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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 OR 15(d)**  
**of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) August 28, 2015**

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**COMMSCOPE HOLDING COMPANY, INC.**

(Exact name of registrant as specified in its charter)

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

**001-36146**  
(Commission  
File Number)

**27-4332098**  
(IRS Employer  
Identification No.)

**1100 CommScope Place, SE, Hickory, North Carolina**  
(Address of principal executive offices)

**28602**  
(Zip Code)

**Registrant's telephone number, including area code (828) 324-2200**

**Not Applicable**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 7.01 Regulation FD Disclosure.

On January 27, 2015, CommScope Holding Company, Inc. (“Holdings”) filed a Current Report on Form 8-K with the Securities and Exchange Commission announcing, among other things, that Holdings and CommScope, Inc. (“CommScope” and, together with Holdings, the “Company”) and TE Connectivity Ltd., a Swiss corporation (“Seller” or “TE Connectivity”), entered into a stock and asset purchase agreement, pursuant to which the Company has agreed to acquire (the “Acquisition”) the Broadband Network Solutions business of Seller.

Holdings is filing this Current Report on Form 8-K in order to make publicly available certain unaudited historical financial information of Seller’s Broadband Network Solutions business described in Item 9.01 below and related Management’s Discussion and Analysis of Results of Financial Condition and Results of Operations described in Item 9.01 below, each incorporated by reference herein.

The risks associated with the Acquisition are discussed in greater detail in Holdings’ Annual Report on Form 10-K filed with the Securities and Exchange Commission.

In addition to the unaudited historical financial information described in Item 9.01 below, the Company is providing the following financial information regarding Seller’s Broadband Network Solutions business for the nine-month periods ended June 26, 2015 and June 27, 2014, the fiscal year ended September 26, 2014 and the twelve months ended June 26, 2015 (\$ in millions):

	Nine Months Ended June 26, 2015	Fiscal Year Ended September 26, 2014	Nine Months Ended June 27, 2014	Twelve Months Ended June 26, 2015
Revenues, as reported	\$1,312.9	\$ 1,938.7	\$1,435.6	\$1,816.0
Less: Exited business	(0.3)	(10.9)	(9.3)	(1.9)
Revenues, as adjusted	\$1,312.6	\$ 1,927.8	\$1,426.3	\$1,814.1
Operating income, as reported	\$ 126.3	\$ 182.0	\$ 123.0	\$ 185.3
Amortization	24.8	30.7	23.1	32.4
Restructuring and other charges, net	1.6	39.2	26.5	14.4
Share-based compensation	5.4	7.0	5.3	7.1
Asset impairments	1.6	—	—	1.6
Exited business(1)	1.2	4.8	4.2	1.9
Non-GAAP adjusted operating income	160.9	263.7	182.0	242.6
Depreciation	22.3	35.4	26.6	31.2
Non-GAAP adjusted EBITDA	\$ 183.3	\$ 299.1	\$ 208.6	\$ 273.8

(1) Reflects the impact included in reported results of a product line that has been discontinued and is being shut down.  
Note: Components may not sum to total due to rounding.

The Company’s management believes that presenting the above non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors’ ability to analyze financial and business trends. As calculated, these non-GAAP measures may not be comparable to other similarly titled measures of other companies. In addition, the Company’s management believes that these non-GAAP financial measures allow investors to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period.

The Company expects to realize more than \$150 million in annual synergies beginning in the third year following closing, with more than \$50 million in the first full year. These synergies are expected to come from all areas of the company, including sales, marketing, general and administrative, operations and research and development. The Company expects to incur integration and restructuring costs of \$125 million to \$175 million to achieve these synergies.

## Safe Harbor Statement

The statements in this release state the Company's and management's intentions, beliefs, expectations or projections of the future and are forward-looking statements. The Company's actual results could differ materially from those projected in such forward-looking statements.

## Forward-Looking Statements

This communication contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning the Company, the Acquisition and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of the Company and TE Connectivity as well as assumptions made by, and information currently available to, such management. Forward-looking statements may be accompanied by words such as "aim," "anticipate," "believe," "plan," "could," "would," "should," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "will," "possible," "potential," "predict," "project" or similar words, phrases or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the control of the Company and TE Connectivity. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include failure to obtain applicable regulatory approvals in a timely manner, on terms acceptable to the Company or TE Connectivity or at all; failure to satisfy other closing conditions to the proposed transactions; the risk that the Company will be required to pay the reverse break-up fee under the Stock and Asset Purchase Agreement relating to the Acquisition; the risk that the TE Connectivity businesses to be acquired will not be integrated successfully into the Company or that the Company will not realize estimated cost savings, synergies and growth or that such benefits may take longer to realize than expected; failure by the Company to realize anticipated benefits of the acquisition; risks relating to unanticipated costs of integration; risks from relying on TE Connectivity for various critical transaction services for an extended period; reductions in customer spending and/or a slowdown in customer payments; failure to manage potential conflicts of interest between or among customers; unanticipated changes relating to competitive factors in the telecommunications industry; ability to hire and retain key personnel; the potential impact of announcement or consummation of the proposed acquisition on relationships with third parties, including customers, employees and competitors; ability to attract new customers and retain existing customers in the manner anticipated; changes in legislation or governmental regulations affecting the Company and the TE Connectivity businesses to be acquired; international, national or local economic, social or political conditions that could adversely affect the Company, the TE Connectivity businesses to be acquired or their customers; conditions in the credit markets that could impact the costs associated with financing the acquisition; risks associated with assumptions made in connection with the critical accounting estimates, including segment presentation, and legal proceedings of the Company and/or the TE Connectivity businesses to be acquired; and the international operations of the Company and/or the TE Connectivity businesses to be acquired, which are subject to the risks of currency fluctuations and foreign exchange controls. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the businesses of the Company and/or the TE Connectivity businesses to be acquired, including those described in each of Holdings' and TE Connectivity's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the Securities and Exchange Commission. Except as required under applicable law, the parties do not assume any obligation to update these forward-looking statements.

## Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number:</u>	<u>Description</u>
99.1	Unaudited condensed combined financial statements of the Broadband Network Solutions business of TE Connectivity Ltd. as of June 26, 2015 and September 26, 2014 and for the quarterly and nine-month periods ended June 26, 2015 and June 27, 2014
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of the Broadband Network Solutions business of TE Connectivity Ltd. for the quarterly and nine-month periods ended June 26, 2015

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CommScope Holding Company, Inc.

**Date: August 28, 2015**

**By:** /s/ Mark A. Olson

**Name:** Mark A. Olson

**Title:** Executive Vice President and Chief Financial Officer

## EXHIBIT INDEX

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**THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.**

**CONDENSED COMBINED FINANCIAL STATEMENTS**

**As of June 26, 2015 and September 26, 2014 and  
for the quarterly and nine month periods ended  
June 26, 2015 and June 27, 2014**

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THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.

CONDENSED COMBINED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For the Quarters Ended		For the Nine Months Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
	(in thousands)			
Net sales	\$470,954	\$503,985	\$1,312,927	\$1,435,589
Cost of sales	294,855	323,488	838,448	912,177
<b>Gross margin</b>	176,099	180,497	474,479	523,412
Selling expenses	54,302	60,510	158,737	181,909
General and administrative expenses	47,690	37,883	117,482	116,329
Research, development, and engineering expenses	22,976	25,116	70,331	75,754
Restructuring charges (credits), net	(1,243)	3,761	1,630	26,452
<b>Operating income</b>	52,374	53,227	126,299	122,968
Interest income	105	215	498	567
Interest expense	(763)	(732)	(2,254)	(2,245)
<b>Income before income taxes</b>	51,716	52,710	124,543	121,290
Income tax benefit (expense)	3,957	(18,322)	(14,406)	(81,864)
<b>Net income</b>	<u>\$ 55,673</u>	<u>\$ 34,388</u>	<u>\$ 110,137</u>	<u>\$ 39,426</u>

See Notes to Condensed Combined Financial Statements.



THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.

CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

	For the Quarters Ended		For the Nine Months Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
	(in thousands)			
<b>Net income</b>	\$ 55,673	\$ 34,388	\$ 110,137	\$ 39,426
<b>Other comprehensive income (loss):</b>				
Currency translation	3,567	2,547	(44,329)	2,151
Adjustments to unrecognized pension benefit costs, net of income taxes	<u>(115)</u>	<u>(2,460)</u>	<u>2,687</u>	<u>(2,376)</u>
<b>Other comprehensive income (loss)</b>	<u>3,452</u>	<u>87</u>	<u>(41,642)</u>	<u>(225)</u>
<b>Comprehensive income</b>	<u>\$ 59,125</u>	<u>\$ 34,475</u>	<u>\$ 68,495</u>	<u>\$ 39,201</u>

See Notes to Condensed Combined Financial Statements.

THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.

CONDENSED COMBINED BALANCE SHEETS

(UNAUDITED)

	June 26, 2015	September 26, 2014
	(in thousands)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,966	\$ 16,864
Accounts receivable, net of allowance for doubtful accounts of \$23,456 and \$19,301, respectively	351,773	382,046
Inventories	208,671	239,157
Prepaid expenses and other current assets	46,165	70,803
Deferred income taxes	45,303	45,303
Total current assets	664,878	754,173
Property, plant, and equipment, net	186,640	205,500
Goodwill	586,900	588,982
Intangible assets, net	212,284	241,217
Deferred income taxes	183,775	168,423
Other assets	6,039	6,478
<b>Total Assets</b>	<b>\$1,840,516</b>	<b>\$ 1,964,773</b>
<b>Liabilities and Business Unit Equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 89,293	\$ 89,497
Accounts payable	142,189	160,313
Accrued and other current liabilities	122,604	179,450
Total current liabilities	354,086	429,260
Long-term pension liabilities	7,666	8,409
Deferred income taxes	30,114	30,114
Income taxes	13,285	14,553
Other liabilities	28,256	32,473
<b>Total Liabilities</b>	<b>433,407</b>	<b>514,809</b>
Commitments and contingencies (Note 7)		
Business Unit Equity:		
Parent company investment	1,419,287	1,420,500
Accumulated other comprehensive income (loss)	(12,178)	29,464
<b>Total Business Unit Equity</b>	<b>1,407,109</b>	<b>1,449,964</b>
<b>Total Liabilities and Business Unit Equity</b>	<b>\$1,840,516</b>	<b>\$ 1,964,773</b>

See Notes to Condensed Combined Financial Statements.

THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.

CONDENSED COMBINED STATEMENTS OF BUSINESS UNIT EQUITY

(UNAUDITED)

	<u>Parent Company Investment</u>	<u>Accumulated Other Comprehensive Income (Loss) (in thousands)</u>	<u>Total Business Unit Equity</u>
<b>Balance at September 26, 2014</b>	\$1,420,500	\$ 29,464	\$1,449,964
Net income	110,137	—	110,137
Other comprehensive loss	—	(41,642)	(41,642)
Total comprehensive income (loss)	110,137	(41,642)	68,495
Net decrease in Parent company investment	(111,350)	—	(111,350)
<b>Balance at June 26, 2015</b>	<u>\$1,419,287</u>	<u>\$ (12,178)</u>	<u>\$1,407,109</u>
<b>Balance at September 27, 2013</b>	\$1,473,428	\$ 52,752	\$1,526,180
Net income	39,426	—	39,426
Other comprehensive loss	—	(225)	(225)
Total comprehensive income (loss)	39,426	(225)	39,201
Net decrease in Parent company investment	(98,409)	—	(98,409)
<b>Balance at June 27, 2014</b>	<u>\$1,414,445</u>	<u>\$ 52,527</u>	<u>\$1,466,972</u>

See Notes to Condensed Combined Financial Statements.

THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.

CONDENSED COMBINED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Nine Months Ended	
	June 26, 2015	June 27, 2014
	(in thousands)	
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 110,137	\$ 39,426
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation and amortization	47,123	49,664
Non-cash restructuring charges (credits)	(230)	3,003
Deferred income taxes	(15,352)	58,150
Provision for losses on accounts receivable and inventories	11,348	15,084
Share-based compensation expense	5,421	5,348
Other	1,561	—
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable, net	6,262	(28,170)
Inventories	11,245	(1,500)
Prepaid expenses and other current assets	23,323	2,541
Accounts payable	(15,854)	(12,576)
Accrued and other current liabilities	(51,011)	2,522
Other	(4,926)	162
Net cash provided by operating activities	<u>129,047</u>	<u>133,654</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(23,370)	(31,015)
Other	(360)	1,561
Net cash used in investing activities	<u>(23,730)</u>	<u>(29,454)</u>
<b>Cash Flows From Financing Activities:</b>		
Repayment of long-term debt	(177)	(164)
Net financing activities with Parent and Parent's subsidiaries <sup>(1)</sup>	(107,598)	(107,470)
Net cash used in financing activities	<u>(107,775)</u>	<u>(107,634)</u>
Effect of currency translation on cash	(1,440)	(368)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,898)</b>	<b>(3,802)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>16,864</b>	<b>22,473</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 12,966</u></b>	<b><u>\$ 18,671</u></b>

(1) Net financing activities with Parent and Parent's subsidiaries include cash flows related to intercompany cash management and funding transactions, and other intercompany activity.

See Notes to Condensed Combined Financial Statements.

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS

**1. Basis of Presentation**

The unaudited Condensed Combined Financial Statements of the Broadband Network Solutions business (“BNS” or the “Company,” which may be referred to as “we,” “us,” or “our”) of TE Connectivity Ltd. (“TE Connectivity” or “Parent”) have been prepared in United States (“U.S.”) dollars, in accordance with accounting principles generally accepted in the U.S. (“GAAP”). In management’s opinion, the unaudited Condensed Combined Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire fiscal year or any subsequent interim period.

The assets and liabilities in the Condensed Combined Financial Statements have been reflected on a historical cost basis, as included in the historical Condensed Consolidated Balance Sheets of Parent. The Condensed Combined Statements of Operations include allocations for a) certain support functions that are provided on a centralized basis by Parent and historically recorded at the business unit level, as well as b) corporate costs not historically allocated by Parent to the business unit level. These expenses include departmental charges related to executive office, finance, tax, treasury, human resources, information technology, and legal, among others. These expenses have been allocated to BNS on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of operating income, headcount or other measures of BNS or Parent. Management believes the assumptions underlying the Condensed Combined Financial Statements, including the assumptions regarding allocating general corporate expenses from Parent, are reasonable. Nevertheless, the Condensed Combined Financial Statements may not include the actual expenses that would have been incurred by BNS and may not reflect the combined results of operations, financial position, and cash flows had it been a stand-alone business during the periods presented. Actual costs that would have been incurred had BNS been a stand-alone business would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The year-end balance sheet data was derived from audited financial statements, but does not include all of the information and disclosures required by GAAP. These financial statements should be read in conjunction with our audited Combined Financial Statements for the fiscal year ended September 26, 2014.

Unless otherwise indicated, references in the Condensed Combined Financial Statements to fiscal 2015 and fiscal 2014 are to our fiscal years ending September 25, 2015 and September 26, 2014, respectively.

On January 27, 2015, Parent entered into a definitive agreement to sell BNS for \$3.0 billion in cash, subject to a final working capital adjustment. The transaction is expected to close during calendar 2015 pending customary closing conditions and regulatory approvals.

## 2. Restructuring Charges (Credits), Net

Restructuring charges (credits), net consist primarily of employee severance charges.

Activity in our restructuring reserves during the first nine months of fiscal 2015 is summarized as follows:

	Balance at September 26, 2014	Charges	Changes in Estimate	Cash Payments	Non-Cash Items and Other(1)	Balance at June 26, 2015
			(in thousands)			
Fiscal 2014 Actions	\$ 11,101	\$ —	\$ (509)	\$ (4,572)	\$ (605)	\$ 5,415
Pre-Fiscal 2014 Actions	44,930	4,046	(1,907)	(27,210)	(3,966)	15,893
Total activity	<u>\$ 56,031</u>	<u>\$4,046</u>	<u>\$(2,416)</u>	<u>\$(31,782)</u>	<u>\$(4,571)</u>	<u>\$21,308</u>

(1) Includes non-cash charges associated with asset write-offs and the effects of currency translation.

### ***Fiscal 2014 Actions***

During fiscal 2014, we initiated a restructuring program associated with headcount reductions and manufacturing site closures. In connection with this program, during the nine months ended June 26, 2015 and June 27, 2014, we recorded net restructuring credits of \$509 thousand and charges of \$21,576 thousand, respectively, primarily related to manufacturing site closures. We expect to complete all restructuring programs commenced in fiscal 2014 by the end of fiscal 2015. We do not expect to incur any additional charges related to restructuring actions commenced in fiscal 2014.

### ***Pre-Fiscal 2014 Actions***

In connection with the restructuring actions initiated prior to fiscal 2014, during the nine months ended June 26, 2015 and June 27, 2014, we recorded net restructuring charges of \$2,139 thousand and \$4,876 thousand, respectively. We expect to incur additional charges of approximately \$364 thousand related to pre-fiscal 2014 actions.

### ***Total Restructuring Reserves***

Restructuring reserves included on the combined balance sheets were as follows:

	<u>June 26, 2015</u>	<u>September 26, 2014</u>
	(in thousands)	
Accrued and other current liabilities	\$10,039	\$ 43,182
Other liabilities	<u>11,269</u>	<u>12,849</u>
Restructuring reserves	<u>\$21,308</u>	<u>\$ 56,031</u>

### **3. Inventories**

Inventories consisted of the following:

	<u>June 26, 2015</u>	<u>September 26, 2014</u>
	(in thousands)	
Raw materials	\$ 36,403	\$ 46,267
Work in progress	56,750	61,484
Finished goods	<u>115,518</u>	<u>131,406</u>
Inventories	<u>\$208,671</u>	<u>\$ 239,157</u>

#### 4. Goodwill

The changes in the carrying amount of goodwill were as follows:

	<u>(in thousands)</u>
September 26, 2014 <sup>(1)</sup>	\$ 588,982
Currency translation	<u>(2,082)</u>
June 26, 2015 <sup>(1)</sup>	<u>\$ 586,900</u>

(1) For both periods, there were no accumulated impairment losses related to the BNS reporting units.

#### 5. Intangible Assets, Net

Intangible assets consisted of the following:

	June 26, 2015			September 26, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)					
Intellectual property	\$ 231,011	\$ (117,138)	\$ 113,873	\$ 229,623	\$ (105,466)	\$ 124,157
Customer relationships	168,681	(70,306)	98,375	169,577	(58,836)	110,741
Other	1,809	(1,773)	36	8,927	(2,608)	6,319
Total	<u>\$ 401,501</u>	<u>\$ (189,217)</u>	<u>\$ 212,284</u>	<u>\$ 408,127</u>	<u>\$ (166,910)</u>	<u>\$ 241,217</u>

Intangible asset amortization expense was \$9,252 thousand and \$7,790 thousand for the third quarters of fiscal 2015 and 2014, respectively and \$24,784 thousand and \$23,095 thousand for the first nine months of fiscal 2015 and 2014, respectively

The aggregate amortization expense on intangible assets is expected to be as follows:

	<u>(in thousands)</u>
Remainder of Fiscal 2015	\$ 7,708
Fiscal 2016	30,703
Fiscal 2017	30,652
Fiscal 2018	30,652
Fiscal 2019	30,652
Fiscal 2020	29,667
Thereafter	<u>52,250</u>
Total	<u>\$ 212,284</u>



## 6. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	June 26, 2015	September 26, 2014
	(in thousands)	
Accrued payroll and employee benefits	\$ 54,506	\$ 69,076
Restructuring reserves	10,039	43,182
Value-added and other duties and taxes payable	23,639	24,125
Income taxes payable	5,180	6,542
Deferred income taxes	3,627	3,627
Other	25,613	32,898
Accrued and other current liabilities	<u>\$122,604</u>	<u>\$ 179,450</u>

## 7. Commitments and Contingencies

### Legal Proceedings

In the ordinary course of business, we are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we do not expect that the outcome of these proceedings, either individually or in the aggregate, will have a material effect on our results of operations, financial position, or cash flows.

## 8. Retirement Plans

### Defined Benefit Pension Plans

The net periodic pension benefit cost for pension plans that were fully dedicated to the BNS business was as follows:

	For the Quarters Ended		For the Nine Months Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
	(in thousands)			
Service cost	\$ 1,117	\$ 1,081	\$ 3,352	\$ 3,144
Interest cost	500	756	1,502	2,048
Expected return on plan assets	(1,067)	(1,202)	(3,201)	(3,507)
Amortization of net actuarial loss	122	154	366	457
Other	60	193	180	194
Net periodic pension benefit cost	<u>\$ 732</u>	<u>\$ 982</u>	<u>\$ 2,199</u>	<u>\$ 2,336</u>

During the nine months ended June 26, 2015, we contributed \$989 thousand to fully dedicated pension plans.

### **Shared Pension Plans**

Certain BNS employees participate in various defined benefit pension plans sponsored by Parent (the "Shared Plans"). Pension expense, calculated as actuarially determined service and interest cost, for BNS employees that participate in these shared plans was \$709 thousand and \$845 thousand in the third quarters of fiscal 2015 and 2014, respectively, and \$2,058 thousand and \$2,525 thousand in the first nine months of fiscal 2015 and 2014, respectively. The Condensed Combined Balance Sheets do not include any liabilities associated with the Shared Plans.

### **9. Income Taxes**

We recorded an income tax benefit of \$3,957 thousand and an income tax provision of \$18,322 thousand for the quarters ended June 26, 2015 and June 27, 2014, respectively. The tax benefit for the quarter ended June 26, 2015 reflects an income tax benefit related to a decrease in the valuation allowance for U.S. tax loss carryforwards and income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions. The tax provision for the quarter ended June 27, 2014 reflects an income tax charge related to the increase in the valuation allowance for U.S. tax loss carryforwards partially offset by income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions.

We recorded income tax provisions of \$14,406 thousand and \$81,864 thousand for the nine months ended June 26, 2015 and June 27, 2014, respectively. The tax provision for the nine months ended June 26, 2015 reflects an income tax benefit related to a decrease in the valuation allowance for U.S. tax loss carryforwards and income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions. The tax provision for the nine months ended June 27, 2014 reflects an income tax charge related to the increase in the valuation allowance for U.S. tax loss carryforwards partially offset by income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions.

We record accrued interest as well as penalties related to uncertain tax positions as part of the provision for income taxes. As of June 26, 2015 and September 26, 2014, we had recorded \$3,893 thousand and \$5,150 thousand, respectively, of accrued interest and penalties related to uncertain tax positions, all of which was recorded in income taxes on the Condensed Combined Balance Sheet. During the nine months ended June 26, 2015, we recognized a \$560 thousand income tax benefit related to interest and penalties on the Condensed Combined Statement of Operations.

BNS's U.S. operations were included in various income tax returns which were filed on a unitary, consolidated, or stand-alone basis in multiple U.S. jurisdictions, which generally have statutes of limitations ranging from 3 to 4 years.

BNS's non-U.S. operations were included in various income tax returns of non-U.S. subsidiaries which file income tax returns in the countries in which they have operations. Generally, these countries have statutes of limitations ranging from 3 to 10 years.

Although it is difficult to predict the timing or results of our worldwide examinations, we estimate that up to approximately \$1,600 thousand of unrecognized income tax benefits, excluding the impact relating to accrued interest and penalties, could be resolved within the next twelve months.

We are not aware of any other matters that would result in significant changes to the amount of unrecognized income tax benefits reflected on the Condensed Combined Balance Sheet as of June 26, 2015.

## **10. Share Plans**

Total share-based compensation expense, which was included in general and administrative expenses on the Condensed Combined Statements of Operations, was \$1,763 thousand and \$1,642 thousand during the third quarters of fiscal 2015 and 2014, respectively, and \$5,421 thousand and \$5,348 thousand during the first nine months of fiscal 2015 and 2014, respectively.

## **11. Related Party Transactions, Parent's Net Investment, and Significant Transactions**

### ***Related-Party Transactions***

All significant intercompany transactions and accounts within BNS's combined businesses have been eliminated. All intercompany transactions between BNS and Parent and/or Parent's other subsidiaries have been included in these Condensed Combined Financial Statements as changes in Parent company investment. As the books and records of BNS were not kept on a separate-company basis, the determination of the average net balance due to or from Parent was not practicable.

### ***Corporate Allocations and Parent Company Investment***

Historically, Parent has provided services to, and funded certain expenses for BNS that have been included as a direct component of BNS's historical accounting records, such as information technology, global operations, legal, and finance (the "direct allocations"). In addition, the Condensed Combined Financial Statements include general corporate expenses of Parent which were not historically allocated to BNS for certain support functions that are provided on a centralized basis within Parent and not recorded at the business unit level ("general corporate expenses"). The general corporate expenses often related to the same or similar functions as the direct allocations, but were not recorded at the business unit level for Parent financial reporting purposes. The general corporate expenses, however, incrementally included amounts related to, for example, corporate employee stock compensation, as well as other corporate costs not specifically benefiting any of Parent's business units. For purposes of these stand-alone financial statements, the general corporate expenses have been allocated to BNS. The direct allocations and general corporate expenses are included in the Condensed Combined Statements of Operations as components of cost of sales; selling expenses; research, development, and engineering expenses; and general and administrative expenses, respectively, and accordingly as a component of business unit equity. These expenses have been allocated to BNS on a pro rata basis of operating income. Management believes the assumptions underlying

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the Condensed Combined Financial Statements, including the assumptions regarding allocating general corporate expenses from Parent, are reasonable. Nevertheless, the Condensed Combined Financial Statements may not include all of the actual expenses that would have been incurred and may not reflect BNS's combined results of operations, financial position, and cash flows had it been a stand-alone company during the periods presented. Actual costs that would have been incurred if BNS had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The corporate allocations made during the third quarters of fiscal 2015 and 2014 of \$44,461 thousand and \$33,726 thousand, respectively, included both general corporate expenses of Parent which were not historically allocated to BNS of \$16,107 thousand and \$9,976 thousand, respectively, and the direct allocations historically recorded on BNS's accounting records primarily consisting of approximately \$28,354 thousand and \$23,750 thousand, respectively.

The corporate allocations made during the first nine months of fiscal 2015 and 2014 of \$121,405 thousand and \$97,460 thousand, respectively, included both general corporate expenses of Parent which were not historically allocated to BNS of \$36,322 thousand and \$26,472 thousand, respectively, and the direct allocations historically recorded on BNS's accounting records primarily consisting of approximately \$85,083 thousand and \$70,988 thousand, respectively.

All significant intercompany transactions between BNS and Parent are considered to be effectively settled for cash at the time the separation of BNS from Parent is recorded. As discussed above, the total net effect of the settlement of these intercompany transactions is reflected in the Condensed Combined Statements of Cash Flows as a financing activity and in the Condensed Combined Balance Sheets as Parent company investment.

## **12. Subsequent Events**

BNS has evaluated subsequent events through July 31, 2015, the date the Condensed Combined Financial Statements were issued.

On July 15, 2015, BNS fully repaid its 3.50% convertible subordinated notes due in July 2015 for a payment of \$90,701 thousand, which included principal of \$89,141 thousand and accrued interest of \$1,560 thousand. Parent provided the funds for repayment via an increase in Parent company investment.

**THE BROADBAND NETWORK SOLUTIONS BUSINESS OF TE CONNECTIVITY LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**For the quarterly and nine month periods ended June 26, 2015**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Combined Financial Statements and the accompanying notes. The following discussion may contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements as a result of many factors, including but not limited to those under the heading "Forward-Looking Information."

Our Condensed Combined Financial Statements have been prepared in United States ("U.S.") dollars, in accordance with accounting principles generally accepted in the U.S. ("GAAP"). Unless otherwise indicated, reference to "we", "us," and "our" refer to Broadband Network Solutions ("BNS") and its combined operations.

The following discussion includes organic net sales growth which is a non-GAAP financial measure. We believe this non-GAAP financial measure, together with the most comparable GAAP financial measure, provides useful information because it reflects a financial measure that management uses in evaluating the underlying results of our operations. See "Non-GAAP Financial Measure" for more information about this non-GAAP financial measure, including our reasons for including the measure and material limitations with respect to the usefulness of the measure.

### Planned Divestiture

On January 27, 2015, TE Connectivity Ltd. ("Parent") entered into a definitive agreement to sell the BNS business for \$3.0 billion in cash, subject to a final working capital adjustment. The transaction is expected to close during calendar 2015 pending customary closing conditions and regulatory approvals.

### Results of Operations

Net sales, operating income, and operating margin were as follow:

	For the Quarters Ended		For the Nine Months Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
	(\$ in thousands)			
Net sales	\$470,954	\$503,985	\$1,312,927	\$1,435,589
Operating income	\$ 52,374	\$ 53,227	\$ 126,299	\$ 122,968
Operating margin	11.1%	10.6%	9.6%	8.6%

The following table sets forth net sales by primary industry end market:

	For the Quarters Ended		For the Nine Months Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
Telecom Networks	68%	69%	67%	68%
Enterprise Networks	32	31	33	32
Total	100%	100%	100%	100%

The following table provides an analysis of the change in net sales by primary industry end market:

	Change in Net Sales for the Quarter Ended June 26, 2015 versus Net Sales for the Quarter Ended June 27, 2014					Change in Net Sales for the Nine Months Ended June 26, 2015 versus Net Sales for the Nine Months Ended June 27, 2014				
	Organic	Translation	Total			Organic	Translation	Total		
	(\$ in thousands)									
Telecom Networks	\$ 3,474	1.0%	\$ (29,451)	\$ (25,977)	(7.5)%	\$(35,223)	(3.6)%	\$ (65,428)	\$(100,651)	(10.3)%
Enterprise Networks	8,301	5.3	(15,355)	(7,054)	(4.5)	13,258	2.9	(35,269)	(22,011)	(4.8)
Total	\$11,775	2.4%	\$ (44,806)	\$ (33,031)	(6.6)%	\$(21,965)	(1.5)%	\$(100,697)	\$(122,662)	(8.5)%

**Net Sales.** Net sales decreased \$33,031 thousand, or 6.6%, to \$470,954 thousand in the third quarter of fiscal 2015 from \$503,985 thousand in the third quarter of fiscal 2014. On an organic basis, net sales increased \$11,775 thousand, or 2.4%, in the third quarter of fiscal 2015 from the third quarter of fiscal 2014. Foreign currency exchange rates negatively impacted net sales by \$44,806 thousand in the third quarter of fiscal 2015 as compared to the third quarter of fiscal 2014.

Net sales decreased \$122,662 thousand, or 8.5%, to \$1,312,927 thousand in the nine months of fiscal 2015 from \$1,435,589 thousand in the first nine months of fiscal 2014. On an organic basis, net sales decreased \$21,965 thousand, or 1.5%, in the first nine months of fiscal 2015 from the first nine months of fiscal 2014. Foreign currency exchange rates negatively impacted net sales by \$100,697 thousand in the first nine months of fiscal 2015 as compared to the same period of fiscal 2014.

In the telecom networks end market, our organic net sales increased 1.0% in the third quarter of fiscal 2015 as compared to the third quarter of fiscal 2014 as a result of growth in North America and the Asia-Pacific region partially offset by declines in the EMEA and South America regions. In the enterprise networks end market, our organic net sales increased 5.3% in the third quarter of fiscal 2015 as compared to the third quarter of fiscal 2014 as a result of growth in the Asia-Pacific and EMEA regions.

In the telecom networks end market, our organic net sales decreased 3.6% in the first nine months of fiscal 2015 as compared to the same period of fiscal 2014 as a result of declines in the EMEA region and South America, partially offset by growth in North America. In the enterprise networks end market, our organic net sales increased 2.9% in the first nine months of fiscal 2015 as compared to the nine months of fiscal 2014 as continued growth in the Asia-Pacific region was partially offset by weakness in the EMEA region and North America.



**Gross Margin.** In the third quarter of fiscal 2015, gross margin was \$176,099 thousand, reflecting a \$4,398 thousand decrease from gross margin of \$180,497 thousand in the third quarter of fiscal 2014. The decrease resulted primarily from price erosion and lower volume, partially offset by improved manufacturing productivity. Gross margin as a percentage of net sales increased to 37.4% in the third quarter of fiscal 2015 from 35.8% in the third quarter of fiscal 2014.

In the first nine months of fiscal 2015, gross margin was \$474,479 thousand, reflecting a \$48,933 thousand decrease from gross margin of \$523,412 thousand in the first nine months of fiscal 2014. The decrease resulted primarily from price erosion and lower volume, partially offset by improved manufacturing productivity. Gross margin as a percentage of net sales decreased to 36.1% in the first nine months of fiscal 2015 from 36.5% in the same period of fiscal 2014.

**Selling Expense.** Selling expenses decreased \$6,208 thousand to \$54,302 thousand in the third quarter of fiscal 2015 from \$60,510 thousand in the third quarter of fiscal 2014. Selling expenses decreased \$23,172 thousand to \$158,737 thousand in the first nine months of fiscal 2015 from \$181,909 thousand in the first nine months of fiscal 2014. The decreases were due primarily to savings from restructuring actions and cost control measures. Selling expenses as a percentage of net sales decreased to 11.5% in the third quarter of fiscal 2015 from 12.0% in the same period of fiscal 2014. In the first nine months of fiscal 2015, selling expenses as a percentage of net sales decreased to 12.1% from 12.7% in the same period of fiscal 2014.

**General and Administrative Expenses.** General and administrative expenses increased \$9,807 thousand to \$47,690 thousand in the third quarter of fiscal 2015 from \$37,883 thousand in the third quarter of fiscal 2014. General and administrative expenses increased \$1,153 thousand to \$117,482 thousand in the first nine months of fiscal 2015 from \$116,329 thousand in the first nine months of fiscal 2014. The increases resulted primarily from higher corporate allocations and bad debt charges partially offset by cost control measures and savings attributable to restructuring actions. General and administrative expenses as a percentage of net sales increased to 10.1% in the third quarter of fiscal 2015 from 7.5% in the same period of fiscal 2014. In the first nine months of fiscal 2015, general and administrative expenses as a percentage of net sales increased to 8.9% from 8.1% in the same period of fiscal 2014.

**Restructuring Charges, Net.** In the third quarters of fiscal 2015 and 2014, we recorded net restructuring credits of \$1,243 thousand and charges of \$3,761 thousand, respectively. Net restructuring charges were \$1,630 thousand and \$26,452 thousand in the first nine months of fiscal 2015 and 2014, respectively. During fiscal 2014, we initiated a restructuring program associated with headcount reductions and manufacturing site closures; we did not initiate any restructuring programs during the first nine months of fiscal 2015. See Note 2 to the Condensed Combined Financial Statements for additional information regarding net restructuring charges.

**Operating Income.** Operating income decreased \$853 thousand to \$52,374 thousand in the third quarter of fiscal 2015 from \$53,227 thousand in the third quarter of fiscal 2014, due primarily to lower volumes and higher corporate allocations, partially offset by lower levels of current period restructuring charges, savings from previously approved restructuring actions, and improved manufacturing productivity.

Operating income increased \$3,331 thousand to \$126,299 thousand in the first nine months of fiscal 2015 from \$122,968 thousand in the same period of fiscal 2014, due primarily to lower levels of current period restructuring charges, savings from previously approved restructuring actions, and improved manufacturing productivity, partially offset by lower volumes and higher corporate allocations.

**Income Taxes.** We recorded an income tax benefit of \$3,957 thousand and an income tax expense of \$18,322 thousand for the quarters ended June 26, 2015 and June 27, 2014, respectively. For the nine months of fiscal 2015 and 2014, we recorded income tax expense of \$14,406 thousand and \$81,864, respectively. The income tax benefit (expense) for the quarter and nine months ended June 26, 2015 reflect a benefit related to a decrease in the valuation allowance for U.S. tax loss carryforwards and income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions. The income tax expense for the quarter and nine months ended June 27, 2014 reflect income tax charges related to an increase in the valuation allowance for U.S. tax loss carryforwards partially offset by income tax benefits recognized in connection with the profitability of certain entities operating in lower tax jurisdictions.

### Liquidity and Capital Resources

The following table summarizes our cash flow from operating, investing, and financing activities, as reflected on the Condensed Combined Statements of Cash Flows:

	<b>For the Nine Months Ended</b>	
	<b>June 26, 2015</b>	<b>June 27, 2014</b>
	(in thousands)	
Net cash provided by operating activities	\$ 129,047	\$ 133,654
Net cash used in investing activities	(23,730)	(29,454)
Net cash used in financing activities	(107,775)	(107,634)
Effect of currency translation on cash	(1,440)	(368)
Net decrease in cash and cash equivalents	<u>\$ (3,898)</u>	<u>\$ (3,802)</u>

Our ability to fund our future capital needs will be affected by our ability to continue to generate cash from operations and may be affected by TE Connectivity Ltd.'s ability to access the capital markets, money markets, or other sources of funding, as well as the capacity and terms of our financing arrangements. Except for repayment of our 3.50% convertible subordinated notes due in July 2015, for which Parent has provided funds necessary for repayment, we believe that cash generated from operations will be sufficient to meet our anticipated capital needs for the foreseeable future.

**Cash Flows from Operating Activities.** In the first nine months of fiscal 2015, net cash provided by operating activities decreased \$4,607 thousand to \$129,047 thousand from \$133,654 thousand in the first nine months of fiscal 2014. The decrease resulted from higher restructuring cash spending partially offset by lower accounts receivable and inventories balances.

**Cash Flows from Investing Activities.** Capital spending decreased \$7,645 thousand in the first nine months of fiscal 2015 to \$23,370 thousand as compared to \$31,015 thousand in the same period of fiscal 2014. We believe our capital funding levels are adequate to support new programs, and we continue to invest in our manufacturing infrastructure to further enhance productivity and manufacturing capabilities.

**Cash Flows from Financing Activities and Capitalization.** Total debt at June 26, 2015 and September 26, 2014 was \$89,304 thousand and \$89,586 thousand, respectively.

On July 15, 2015, we fully repaid our 3.50% convertible subordinated notes due in July 2015 for a payment of \$90,701 thousand, which included principal of \$89,141 thousand and accrued interest of \$1,560 thousand. Parent provided the funds for repayment via an increase in Parent company investment.

The BNS business remitted \$107,598 thousand and \$107,470 thousand to Parent during the nine months ended June 26, 2015 and June 27, 2014, respectively, which are reflected as financing outflows.

### **Commitments and Contingencies**

In the ordinary course of business, we are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we expect that the outcome of these proceedings, either individually or in the aggregate, will not have a material effect on our results of operations, financial position, or cash flows.

### **Off-Balance Sheet Arrangements**

In the normal course of business, we are primarily liable for contract completion, including property lease and purchase commitments, and product performance. In the opinion of management, such obligations will not materially affect our results of operations, financial position, or cash flows.

### **Non-GAAP Financial Measure**

Organic net sales growth is a non-GAAP financial measure. The difference between reported net sales growth (the most comparable GAAP measure) and organic net sales growth (the non-GAAP measure) consists of the impact from foreign currency exchange rates, acquisitions, and divestitures. Organic net sales growth is a useful measure of the underlying results and trends in our business. It excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity.

We believe organic net sales growth provides useful information because it reflects the underlying growth from the ongoing activities of our business. Furthermore, it provides a view of our operations from management's perspective. We use organic net sales growth to monitor and evaluate performance, as it is an important measure of the underlying results of our operations. Management uses organic net sales growth together with GAAP measures such as net sales growth and operating income in its decision making processes related to the operations of our reporting segments and our overall company. The discussion and analysis of organic net sales growth in "Results of Operations" above utilizes organic net sales growth as management does internally. Because organic net sales growth calculations may vary among other companies, organic net sales growth amounts presented above may not be comparable with similarly titled measures of other companies. Organic net sales growth is a non-GAAP financial measure that is not meant to be considered in isolation or as a substitute for GAAP measures. The primary limitation of this measure is that it excludes items that have an impact on our net sales. This limitation is best addressed by evaluating organic net sales growth in combination with our GAAP net sales. The tables presented in "Results of Operations" above provide reconciliations of organic net sales growth to net sales growth calculated under GAAP.

### **Forward-Looking Information**

Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements". These statements are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, acquisitions, divestitures, the effects of competition, and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "should," or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties, and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we issue this report.