company's products shipped by nonaffiliated carriers is recognized at the time the goods are delivered and title passes, provided the earnings process is complete and revenue is measurable. Delivery is determined by the Company's shipping terms, which are primarily FOB shipping point. The Company recognizes revenue from sales of the Company's products shipped by Company owned trucks at the time the goods are delivered to the customer, regardless of the shipping terms.

For all arrangements, revenue is recorded at the net amount to be received after deductions for estimated discounts, allowances, returns, and rebates. In addition, accruals are established for warranties and price protection programs with distributors at the time the related revenue is recognized. These estimates and reserves are adjusted as needed based upon historical experience, contract terms, inventory levels in the distributor channel and other related factors.

Edgar Filing: COMMSCOPE INC - Form 10-K

SHIPPING AND HANDLING COSTS

Amounts billed to a customer in a sale transaction related to shipping costs are included in net sales. All shipping costs incurred to transport products to the customer are recorded in cost of sales. Internal handling costs, which relate to activities to prepare goods for shipment, are recorded in selling, general and administrative expense and were approximately \$3.2 million in 2001, \$2.4 million in 2000 and \$1.8 million in 1999.

ADVERTISING COSTS

Advertising costs are expensed in the period in which they are incurred. Advertising expense was \$1.0 million in 2001, \$1.4 million in 2000, and \$1.1 million in 1999.

RESEARCH AND DEVELOPMENT COSTS

Research and development (R&D) costs are expensed in the period in which they are incurred. R&D costs include materials, equipment and facilities that have no alternative future use, depreciation on equipment and facilities currently used for R&D purposes, personnel costs, contract services, and reasonable allocations of indirect costs, if clearly related to an R&D activity. Expenditures in the pre-production phase of an R&D project are recorded in the income statement as research and development expense. However, costs incurred in the pre-production phase that are associated with output actually used in production are recorded in cost of sales. A project is considered finished with pre-production efforts when management determines that it has achieved acceptable levels of scrap and yield, which vary by project. Expenditures related to ongoing production are recorded in cost of sales.

39

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

CommScope is exposed to various risks resulting from adverse fluctuations in commodity prices, interest rates, and foreign currency exchange rates. CommScope's risk management strategy includes the use of derivative and nonderivative financial instruments primarily as hedges of these risks, whenever management determines their use to be reasonable and practical. This strategy does not permit the use of derivative financial instruments for trading purposes, nor does it allow for speculation. A hedging instrument may be designated as a fair value hedge to manage exposure to risks related to a firm commitment for the purchase of raw materials or a foreign-currency-denominated firm commitment for the purchase of equipment, or it may be designated as a cash flow hedge to manage exposure to risks related to a forecasted purchase of raw materials, variable interest rate payments, or a forecasted foreign-currency-denominated sale of product. In addition, the use of nonderivative financial instruments is limited to hedging fair value risk related to a foreign-currency-denominated firm commitment or a net investment in a foreign subsidiary.

The Company's risk management strategy permits the reasonable and

Edgar Filing: COMMScope INC - Form 10-K

practical use of derivative hedging instruments such as forward contracts, options, cross currency swaps, certain interest rate swaps, caps and floors, and nonderivative hedging instruments such as foreign-currency-denominated loans. The Company recognizes all derivative financial instruments as assets and liabilities and measures them at fair value. All hedging instruments are designated and documented as either a fair value hedge, a cash flow hedge or a net investment hedge at inception. For fair value hedges, the change in fair value of the derivative instrument is recognized currently in earnings. To the extent the fair value hedging relationship is effective, the change in fair value on the hedged item is recorded as an adjustment to the carrying amount of the hedged item and recognized currently in earnings. For cash flow hedges, the effective portion of the change in fair value of the derivative instrument is recorded in accumulated other comprehensive income or loss, net of tax, and is recognized in the income statement when the hedged item affects earnings. Any ineffectiveness of a cash flow hedge is recognized currently in earnings. For net investment hedges, the effective portion of the change in carrying amount of the nonderivative instrument is recorded in accumulated other comprehensive income or loss, net of tax, and is recognized in the income statement only if there is a substantially complete liquidation of the investment in the foreign subsidiary. Any ineffectiveness of a net investment hedge is recognized currently in earnings. The effectiveness of designated hedging relationships is tested and documented on at least a quarterly basis. At December 31, 2001 and 2000, the Company had two hedges, one of which involved the use of a derivative financial instrument (see Note 10).

The Company has elected and documented the use of the normal purchases and sales exception for normal purchases and sales contracts that meet the definition of a derivative financial instrument.

FOREIGN CURRENCY TRANSLATION

Approximately 23% of the Company's 2001 sales were to customers located outside of the United States. A portion of these sales were denominated in currencies other than the US dollar, particularly sales from the Company's foreign subsidiaries. The financial position and results of operations of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Revenues and expenses of these subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities of these subsidiaries have been translated at the rates of exchange as of the balance sheet date. Translation gains and losses are recorded to accumulated other comprehensive income or loss.

Aggregate foreign currency transaction gains and losses of the Company and its subsidiaries, such as those resulting from the settlement of foreign receivables or payables and short-term intercompany advances, were recorded to other income (expense), net in the statement of income and were not material to the results of the Company's operations during 2001, 2000, or 1999. Foreign currency transaction gains and losses related to long-term intercompany loans which are not expected to be settled in the foreseeable future are recorded to accumulated other comprehensive income or loss.

The Eurodollar Credit Agreement (see Note 9), which is designated and effective as a partial hedge of the Company's net investment in its Belgian

Edgar Filing: COMMSCOPE INC - Form 10-K

subsidiary, is translated at the rate of exchange as of the balance sheet date. The transaction gains or losses on this loan are recorded, net of tax, to accumulated other comprehensive income or loss.

NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the applicable periods. Diluted net income 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 and convertible securities.

Below is a reconciliation of weighted average common shares outstanding for basic net income per share to weighted average common and potential common shares outstanding for diluted net income per share:

	Year Ended December 31,		
	2001	2000	1999
<hr/>			
Numerator:			
Net income for basic net income per share	\$27,865	\$84,887	\$68,000
Convertible debt interest and amortization, net of tax (A)	--	4,714	--
	<hr/>	<hr/>	<hr/>
Net income available to common stockholders for diluted net income per share	\$27,865	\$89,601	\$68,000
	<hr/>	<hr/>	<hr/>
Denominator:			
Weighted average number of common shares outstanding for basic net income per share	52,692	51,142	50,000
Effect of dilutive securities:			
Convertible debt (A)	--	3,580	--
Employee stock options (B)	808	1,325	1,000
	<hr/>	<hr/>	<hr/>
Weighted average number of common and potential common shares outstanding for diluted net income per share	53,500	56,047	51,000
	<hr/>	<hr/>	<hr/>

USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and their underlying assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other objective sources. The

Edgar Filing: COMMScope INC - Form 10-K

Company bases its estimates on historical experience and on assumptions that are believed to be reasonable under the circumstances and revises its estimates, as appropriate, when changes in events or circumstances indicate that revisions may be necessary. Significant accounting estimates reflected in the Company's financial statements include the allowance for doubtful accounts, inventory excess and obsolescence reserves, warranty and distributor price protection reserves, reserves for sales returns, discounts, allowances, and rebates, income tax valuation allowances, and impairment reviews for investments, fixed assets, goodwill and other intangibles. Although these estimates are based on management's knowledge of and experience with past and current events and on management's assumptions about future events, it is at least reasonably possible that they may ultimately differ materially from actual results.

CONCENTRATIONS OF RISK

Nonderivative financial instruments used by the Company in the normal course of business include letters of credit and commitments to extend credit, primarily accounts receivable. These financial instruments involve risk, including the credit risk of nonperformance by the counterparties to those instruments, and the maximum potential loss may exceed the reserves provided in the Company's balance sheet. The Company manages its exposures to credit risk associated with financial instruments through credit approvals, credit limits and monitoring procedures. Although the Company sells to a wide variety of customers dispersed across many different geographic areas, sales to the largest domestic broadband service providers represented approximately 40% of net sales during 2001. At December 31, 2001, the Company's two largest customer receivable balances comprised approximately 26% of the Company's total trade accounts receivable. The Company estimates the allowance for doubtful accounts based on the actual payment history and individual circumstances of significant customers as well as the age of receivables. In management's opinion, the Company did not have significant unreserved risk of credit loss due to the nonperformance of customers or other counterparties related to amounts receivable. However, an adverse change in financial condition of a significant customer or group of customers or in the telecommunications industry could materially affect the Company's estimates related to doubtful accounts.

The principal raw materials purchased by CommScope (fabricated aluminum, plastics, bimetals, copper and optical fiber) are subject to changes in market price as these materials are linked to the commodity markets. The Company attempts to mitigate these risks through effective requirements planning and by working closely with its key suppliers to obtain the best possible pricing and delivery terms. To the extent that CommScope is unable to pass on cost increases to customers, the cost increases could have a significant impact on the results of operations of CommScope.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2001 presentation.

IMPACT OF NEWLY ISSUED ACCOUNTING STANDARDS

Edgar Filing: COMMSCOPE INC - Form 10-K

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Both statements are effective for the Company on January 1, 2002. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 and broadens the criteria for recording intangible assets separate from goodwill. SFAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangible assets with indefinite useful lives and also requires at least an annual assessment for impairment by applying a fair-value-based test. Intangible assets with definite useful lives will continue to be amortized over their useful lives. The adoption of these statements will have a material impact on the Company's results of operations and financial position after December 31, 2001 when goodwill will no longer be amortized. The pretax impact on the Company's results of operations and financial position of adopting a nonamortization approach to accounting for goodwill under SFAS No. 142 is expected to be approximately \$5.4 million per year. The Company is currently assessing the impact of the other provisions of these two statements, which will be adopted in 2002.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." SFAS No. 143 will require the accrual, at fair value, of the estimated retirement obligation for tangible long-lived assets if the Company is legally obligated to perform retirement activities at the end of the related asset's life. The Company is currently assessing the impact of this statement, which will be effective for the Company on January 1, 2003.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," but retains many of its fundamental provisions. Additionally, this statement expands the scope of discontinued operations to include more disposal transactions. SFAS No. 144 is effective for the Company on January 1, 2002. The initial adoption is not expected to have a material impact of the Company's financial statements.

3. ACQUISITION OF EQUITY INTEREST IN OFS BRIGHTWAVE, LLC

Effective November 16, 2001, CommScope acquired an approximate 18.4% ownership interest in OFS BrightWave, LLC (OFS BrightWave), an optical fiber and fiber cable venture between CommScope and The Furukawa Electric Co., Ltd. of Japan ("Furukawa"). OFS BrightWave was formed to operate a portion of the optical fiber and fiber cable business ("OFS Group") acquired from Lucent Technologies Inc. ("Lucent"). The businesses acquired include transmission fiber and cable manufacturing capabilities at a facility in Norcross, Georgia, as well as facilities in Germany and Brazil and an interest in a joint venture in Carrollton, Georgia. CommScope expects its arrangements with Furukawa and its subsidiaries, including its investment in OFS BrightWave, to provide access to optical fiber, including premium fiber, under a supply agreement, enhance its technology platform with access to key intellectual property, and create a strategic partner in optical fiber and fiber cable manufacturing.

CommScope issued 10.2 million unregistered shares of its common stock, valued at \$19.94 per share, to Lucent to fund the acquisition of CommScope's interest in OFS BrightWave. The total proceeds of \$203.4 million were used to acquire CommScope's 18.4% ownership interest in OFS BrightWave, valued at \$173.4 million, and to purchase a \$30 million interest bearing note receivable of the venture. The cost of initially

Edgar Filing: COMMScope INC - Form 10-K

issuing the shares to Lucent and an estimate of costs related to future registration of the shares, which totaled \$850, have been recognized as a reduction of the total proceeds in additional paid-in capital. CommScope has a contractual right to sell its ownership interest to Furukawa within a limited period of time in 2004, for a cash payment to CommScope of CommScope's original \$173.4 million capital investment and an acceleration of repayment of the note receivable.

Although the Company's ownership interest in OFS BrightWave is less than 20%, the investment has been accounted for using the equity method since OFS BrightWave is organized as a limited liability company with characteristics of a partnership. CommScope capitalized \$4.8 million of direct acquisition costs as part of its investment in OFS BrightWave.

43

CommScope's portion of the losses of OFS BrightWave for the period from November 17, 2001 through December 31, 2001 has been included in the consolidated financial statements of CommScope, Inc. for the year ended December 31, 2001. These results are net of elimination of intercompany profit in the amount of \$191, net of tax, related to interest payments on the \$30 million note receivable and reimbursement of acquisition-related expenses by OFS BrightWave (see Note 17). OFS BrightWave has elected to be taxed as a partnership, therefore the Company's income tax benefit from flow through losses has been recorded based on the Company's tax rates.

The following table provides summary financial information for OFS BrightWave as of and for the six week period ended December 31, 2001:

Income Statement Data:

Net revenues	\$ 29,340
Gross profit	(36,611)
Loss from continuing operations	(61,253)
Net loss	(61,253)

Balance Sheet Data:

Current assets	\$ 315,626
Noncurrent assets	921,647
Current liabilities	114,319
Other noncurrent liabilities	193,611
Minority interests	52,400

The reconciliation of CommScope's investment in and advances to OFS BrightWave compared to CommScope's equity interest in the net assets of OFS BrightWave as of December 31, 2001 was as follows:

Net assets of OFS BrightWave, LLC	\$876,943
CommScope ownership percentage	18.43225 %

CommScope equity in net assets of OFS BrightWave, LLC	161,640
Plus:	
Advances	30,000
Direct costs of acquisition	4,763
Pushdown and other adjustments by majority member in OFS BrightWave, LLC	457

Investment in and advances to OFS BrightWave, LLC	\$196,860
	=====

Edgar Filing: COMMScope INC - Form 10-K

The Company's ownership interest in OFS BrightWave was restructured from a previously contemplated joint venture arrangement announced on July 24, 2001. Under the originally contemplated arrangement, CommScope and Furukawa would have formed two joint ventures to acquire certain fiber cable and transmission fiber assets of Lucent's OFS Group. Given the uncertain economic environment and severe downturn in the telecommunications market as well as associated difficulties in the financing markets following the September 11, 2001 tragedy, CommScope and Furukawa agreed to restructure the joint venture arrangement, resulting in a lower ownership participation for CommScope. As a result of the restructuring, the Company recorded pretax charges of approximately \$8 million, or approximately \$0.09 per diluted share, net of tax, during 2001, related to financing and formation costs of the original joint venture arrangement, which are not capitalizable as part of CommScope's investment in the restructured venture.

4. OTHER ACQUISITIONS AND DIVESTITURES

Effective January 1, 1999, in a transaction with Alcatel Cable Benelux, S.A. ("Alcatel"), the Company acquired certain assets and assumed certain liabilities of Alcatel's coaxial cable business in Belgium. The

44

acquisition provides the Company with a European base of operations, access to established distribution channels and complementary coaxial cable technologies. The Belgium acquisition was accounted for using the purchase method and, accordingly, the acquired assets and assumed liabilities were recorded at their estimated fair value at the date of the acquisition of approximately \$20 million, including \$3.5 million of goodwill, which was amortized in 1999, 2000, and 2001 based on a 30 year period (see Note 2 for "Impact of Newly Issued Accounting Standards"). Payment for the acquired business was financed primarily by borrowings under the Eurodollar Credit Agreement (see Note 9).

In 1995, CommScope entered into a joint venture agreement with Pacific Dunlop Ltd. to produce cable in Australia, acquiring a 49% ownership interest. Due to certain governmental regulation changes and other events affecting the market for cable products in Australia in and around 1997, manufacturing operations of the joint venture were suspended and formally discontinued by decision of the joint venture's directors in 1997. In 1998, a formal termination and dissolution agreement for the joint venture was completed. Final dissolution of this joint venture was completed in accordance with Australian legal requirements as of December 29, 2000. A pretax gain of \$517 related to the final liquidation of this joint venture was recognized in other income during the year ended December 31, 2000. The Company anticipates no third party claims and no additional gains or losses related to this closed joint venture.

5. IMPAIRMENT CHARGES FOR FIXED ASSETS AND INVESTMENTS

The Company has taken a number of steps to manage costs and has been evaluating all aspects of its business in response to challenging industry conditions. As a result of its review, the Company recorded pretax impairment charges totaling \$12.8 million during 2001. Included in these impairment charges was approximately \$3.8 million related to an investment in an unconsolidated affiliate, \$4.4 million related to fixed assets identified as held for disposal and \$4.6 million related to fixed assets to

Edgar Filing: COMMSCOPE INC - Form 10-K

be held and used.

Management determined that the Company's investment in a wireless infrastructure project management company, which was included in other assets, and which was accounted for using the cost method, should be completely written off in 2001. This determination was based on financial information indicating severe cash flow shortages. The affiliate's board of directors made the decision to cease operations and began the process of liquidating the business during 2001. In late 2001, the majority common stockholder and remaining management indicated that there would be no funds available for the return of CommScope's investment. Management currently believes CommScope has no material legal or contractual obligation for the remaining liabilities of this investee and anticipates no further impact to CommScope's financial position or results from the liquidation of its assets.

The assets held for disposal consist of machinery and equipment used or purchased for use in production. Management identified specific assets that were determined to have no future use to the Company and developed a plan of disposal for each of the assets. The assets held for disposal had a carrying value of \$1.6 million at the impairment date, after the second quarter impairment charges including costs of disposal. Assets valued at \$1.1 million were sold during 2001 at amounts approximating the reduced carrying values, leaving a remaining carrying value of approximately \$500, which was included in other current assets as of December 31, 2001.

The assets to be held and used consist of our newly constructed Kings Mountain facility and other machinery and equipment whose anticipated future cash flows have been affected by challenging industry conditions. Equipment that was intended for the Kings Mountain facility is expected to be redeployed overseas. The Company did not classify this facility as held for disposal at December 31, 2001 because management had not committed to a plan to actively sell the facility. However, subsequent to December 31, 2001, management has committed to a plan to sell this facility and has begun an active program to complete the sale within a reasonable period of time. Management believes the current carrying amount of this facility approximates its fair market value at December 31, 2001. The fair values of the assets to be held and used were determined using appraisals or present value techniques.

45

6. INVENTORIES

	December 31,	
	2001	2000
Raw materials	\$23,037	\$28,382
Work in process	9,688	11,124
Finished goods	14,945	24,257
	\$47,670	\$63,763
	=====	=====

7. PROPERTY, PLANT AND EQUIPMENT

December 31,

Edgar Filing: COMMScope INC - Form 10-K

	2001	2000
	\$	\$
Land and land improvements	6,742	9,701
Buildings and improvements	74,101	63,429
Machinery and equipment	306,570	275,406
Construction in progress	41,721	27,546
	429,134	376,082
Accumulated depreciation	(151,965)	(124,726)
	\$277,169	\$251,356

Depreciation expense was \$31,681, \$26,631, and \$20,778 for the years ended December 31, 2001, 2000, and 1999, respectively. The Company capitalized interest of \$405 and \$176 for the years ended December 31, 2001 and 2000, respectively. No interest was capitalized for the year ended December 31, 1999.

8. OTHER ACCRUED LIABILITIES

	December 31,	
	2001	2000
Salaries and compensation liabilities	\$11,136	\$18,775
Retirement savings plan liabilities	6,819	11,308
Warranty reserves	1,326	1,672
Interest	371	463
Other	8,101	6,263
	\$27,753	\$38,481

9. LONG-TERM DEBT

	December 31,	
	2001	2000
Credit Agreement	\$ --	\$30,000
Convertible Notes	172,500	172,500
Eurodollar Credit Agreement	11,269	14,136
IDA Notes	10,800	10,800
	194,569	227,436
Less current portion	(2,651)	(2,120)
	\$191,918	\$225,316

Edgar Filing: COMMScope INC - Form 10-K

In July 1997 the Company entered into an unsecured \$350 million revolving credit agreement with a group of banks (as amended, the "Credit Agreement"). The Company utilizes the Credit Agreement for, among other things, general working capital needs, financing capital expenditures and other general corporate purposes.

The Credit Agreement provides a total of \$350 million in available revolving credit commitments through (i) loans available at various interest rates and interest maturity periods (collectively, the Revolving Credit Loans) and (ii) the issuance of standby or commercial letters of credit (Letters of Credit) of up to \$50 million. The Company's available borrowing capacity under the Credit Agreement, determined on a quarterly basis, is based on certain financial ratios, which are affected by the level of long-term debt outstanding and the Company's profitability. As of December 31, 2001, the Company had no outstanding indebtedness under the Credit Agreement and its available borrowing capacity under the Credit Agreement was approximately \$269 million. The Credit Agreement expires on December 31, 2002.

At the Company's option, advances under the Revolving Credit Loans are available by choosing from one of the following types of loans, which primarily are differentiated by the interest rates available: (i) an ABR Loan (as defined in the Credit Agreement), with interest based on the highest of the prime rate of JP Morgan Chase Bank, the Base CD Rate (as defined in the Credit Agreement) plus 1%, or the Federal Funds Effective Rate (as defined in the Credit Agreement) plus 0.5%; (ii) a Eurodollar Loan (as defined in the Credit Agreement), with interest based on the Eurodollar Rate (LIBOR) plus a margin that will vary based on the Company's performance with respect to certain calculated financial ratios as defined in the Credit Agreement; (iii) an Absolute Rate Bid Loan (as defined in the Credit Agreement), with interest determined through competitive bid procedures among qualified lenders under the Credit Agreement; and (iv) a Swing Line Loan (as defined in the Credit Agreement) for up to an aggregate amount of \$30 million, with interest based on a money market rate, the ABR Loan rate, or a combination thereof.

Interest on the Revolving Credit Loans generally is payable quarterly in arrears or, for a Eurodollar Loan, at the end of an interest period date that is specified at the time funds are advanced to the Company, not to exceed three months. A facility fee based on the total commitment under the Credit Agreement and a fee for outstanding letters of credit are payable quarterly.

The Credit Agreement contains certain financial and operating covenants, including restrictions on incurring indebtedness and liens, entering into transactions to acquire or merge with any entity, making certain other fundamental changes, selling assets, paying dividends, and maintaining certain levels of consolidated net worth, leverage ratio and interest coverage ratio. The Company was in compliance with these covenants at December 31, 2001.

CONVERTIBLE NOTES

In December 1999, the Company issued \$172.5 million of 4% convertible subordinated notes due December 15, 2006. These notes are convertible at any time into shares of CommScope common stock at a conversion price of \$48.19 per share, which is subject to adjustment under certain circumstances, as provided in the Indenture. The Company may redeem some or all of these notes at any time on or after December 15, 2002 at redemption prices specified in the Indenture. In connection with the issuance of the convertible notes, the Company incurred costs of approximately \$4.9

Edgar Filing: COMMScope INC - Form 10-K

million, which have been capitalized as other assets and are being amortized over the term of the notes. The net proceeds of \$167.6 million from this convertible debt offering were used primarily to repay outstanding indebtedness under the Credit Agreement in addition to funding capital expenditures and other general corporate activities.

47

EURODOLLAR CREDIT AGREEMENT

In February 1999, the Company entered into an unsecured term loan agreement for 15 million euros (\$16.4 million at the date of borrowing) that matures on March 1, 2006 (as amended, the "Eurodollar Credit Agreement"). The proceeds of the Eurodollar Credit Agreement were used to fund a portion of the acquisition costs and initial working capital needs of the Company's manufacturing facility in Belgium. Borrowings under this loan agreement bear interest at a variable rate equal to the Euro LIBOR Market Rate plus an applicable margin, payable quarterly. The interest rate in effect at December 31, 2001 was 4.12%. Principal payments on this loan are due in 20 equal quarterly installments of 750 thousand euros beginning June 1, 2001.

As of December 31, 2001, the Company was party to an interest rate swap agreement, as required by the terms of the Eurodollar Credit Agreement, to effectively convert the variable-rate loan to a fixed-rate basis. The notional amount is equal to the outstanding principal balance of the Eurodollar Credit Agreement and decreases in tandem with principal repayments, which began June 1, 2001. Under the agreement, interest settlement payments are made quarterly based upon the spread between the Euro LIBOR Market Rate, as adjusted quarterly, and a fixed rate of 4.53% (see Note 10).

IDA NOTES

In January 1995, CommScope entered into a \$10.8 million unsecured loan agreement in connection with the issuance of notes by the Alabama State Industrial Development Authority (the "IDA Notes"). Borrowings under the IDA Notes bear interest at variable rates based upon current market conditions for short-term financing. The interest rate in effect at December 31, 2001 was 2.13%. All outstanding borrowings under the IDA Notes are due on January 1, 2015.

OTHER MATTERS

Maturities of long-term debt for the next five years are as follows: \$2,651 in 2002; \$2,651 in 2003; \$2,651 in 2004, \$2,651 in 2005, and \$173,165 in 2006.

The weighted average effective interest rate on outstanding borrowings, including amortization of associated loan fees, under the above debt instruments was 4.61% at December 31, 2001, and 5.14% at December 31, 2000.

10. DERIVATIVES AND HEDGING ACTIVITIES

Effective January 1, 2001, the Company adopted SFAS No. 133,

Edgar Filing: COMMSCOPE INC - Form 10-K

"Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date for FASB Statement No. 133" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133, as amended, establishes accounting and reporting standards for derivative financial instruments, including certain derivative instruments embedded in other host contracts (collectively referred to as embedded derivatives) and for hedging activities. The new standards require an entity to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

The only derivative instrument identified in the implementation of SFAS No. 133 and outstanding for the year ended December 31, 2001 was an interest rate swap, which effectively converts the variable-rate Eurodollar Credit Agreement to a fixed-rate basis. The notional amount of the swap is equal to the outstanding principal balance of the Eurodollar Credit Agreement and decreases in tandem with principal repayments, which began June 1, 2001. As of January 1, 2001, this interest rate swap was designated and documented as a cash flow hedge of the risk of changes in the cash flows attributable to fluctuations in the variable benchmark interest rate associated with the underlying debt being hedged. This hedging instrument was effective at the transition date to SFAS No. 133, and at the balance

48

sheet date, and is expected to continue to be effective for the duration of the swap contract, resulting in no anticipated hedge ineffectiveness. During the year ended December 31, 2001, the Company reclassified approximately \$200 from accumulated other comprehensive income to reduce interest expense. The Company does not anticipate any material reclassifications from accumulated other comprehensive income or loss to interest expense during the next twelve months. The transition adjustment as of January 1, 2001 was recorded as a change in accounting principle to accumulated other comprehensive income and other assets on the balance sheet and did not have a material impact on the Company's consolidated results of operations, financial position, and cash flows. The fair value of this derivative instrument, reflected in other assets, was approximately \$42 as of December 31, 2001.

Also, as of January 1, 2001, the Eurodollar Credit Agreement was designated and effective as a partial hedge of the Company's net investment in its Belgian subsidiary. There was no adjustment required under SFAS No. 133 as of January 1, 2001 related to this net investment hedge. This hedging instrument was effective at the SFAS No. 133 transition date, and at the balance sheet date, and is expected to continue to be effective for the duration of the loan agreement, resulting in no anticipated reclassifications from accumulated other comprehensive income or loss to earnings.

Activity in the accumulated net gain on derivative instruments included in accumulated other comprehensive loss for the year ended December 31, 2001 consisted of the following:

Accumulated net gain on derivative instrument, beginning of year	\$	--
Net effect of adopting SFAS No. 133		229

Edgar Filing: COMMScope INC - Form 10-K

Net loss on derivative financial instrument designated as a cash flow hedge	(202)

Accumulated net gain on derivative instrument, end of year	\$ 27
	=====

11. EMPLOYEE BENEFIT PLANS

The Company sponsors the CommScope, Inc. of North Carolina Employees Retirement Savings Plan (the "Employees Retirement Savings Plan"). The majority of the Company's contributions to the Employees Retirement Savings Plan are made at the discretion of the Company's Board of Directors. In addition, eligible employees may elect to contribute up to 10% of their base salaries, limited to the maximum contribution amount allowed by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 4% of the employee's salary that the employee contributes. The Company contributed \$9.3 million in 2001, \$8.3 million in 2000, and \$6.5 million in 1999 to the Employees Retirement Savings Plan, of which \$7.5 million, \$6.4 million and \$5.0 million each year was discretionary.

The Company sponsors a self-funded welfare plan (the "Plan") that provides medical, dental, and short-term disability benefits to eligible employees. Enrollment in the plan is optional, with the cost of the premiums being shared by both the employee and the Company. The Company established a Voluntary Employees' Benefit Association Trust ("VEBA Trust") to provide for the payment of benefits under the Plan. The Company is required to make cash contributions to the VEBA Trust from time to time in amounts which, when added to participant premiums, are sufficient to fund the benefits for participants and their beneficiaries under the Plan. The Company made cash contributions to the VEBA Trust of \$13.6 million in 2001, \$11.4 million in 2000, and \$7.7 million in 1999.

The Company also sponsors an unfunded postretirement group medical and dental plan (the "Postretirement Health Plan") that provides benefits to full-time employees who retire from the Company at age 65 or greater with a minimum of 10 years of active service. The Postretirement Health Plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance, with Medicare as the primary provider of health care benefits for eligible retirees. The accounting for the Postretirement Health Plan anticipates future cost-sharing changes to the written plan that are consistent with the Company's expressed intent to maintain a consistent level of cost sharing with retirees. The Company recognizes the cost of providing and maintaining postretirement benefits during employees' active service periods.

Additionally, the Company currently sponsors two defined benefit pension plans (the "Defined Benefit Pension Plans"). The first defined benefit plan is a nonqualified unfunded supplemental executive retirement

plan that provides defined pension benefits to certain key executives who retired prior to December 31, 2000. The defined benefits under this plan are paid from Company contributions. Prior to January 1, 2001, this plan also covered certain active key executives who had not yet retired. All active participants' balances were settled as of January 1, 2001, resulting in a gain in this plan of \$4.7 million, and a new defined contribution pension plan was established in its place for those active participants, as

Edgar Filing: COMMScope INC - Form 10-K

described below. The second defined benefit pension plan is a nonqualified pension plan, which provides pension benefits for certain international management-level employees. This plan is funded by Company and employee contributions.

Effective January 1, 2001, the Company amended and restated its nonqualified unfunded supplemental executive retirement plan that previously provided defined pension benefits to certain active and retired key executives. As a result of this amendment and restatement, the benefits provided under the plan for all participants, other than those who retired prior to December 31, 2000, are now governed by the amended and restated plan (the "Restated Plan"). Under the Restated Plan, which is a noncontributory unfunded defined contribution pension plan, the Company will credit each participant's account with contributions and earnings on the accumulated balance thereof, as outlined in the plan, but the Company is not required to make any payments until the participant is eligible to receive retirement benefits under the plan. As of January 1, 2001, the Company credited each participant's account under the Restated Plan with an amount equal to the actuarially determined accumulated benefit obligation for each participant under the terms of the original nonqualified unfunded supplemental executive retirement plan. The total amount established by CommScope as of January 1, 2001, and recognized as an expense of the Restated Plan in 2001, was \$4.1 million. The Company recognized additional cost of \$546 representing contributions and earnings under this plan for the year ended December 31, 2001. The establishment of opening participant balances and the additional cost recognized resulted in an accrued liability for the Restated Plan of \$4.6 million as of December 31, 2001. The amendment and restatement of this plan had no material effect on the consolidated financial statements of the Company upon adoption.

50

Amounts accrued under the Postretirement Health Plan, the Defined Benefit Pension Plans, and the Restated Plan are included in other noncurrent liabilities. The following table summarizes information for the Defined Benefit Pension Plans and the Postretirement Health Plan:

	Pension Benefits		Other Postretirement Benefits	
	2001	2000	2001	2000
Change in benefit obligation:				
Postretirement benefit obligation, beginning of year	\$6,377	\$5,965	\$17,522	\$17,522
Service cost	74	104	1,819	1,819
Interest cost	109	432	1,353	1,353
Plan participants' contributions	13	11	19	19
Actuarial loss	77	44	5,133	5,133
Settlement of benefits	(4,690)	--	--	--
Benefits paid	(108)	(119)	(43)	(43)
Translation gain and other	(52)	(60)	--	--
Postretirement benefit obligation, end of year	\$1,800	\$6,377	\$25,803	\$25,803

Edgar Filing: COMMScope INC - Form 10-K

Change in plan assets:

Fair value of plan assets, beginning of year	\$ 501	\$ 418	\$ --
Employer and plan participant contributions	231	206	43
Return on plan assets	30	23	--
Benefits paid	(108)	(119)	(43)
Translation loss and other	(24)	(27)	--

Fair value of plan assets, end of year	\$ 630	\$ 501	\$ --
--	--------	--------	-------

Funded status (postretirement benefit obligation in excess of fair value of plan assets):

Unrecognized net actuarial loss	\$1,170	\$5,876	\$25,803	\$1
Unrecognized net transition amount	(78)	(240)	(11,902)	(
	(377)	(435)	--	

Accrued benefit cost, end of year

	\$ 715	\$5,201	\$13,901	\$1
--	--------	---------	----------	-----

Discount rate	6.40%	7.75%	7.00%
Rate of return on plan assets	5.50%	5.50%	--
Rate of compensation increase	3.50%	4.75%	--

Net periodic benefit cost (credit) for the Defined Benefit Pension Plans and the Postretirement Health Plan consisted of the following components:

	Pension Benefits			Other Postretirement Benefits	
	2001	2000	1999	2001	2000
Service cost	\$ 74	\$ 104	\$--	\$1,819	\$1,237
Interest cost	109	432	362	1,353	1,001
Recognized actuarial loss	--	44	36	239	159
Amortization of transition obligation	29	29	--	--	--
Settlement gain	(4,690)	--	--	--	--
Return on plan assets	(30)	(23)	--	--	--
Net periodic benefit cost (credit)	\$ (4,508)	\$ 586	\$ 398	\$3,411	\$2,397

For measurement purposes, a 13% annual rate of increase in health care costs was assumed for 2002 and is assumed to decrease gradually to 4.25% for 2014 and remain at that level thereafter. The increase in the postretirement benefit obligation in 2001 is due to a decrease in the discount rate and

increases in the claims cost and health care trend rate assumptions, and was partially offset by a gain from demographic changes related to reduced headcount.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the Postretirement Health Plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects for the year ended December 31, 2001:

Edgar Filing: COMMSCOPE INC - Form 10-K

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost components of net periodic benefit cost	\$ 905	\$ (669)
Effect on postretirement benefit obligation	4,668	(5,955)

12. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, 2001, 2000, and 1999 were as follows:

	Year Ended December 31,		
	2001	2000	1999
Current:			
Federal	\$17,842	\$46,723	\$37,404
State	781	3,920	3,244
Current income tax provision	18,623	50,643	40,648
Deferred:			
Federal	(1,611)	1,244	(90)
State	(651)	106	(8)
Deferred income tax provision (benefit)	(2,262)	1,350	(98)
Total provision for income taxes	\$16,361	\$51,993	\$40,550

The total provision for income taxes for the year ended December 31, 2001 included a current federal income tax benefit of \$4.1 million reflected in equity in losses of OFS BrightWave, LLC.

The reconciliation of the statutory U.S. federal income tax rate to the Company's effective income tax rate for the years ended December 31, 2001, 2000, and 1999 was as follows:

Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	0.2	1.9	1.9
Foreign sales corporation benefit	(2.9)	(1.1)	(1.4)
Permanent items and other	(2.8)	2.2	1.8
Establishment of valuation allowances for net operating loss and capital loss carryforwards	7.5	--	--
Effective income tax rate	37.0%	38.0%	37.3%

Edgar Filing: COMMScope INC - Form 10-K

During 2001, the Company established a valuation allowance of \$2,020 against a deferred tax asset arising from a foreign net operating loss carryforward of approximately \$6 million. The loss carryforward has no expiration date, but is subject to local restrictions limiting its deductibility. The Company also has a foreign net operating loss carryforward of approximately \$2 million, with no expiration date, which it considers more likely than not to be realized based on a positive earnings history. The Company also established a valuation allowance of \$1,388 during 2001 against a deferred tax asset arising from the impairment charge for an investment in a wireless infrastructure project management company, now in the process of being liquidated (see Note 5), which creates a capital loss for tax purposes. The Company

52

considers it more likely than not that this capital loss carryforward will expire unused due to uncertainty about the creation of future capital gains.

The components of deferred income tax assets and liabilities and the classification of deferred tax balances on the balance sheet were as follows:

	December 31,	
	2001	2000
Deferred tax assets:		
Accounts receivable and inventory reserves	\$11,957	\$11,276
Warranty reserves	491	635
Employee benefits	3,515	3,709
Postretirement benefits	7,125	5,969
Foreign net operating losses	2,813	185
Investment in unconsolidated affiliate	1,388	--
Investment in OFS BrightWave, LLC	1,118	--
Other	2,433	1,676
Total deferred tax assets	30,840	23,450
Valuation allowance	(3,408)	--
Net deferred tax assets	27,432	23,450
Deferred tax liabilities:		
Property, plant and equipment	(26,867)	(25,040)
Goodwill and intangibles	(4,178)	(4,277)
Hedging gain	(1,143)	(843)
Total deferred tax liabilities	(32,188)	(30,160)
Net deferred tax liability	\$ (4,756)	\$ (6,710)

Deferred taxes as recorded on the balance sheet:

Edgar Filing: COMMScope INC - Form 10-K

Current deferred tax asset	\$18,143	\$17,296
Noncurrent deferred tax liability	(22,899)	(24,006)
	-----	-----
Net deferred tax liability	\$(4,756)	\$(6,710)
	=====	=====

At December 31, 2001 the Company had approximately \$9.8 million in state investment tax credits that could be utilized to reduce state income tax liabilities for future tax years through 2007.

The cumulative amount of undistributed earnings from foreign subsidiaries amounted to approximately \$2.9 million at December 31, 2001. Although the Company does not currently intend to repatriate earnings from foreign subsidiaries, foreign tax credits may be available as a reduction of United States income taxes in the event of such distributions.

53

Income tax (expense) benefit for components of other comprehensive loss for the years ended December 31, 2001, 2000, and 1999 was as follows:

	Year Ended December 31,		
	2001	2000	1999
	-----	-----	-----
Hedging gain on nonderivative instrument	\$ (300)	\$ (368)	\$ (472)
Effect of adopting SFAS No. 133	(135)	--	--
Loss on derivative instrument designated as a cash flow hedge	120	--	--
	-----	-----	-----
Total income tax expense for components of other comprehensive loss	\$ (315)	\$ (368)	\$ (472)
	=====	=====	=====

13. STOCK COMPENSATION PLANS

In 1997, the Company adopted the Amended and Restated CommScope, Inc. 1997 Long-Term Incentive Plan (the "CommScope Incentive Plan"), which was formally approved by the Company's stockholders in 1998. The CommScope Incentive Plan provides for the granting of stock options, restricted stock, performance units, performance shares and phantom shares to employees of the Company and its subsidiaries and the granting of stock and stock options to nonemployee directors of the Company. A total of 8.7 million shares have been authorized for issuance under the CommScope Incentive Plan through December 31, 2001. Stock options generally expire 10 years from the date they are granted. Options vest over service periods that generally range from two to four years. Upon initial election to the Company's board of directors, a non-employee director is granted 1,000 shares of stock, which are fully vested and transferable upon issuance, and an option to purchase 20,000 shares of stock, which vest over a three-year period. If a director remains in office, a similar option is granted every three years. The following tables summarize the Company's stock option activity and information about stock options outstanding at December 31, 2001:

Edgar Filing: COMMScope INC - Form 10-K

	Shares (in thousands)	Weighted Average Exercise Price Per Share
Stock options outstanding at December 31, 1998	4,532	\$13.25
Granted	690	37.08
Cancelled	(84)	14.29
Exercised	(634)	12.72
Stock options outstanding at December 31, 1999	4,504	16.96
Granted	1,446	18.81
Cancelled	(123)	21.67
Exercised	(375)	12.57
Stock options outstanding at December 31, 2000	5,452	17.64
Granted	294	21.90
Cancelled	(432)	22.40
Exercised	(225)	13.00
Stock options outstanding at December 31, 2001	5,089	\$17.69
Stock options exercisable at December 31, 1999	2,068	\$12.99
Stock options exercisable at December 31, 2000	2,747	\$15.04
Stock options exercisable at December 31, 2001	3,703	\$16.50
Shares reserved for future issuance at December 31, 2001	2,327	

54

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Shares (in thousands)	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price Per Share	Shares (in thousands)	Weighted Average Exercise Price Per Share
\$8 to \$20	4,379	6.3	\$14.55	3,288	
20 to 30	32	7.8	23.28	4	
30 to 40	669	7.7	37.61	407	
40 to 48	9	8.2	44.53	4	
\$8 to \$48	5,089	6.5	\$17.69	3,703	

The Company has elected to account for stock options using the intrinsic value method. The weighted average fair value per option, disclosed below, has been estimated using the Black-Scholes option pricing model. Pro forma information, disclosed below, presents net income and net income per share as if compensation expense had been recorded using the fair value based method. These pro forma assumptions and disclosures were as follows:

	Year Ended December 31,		
	2001	2000	1999
Valuation assumptions:			
Expected option term (years)	3.5	3.5	3.5
Expected volatility	50.0%	50.0%	50.0%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	4.0%	5.0%	6.0%
Weighted average fair value per option	\$9.05	\$ 7.76	\$15.87
Pro forma:			
Net income (in thousands)	\$20,788	\$78,734	\$64,020
Net income per share - basic	0.39	1.54	1.26
Net income per share - assuming dilution	0.39	1.49	1.23

14. STOCKHOLDER RIGHTS PLAN

On June 10, 1997, the Board of Directors adopted a stockholder rights plan designed to protect stockholders from various abusive takeover tactics, including attempts to acquire control of the Company at an inadequate price. Under the rights plan, each stockholder received a dividend of one right for each outstanding share of common stock, which was distributed on July 29, 1997. The rights are attached to, and presently only trade with, the common stock and currently are not exercisable. Except as specified below, upon becoming exercisable, all rights holders will be entitled to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock ("Participating Preferred Stock") for each right held at a price of \$60.

The rights become exercisable and will begin to trade separately from the common stock upon the earlier of (i) the first date of public announcement that a person or group (other than pursuant to a Permitted Offer or Lucent, its Subsidiaries, Affiliates, or Associates pursuant to the Financing Agreement, each as defined) has acquired beneficial ownership of 15% or more of the outstanding common stock; or (ii) 10 business days (or such later date as the Board of Directors of the Company may determine) following a person's or group's commencement of, or announcement of and intention to commence, a tender or exchange offer, the consummation of which would result in beneficial ownership of 15% or more of the common stock. The rights will entitle holders (other than an Acquiring Person, as defined) to purchase common stock having a market value (immediately prior to such acquisition) of twice the exercise price of the right. If the Company is acquired through a merger or other business combination transaction (other than a Permitted Offer, as defined), each right will entitle the holder to purchase \$120

worth of the surviving company's common stock for \$60. The Company may redeem the rights for \$0.01 each at any time prior to such acquisitions. The rights will expire on June 12, 2007.

In connection with the rights plan, the Board of Directors approved the creation of (out of the authorized but unissued shares of preferred stock of the Company) participating preferred stock, consisting of 0.4 million shares with a par value of \$0.01 per share. The holders of the participating preferred stock are entitled to receive dividends, if declared by the Board of Directors, from funds legally available. Each share of participating preferred stock is entitled to one thousand votes on all matters submitted to stockholder vote. The shares of participating preferred stock are not redeemable by the Company nor convertible into common stock or any other security of the Company.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, debt instruments and an interest rate swap contract (see Note 10). For cash and cash equivalents, trade receivables and trade payables, the carrying amounts of these financial instruments are considered representative of their fair values due to their short terms to maturity. Fair values for the Company's debt instruments with no quoted market prices are estimated using a discounted cash flow analysis, based on interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities. With respect to the Company's convertible notes (see Note 9), fair value is based on quoted market prices. The fair value of the Company's interest rate swap contract is based on the net present value of the expected future contractual cash flows.

The carrying amounts and estimated fair values of the Company's convertible notes and interest rate swap contract at December 31, 2001 and 2000, are summarized as follows:

	December 31,			
	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Convertible notes	\$172,500	\$136,700	\$172,500	\$122,500
Interest rate swap	42	42	(a)	364

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2001 and 2000. Although management is not aware of any factors that would significantly affect these fair value estimates, such amounts have not been

Edgar Filing: COMMScope INC - Form 10-K

comprehensively revalued for purposes of these financial statements since those dates, and current estimates of fair value may differ significantly from the amounts presented herein.

16. COMMITMENTS AND CONTINGENCIES

CommScope leases certain equipment and facilities under operating leases expiring at various dates through the year 2011. Rent expense was \$7.6 million in 2001, \$7.8 million in 2000, and \$5.4 million in 1999. Future minimum rental payments required under operating leases with initial terms of one year or more as of December 31, 2001 are: \$3.9 million in 2002; \$3.2 million in 2003; \$2.9 million in 2004; \$2.2 million in 2005, \$1.6 million in 2006 and \$15.3 million thereafter.

These future minimum lease payments include payments under a five-year tax-advantaged operating lease with Wachovia Capital Investments, Inc. ("Wachovia") for the Company's recently constructed corporate office building. The Company moved into the corporate office building in January 2002 under an arrangement whereby Wachovia retains legal title and ownership of the facility, but CommScope, rather than Wachovia, is allowed to claim a deduction for the tax depreciation on the assets. The lease

56

payments are variable, based on three-month Libor plus a credit spread determined from a pricing grid, which is based on CommScope's senior unsecured credit rating as determined by Moody's or S&P. CommScope has the option at any time to purchase the facility for the total construction amount funded by Wachovia of approximately \$12.8 million. However, up to two additional five-year renewals may be granted at the option of the lessor. At the end of the initial lease term, or renewal term(s) if renewed, if CommScope should decide not to purchase the facility, CommScope is obligated to pay Wachovia a final lease payment of approximately \$11 million, and to market the facility on Wachovia's behalf. Any proceeds received from the sale of the facility would first be used to reimburse Wachovia for the difference between the total cost of the facility and CommScope's final lease payment. Any remaining sales proceeds would be retained by CommScope. The Wachovia lease agreement also contains certain financial covenants including a leverage ratio, a net worth maintenance test, and an interest coverage ratio. The lease agreement also contains certain cross-default provisions related to CommScope's other credit facilities. The Company was in compliance with these covenants as of December 31, 2001.

As of December 31, 2001, the Company had committed funds of approximately \$3.1 million under purchase orders and contracts related to vertical integration projects and equipment and capacity upgrades to meet current and anticipated future business demands.

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 will have a materially 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 and disposal of hazardous materials. The Company's manufacturing facilities are believed to be in substantial compliance with current laws and regulations. Compliance with current laws and regulations has not had, and is not expected to have, a materially adverse effect on the Company's financial statements.

Edgar Filing: COMMScope INC - Form 10-K

17. INDUSTRY SEGMENTS, MAJOR CUSTOMERS, RELATED PARTY TRANSACTIONS AND GEOGRAPHIC INFORMATION

The Company's operations are conducted within one business segment that designs, manufactures and markets coaxial, fiber optic and high performance electronic cables primarily used in communications applications. The Company's primary source of revenues is from product sales to cable television system operators, telecommunications service providers, original equipment manufacturers and distributors. Service revenue from delivery of products shipped by Company owned trucks is not material to the Company's reported sales. The Company aggregates and reports its results in one reportable segment based on the similarity of its products, production processes, distribution methods, and regulatory environment.

Sales of coaxial cable products to a major customer and its affiliates were approximately 10% of net sales in 1999, and less than 10% of net sales in 2001 and 2000. No other customer accounted for 10% or more of net sales during any of the three fiscal years in the period ended December 31, 2001.

Sales to related parties were less than 2% of net sales in 2001 and 2000, and less than 2.5% of net sales in 1999. Trade accounts receivable from related parties were less than 1% of the Company's total trade accounts receivable balance as of December 31, 2001 and less than 2% as of December 31, 2000. Purchases from related parties were less than 1% of cost of sales and operating expenses in 2001, 2000 and 1999.

As of December 31, 2001, the Company held a \$30 million note receivable from OFS BrightWave, in which CommScope owns an 18.4% equity interest. The Company recognized interest income of \$125 on this note during the six weeks ended December 31, 2001, of which \$23 was eliminated in consolidation. In addition, CommScope had a \$1.5 million receivable from OFS BrightWave, included in other current assets, for an expected reimbursement of costs incurred by CommScope on behalf of OFS BrightWave related to the formation of OFS BrightWave with Furukawa. The income statement benefit related to this \$1.5 million reimbursement, of which \$280 was eliminated in consolidation, was recorded to terminated acquisition costs in the fourth quarter of 2001.

57

Sales to customers located outside of the United States ("international sales") comprised approximately 23% of net sales in 2001, and 24% of net sales in 2000 and 1999. International sales by geographic region, based on the destination of product shipments, and worldwide sales by broad product group were as follows (in millions):

	Year Ended December 31,		
	2001	2000	1999
Latin America	\$64.5	\$67.5	\$43.0
Asia / Pacific Rim	26.2	58.9	47.6
Europe	64.9	77.4	65.4
Canada	16.3	23.1	18.3

Edgar Filing: COMMSCOPE INC - Form 10-K

Other	1.4	5.5	3.4
<hr/>			
Total international sales	\$173.3	\$232.4	\$177.7
<hr/>			
Year Ended December 31,			
<hr/>			
	2001	2000	1999
<hr/>			
Broadband and other video application products	\$588.3	\$723.8	\$557.4
Local area network products	88.3	85.3	87.3
Wireless and other telecommunications products	61.9	140.9	104.2
<hr/>			
Total worldwide sales by broad product group	\$738.5	\$950.0	\$748.9
<hr/>			

Net property, plant and equipment by geographic area was as follows (in millions):

December 31,		
<hr/>		
	2001	2000
<hr/>		
United States	\$238.6	\$231.7
Belgium	10.3	10.2
Brazil	28.3	9.5
<hr/>		
Total net property, plant and equipment	\$277.2	\$251.4
<hr/>		

58

18. SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended December 31,			
<hr/>			
	2001	2000	1999
<hr/>			
Cash paid during the year for:			
Taxes	\$ 23,655	\$ 47,268	\$ 37,112
Interest (net of capitalized amounts)	7,732	9,467	10,304
Noncash investing and financing activities:			
Acquisition of interest in OFS BrightWave	\$ (173,388)	--	--
Purchase of note of OFS BrightWave	(30,000)	--	--
Issuance of common stock to Lucent	203,388	--	--

Edgar Filing: COMMSCOPE INC - Form 10-K

19. QUARTERLY FINANCIAL DATA (UNAUDITED, IN THOUSANDS EXCEPT PER SHARE DATA)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2001:				
Net sales	\$217,360	\$199,899	\$177,702	\$143,537
Gross profit	52,794	48,310	43,947	34,593
Operating income	28,006	11,630	12,460	10,778
Net income (loss)	16,579	5,978	6,345	(1,037)
Net income (loss) per share, basic	0.32	0.12	0.12	(0.02)
Net income (loss) per share, diluted	0.32	0.11	0.12	(0.02)
Fiscal 2000:				
Net sales	\$203,939	\$241,244	\$256,873	\$247,970
Gross profit	52,353	64,381	66,265	68,055
Operating income	28,975	38,004	39,661	39,411
Net income	16,727	22,293	22,988	22,879
Net income per share, basic	0.33	0.44	0.45	0.45
Net income per share, diluted	0.32	0.42	0.43	0.43

59

COMMSCOPE, INC. SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS (IN THOUSANDS)

Description	Balance at Beginning of Period	Additions		Deductions (Describe) (1)	Balance End Period
		Charged to Costs and Expenses	Charged to Other Accounts (Describe)		
Deducted from assets:					
Allowance for doubtful accounts					
Year ended December 31, 2001	\$9,187	\$6,565	\$--	\$3,153	\$12,000
Year ended December 31, 2000	\$4,838	\$4,519	\$--	\$ 170	\$9,000
Year ended December 31, 1999	\$4,126	\$1,602	\$--	\$ 890	\$4,000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this Item is contained in the sections captioned "Management of the Company--Board of Directors of the Company", "Management of the Company--Committees of the Board of Directors--Board Meetings", and "Management of the Company--Section 16(a) Beneficial Ownership Reporting Compliance" included in our Proxy Statement for the 2002 Annual Meeting of Stockholders ("2002 Proxy Statement"), which sections are incorporated herein by reference.

EXECUTIVE OFFICERS

Set forth below is certain information with respect to the executive officers of the Company as of March 22, 2002.

Name and Title -----	Age ---	Business Experience -----
Frank M. Drendel Chairman and Chief Executive Officer	57	Frank M. Drendel has been our Chairman and Chief Executive Officer since the spin-off. He has served as Chairman and President of CommScope NC, currently our wholly-owned subsidiary, from 1986 to the spin-off and has served as Chief Executive Officer of CommScope NC since 1976. Mr. Drendel is a director of Nextel Communications, Inc., Corvis Corporation, C-SPAN and the National Cable Television Association. Prior to that time, Mr. Drendel has held various positions with CommScope NC since 1971.
Brian D. Garrett President and Chief Operating Officer	53	Brian D. Garrett has been President and Chief Operating Officer of CommScope and CommScope NC since 1997. He was our Executive Vice President, Operations from the spin-off until 1997. From 1996 to 1997, he was Executive Vice President and General Manager of the Network Cable Division of CommScope NC and Vice President and General Manager of the Network Cable Division of CommScope NC from 1986 to 1996. Prior to that time, Mr. Garrett has held various positions with CommScope, NC since 1980.

Edgar Filing: COMMScope INC - Form 10-K

<p>Jearld L. Leonhardt Executive Vice President and Chief Financial Officer</p>	<p>53</p>	<p>Jearld L. Leonhardt has been our Executive Vice President and Chief Financial Officer since 1999. He has served as our Executive Vice President, Finance and Administration from the spin-off until 1999. He was our Treasurer from the spin-off until 1997. He has served as Executive Vice President and Chief Financial Officer of CommScope NC since 1999. He has served as Executive Vice President, Finance and Administration of CommScope NC from 1983 until 1999 and Treasurer of CommScope NC from 1983 until 1997. Prior to that time, Mr. Leonhardt has held various positions with CommScope NC since 1970.</p>
<p>61</p>		
<p>Randall W. Crenshaw Executive Vice President, Procurement, and General Manager, Network</p>	<p>45</p>	<p>Randall W. Crenshaw has been Executive Vice President, Procurement, and General Manager, Network, of CommScope and CommScope NC since 2000. From the spin-off until 2000, he was Executive Vice President, Procurement of CommScope and CommScope NC. From 1994 to 1997, Mr. Crenshaw was Vice President Operations for the Network Cable Division of CommScope NC. Prior to that time, Mr. Crenshaw has held various positions with CommScope NC since 1985.</p>
<p>William R. Gooden Senior Vice President and Controller</p>	<p>60</p>	<p>William R. Gooden has been our Senior Vice President and Controller since the spin-off. He has served as Senior Vice President and Controller of CommScope NC since 1996 and was Vice President and Controller from 1991 to 1996. Prior to that time, Mr. Gooden has held various positions with CommScope NC since 1978.</p>
<p>Larry W. Nelson Executive Vice President, Business Development</p>	<p>59</p>	<p>Larry W. Nelson has been our Executive Vice President, Business Development, since the spin-off. He has served as Executive Vice President, Business Development, of CommScope NC since 1997. From 1988 to 1997, he was Executive Vice President and General</p>

Edgar Filing: COMMScope INC - Form 10-K

Manager, CATV, of CommScope NC. Prior to that time, Mr. Nelson has held various positions with CommScope NC since 1968.

Christopher A. Story
Executive Vice President,
Global Broadband Operations

42

Christopher A. Story has been Executive Vice President, Global Broadband Operations, of CommScope and CommScope NC since 2000. From 1998 until 2000, he was Senior Vice President, CATV Operations, of CommScope NC. From 1996 to 1998, he was Vice President, CATV Operations, of CommScope NC. Prior to that time, Mr. Story has held various positions with CommScope NC since 1989.

Gene W. Swithenbank
Executive Vice President,
Global Broadband Sales
and Marketing

62

Gene W. Swithenbank has been our Executive Vice-President, Global Broadband Sales and Marketing since July 2001. Prior to that he was Executive Vice President, CATV Sales and Marketing, since the spin-off. He has served as Executive Vice President, CATV Sales and Marketing, of CommScope NC since 1996. From 1992 to 1996, Mr. Swithenbank was Senior Vice President, CATV Sales and Marketing, of CommScope NC. Prior to that time, Mr. Swithenbank has held various positions with CommScope NC since 1970.

Frank B. Wyatt, II
Senior Vice President, General
Counsel and Secretary

39

Frank B. Wyatt, II has been Senior Vice President, General Counsel and Secretary of CommScope and CommScope NC since 2000. He was Vice President, General Counsel and Secretary of CommScope and CommScope NC from the spin-off until 2000. He has served as General Counsel and Secretary of CommScope NC since 1996. Prior to that time, Mr. Wyatt was an attorney in private law firm practice since 1987.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is contained in the section captioned "Management of the Company" in our 2002 Proxy Statement and is incorporated by reference herein. The sections captioned

Edgar Filing: COMMScope INC - Form 10-K

are not incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this Item is contained in the sections captioned "Beneficial Ownership of Common Stock" and "Management of the Company--Stock Options" in our 2002 Proxy Statement, which sections are incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this Item is contained in the section captioned "Management of the Company--Certain Relationships and Related Transactions" in our 2002 Proxy Statement and is incorporated by reference herein.

63

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents Filed as Part of this Report:

1. Financial Statements.

The following consolidated financial statements of CommScope, Inc. are included under Part II, Item 8:

Independent Auditors' Report.

Consolidated Statements of Income for the Years ended December 31, 2001, 2000 and 1999.

Consolidated Balance Sheets as of December 31, 2001 and 2000.

Consolidated Statements of Cash Flows for the Years ended December 31, 2001, 2000 and 1999.

Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Years ended December 31, 2001, 2000 and 1999.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules.

Schedule II - Valuation and Qualifying Accounts.
Included under Part II, Item 8.

Certain schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. 3. List of Exhibits. See Index of Exhibits included on page E-1.

(b) Reports on Form 8-K:

On October 25, 2001 we filed a current report on Form 8-K announcing our financial results for the third quarter ended September 30, 2001.

Edgar Filing: COMMScope INC - Form 10-K

On November 26, 2001 we filed a current report on Form 8-K announcing formation of the BrightWave joint venture to acquire certain fiber optic assets.

On December 26, 2001 we filed an amended current report on Form 8-K/A to file certain financial information related to the BrightWave joint venture.

64

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CommScope, Inc.

Date: March 22, 2002

By: /s/ Frank M. Drendel

Frank M. Drendel
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ Frank M. Drendel ----- Frank M. Drendel	Chairman of the Board and Chief Executive Officer	March 22,
/s/ Jearld L. Leonhardt ----- Jearld L. Leonhardt	Executive Vice President and Chief Financial Officer (Principal financial officer)	March 22,
/s/ William R. Gooden ----- William R. Gooden	Senior Vice President and Controller (Principal accounting officer)	March 22,
/s/ Edward D. Breen ----- Edward D. Breen	Director	March 22,
/s/ Duncan M. Faircloth	Director	March 22,

Edgar Filing: COMMScope INC - Form 10-K

Duncan M. Faircloth		
/s/ Boyd L. George	Director	March 22,

Boyd L. George		
/s/ George N. Hutton, Jr.	Director	March 22,

George N. Hutton, Jr.		
/s/ June E. Travis	Director	March 22,

June E. Travis		
/s/ James N. Whitson	Director	March 22,

James N. Whitson		

65

INDEX OF EXHIBITS

Exhibit No.	Description
-----	-----
3.1	Amended and Restated Certificate of Incorporation of CommScope, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
3.2	Amended and Restated By-Laws of CommScope, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
4.1	Rights Agreement, dated June 12, 1997, between CommScope, Inc. and ChaseMellon Shareholder Services, L.L.C. (Incorporated herein by reference from the Registration Statement on Form 8-A filed June 30, 1997 (File No. 1-12929)).
4.1.1	Amendment No. 1 to Rights Agreement, dated as of June 14, 1999, between CommScope, Inc. and ChaseMellon Shareholder Services. (Incorporated by reference from the Amendment to Registration Statement on Form 8-A/A filed June 14, 1999 (File No. 1-12929)).
4.1.2	Amendment No. 2 to Rights Agreement, dated as of November 15, 2001 between CommScope, Inc. and Mellon Investor Services LLC. (Incorporated by reference from the Amendment to Registration Statement on Form 8-A/A filed November 19, 2001 (File no. 1-12929)).
10.1	Employee Benefits Allocation Agreement, dated as of July 25, 1997, among NextLevel Systems, Inc., CommScope, Inc. and General Semiconductor, Inc.

Edgar Filing: COMMScope INC - Form 10-K

(Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).

- 10.2 Debt and Cash Allocation Agreement, dated as of July 25, 1997, among NextLevel Systems, Inc., CommScope, Inc. and General Semiconductor, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.3 Insurance Agreement, dated as of July 25, 1997, among NextLevel Systems, Inc., CommScope, Inc. and General Semiconductor, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.4 Tax Sharing Agreement, dated as of July 25, 1997, among NextLevel Systems, Inc., CommScope, Inc. and General Semiconductor, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.5 Trademark License Agreement, dated as of July 25, 1997, among NextLevel Systems, Inc., CommScope, Inc. and General Semiconductor, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.6 Transition Services Agreement, dated as of July 25, 1997, between NextLevel Systems, Inc. and CommScope, Inc. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.7 Credit Agreement, dated as of July 23, 1997, among CommScope, Inc. of North Carolina, Certain Banks, The Chase Manhattan Bank, as Administrative Agent and The Chase Manhattan Bank, Bank of America National Trust and Savings Association, BankBoston, N.A., Bank of Tokyo-Mitsubishi Trust Company, CIBC, Inc., Credit Lyonnais Atlanta Agency, First Union National Bank, The Fuji Bank, Limited, Atlanta Agency, NationsBank, N.A., Toronto Dominion (New York), Inc. and Wachovia Bank, N.A. as Co-Agents. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1997 (File No. 1-12929)).
- 10.7.1 First Amendment to the Credit Agreement, dated as of December 7, 1999 to the Credit Agreement dated as of July 23, 1997, among CommScope, Inc. of North Carolina, The Chase Manhattan Bank, as Administrative Agent, and the Banks from time to time parties thereto, and the financial institutions named therein as co-agents for the Banks. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended

Edgar Filing: COMMScope INC - Form 10-K

December 31, 1999 (File No. 1-12929)).

- 10.7.2 Second Amendment to the Credit Agreement, dated as of April 27, 2000 to the Credit Agreement dated as of July 23, 1997, among CommScope, Inc. of North Carolina, The Chase Manhattan Bank, as Administrative Agent, and the Banks from time to time parties thereto, and the financial institutions named therein as co-agents for the Banks. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 (File no. 1-12929)).
- 10.8+ Amended and Restated CommScope, Inc. 1997 Long-Term Incentive Plan, as amended through December 14, 2000. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2000. (File No. 1-12929)).
- 10.9+ Form of Severance Protection Agreement between the Company and certain executive officers. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-12929)).
- 10.9.1+ Form of Amendment to Severance Protection Agreement between the Company and certain Executive Officers. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (File No. 1-12929)).
- 10.10+ Employment Agreement between Frank Drendel, General Instrument Corporation and CommScope, Inc. of North Carolina, the Letter Agreement related thereto dated May 20, 1993 and Amendment to Employment Agreement dated July 25, 1997. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-12929)).
- 10.11 Credit Agreement, dated February 26, 1999, between First Union National Bank and CommScope, Inc. of North Carolina. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-12929)).
- 10.11.1 First Amendment to the Credit Agreement, dated as of December 7, 1999 between First Union National Bank and CommScope Inc. of North Carolina. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (file No. 1-12929)).
- 10.11.2 Second Amendment to the Credit Agreement, dated as of June 28, 2000 to the Credit Agreement dated as of February 26, 1999, between the First Union National Bank and CommScope, Inc. of North Carolina. (Incorporated herein by reference from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 (File no. 1-12929)).
- 10.12+ The CommScope, Inc. Annual Incentive Plan, as amended through June 9, 1999. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year

Edgar Filing: COMMScope INC - Form 10-K

ended December 31, 1999 (file No. 1-12929)).

- 10.13 Indenture dated as of December 15, 1999 between CommScope, Inc. and First Union National Bank, as Trustee (Incorporated by reference from the Company's Registration Statement on form S-3 dated January 14, 2000 (File No. 333-94691)).
- 10.14 Registration Rights Agreement, dated December 15, 1999 between CommScope Inc. and the Initial Purchasers (Incorporated by reference from the Company's Registration Statement on form S-3 dated January 14, 2000 (File No. 333-94691)).
- 10.15 Amended and Restated Memorandum of Understanding, dated as of November 15, 2001, by and between The Furukawa Electric Co., Ltd. and CommScope, Inc. (Incorporated by reference from the Company's Current Report on Form 8-K dated November 26, 2001 (file no. 1-12929)).
- 10.16 Registration Rights Agreement, dated as of November 16, 2001, by and between CommScope, Inc. and Lucent Technologies Inc. (Incorporated by reference from the Company's Current Report on Form 8-K dated November 26, 2001 (file no. 1-12929)).
- 10.17 Financing Agreement, dated July 24, 2001 among CommScope, Inc., The Furukawa Electric Co., Ltd. and Lucent Technologies Inc. (Incorporated by reference from the Company's Current Report on Form 8-K dated November 26, 2001 (file no. 1-12929)).
- 10.18 Financing Agreement Supplement, dated November 9, 2001 among CommScope, Inc., The Furukawa Electric Co., Ltd. and Lucent Technologies Inc. (Incorporated by reference from the Company's Current Report on Form 8-K dated November 26, 2001 (file no. 1-12929)).
- 10.19 Revolving Credit Agreement, dated as of November 16, 2001, by and between CommScope Optical Technologies, Inc. and OFS BrightWave, LLC.
- 10.20 Amended and Restated Limited Liability Company Agreement of OFS BrightWave, LLC, dated November 16, 2001, by and among OFS BrightWave, LLC, Fitel USA Corp. and CommScope Optical Technologies, Inc.
- 12. Statements re: Computation of Ratios.
- 21. Subsidiaries of the Registrant.
- 23.1 Consent of Deloitte & Touche LLP.
- 23.2 Consent of PriceWaterhouseCoopers, LLC.
- 99.1 Forward-Looking Information.
- 99.2 OFS BrightWave, LLC Consolidated Financial Statements.

+ Management Compensation.